COMMERZBANK

Disclosure Report as at 31 December

2020

in accordance with the Capital Requirements Regulation (CRR)

The bank at your side

Contents

3 Introduction

5 Equity capital, capital requirement and RWA

5 Capital structure
9 Connection between balance-sheet and regulatory positions
13 Capital requirements and RWA

16 Risk-oriented overall bank management

16 Risk statement
18 Risk management organisation
18 Risk strategy and risk management
20 Risk-bearing capacity and stress testing

22 A. Credit risk (CR)

22 Risk management
25 Credit risk model
34 Credit risk mitigation
37 Credit risk and credit risk mitigation in the IRBA
43 Credit risk and credit risk mitigation in the SACR
46 Overarching portfolio analyses
52 Loan loss provisions for default risks
67 Investments in the banking book

69 B. Counterparty credit risk (CCR)

69 Risk management
71 Information on regulatory methods
73 Information by regulatory risk-weighting approach
77 Further information on counterparty credit risk

79 C. Securitisations (SEC)

79 Securitisation process
80 Risk management
81 Valuation methods and quantitative information

86 D. Market risk (MR)

86 Risk management
88 Market risk model
90 Quantitative information on market risks
94 Interest rate risk in the banking book

96 E. Liquidity risk (LR)

96 Risk management
96 Liquidity risk model

99 F. Operational risk (OR)

99 Risk management
100 OpRisk model

102 G. Other risks

103 Appendix

103 Additional tables (Appendix 1 to Appendix 5)
119 Overview: Compliance with the CRR requirements (Appendix 6)
122 List of abbreviations

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

Introduction

Commerzbank

Commerzbank is the leading bank for SMEs (the Mittelstand) and a strong partner to some 30,000 corporate client groups and around 11 million private and small-business customers in Germany. The Bank offers a comprehensive portfolio of financial services in two business segments – Private and Small-Business Customers and Corporate Clients.

Commerzbank focuses on German SMEs, large companies and institutional customers. In international business, the Bank supports customers who have business links with Germany and companies in selected future-oriented sectors. Following the integration of comdirect, private and small-business customers benefit from the services of one of Germany's most modern online banks combined with personal advisory services at a local level. The Polish subsidiary mBank is an innovative digital bank. It serves around 5.7 million private and small-business customers, mainly in Poland but also in the Czech Republic and Slovakia.

The two segments Private and Small-Business Customers and Corporate Clients are each managed by a member of the Board of Managing Directors. All staff and management functions are contained in Group Management: Group Audit, Group Communications, Group Compliance, Group Finance, Group Human Resources, Group Investor Relations, Group Legal, Group Research, Group Risk, Big Data & Advanced Analytics, Group Strategy Transformation & Sustainability, Group Tax, Group Treasury and the central risk functions. The support functions are provided by Group Services. These include Group Corporate Clients&Treasury Platforms, Group Business Platform, Group Digital Transformation, Group Banking& Market Operations, Group Technology Foundations, Group Operations Credit, Group Organisation&Security, Group Delivery Centre and Group Client Data. The staff, management and support functions are combined in the Others and Consolidation division for reporting purposes.

On the domestic market, Commerzbank Aktiengesellschaft is headquartered in Frankfurt am Main, from where it manages its branch network serving all customer groups. Following the merger with comdirect Bank AG, Commerz Real AG is now the biggest domestic subsidiary. Outside of Germany, Commerzbank has 6 material subsidiaries, 20 operational foreign branches and 30 representative offices in just under 50 countries and is represented in all major financial centers, such as London, New York, Tokyo and Singapore. However, the focus of the Bank's international activities is on Europe.

A detailed description of Commerzbank Group is given in the Annual Report 2020.

Objective of the Disclosure Report

This report is intended to give the reader a detailed insight into Commerzbank's current risk profile and risk management. In particular, it contains information on:

- the Commerzbank Group's structure from both a regulatory and accounting perspective,
- the Group's capital structure,
- the Commerzbank Group's general risk management system and
- the risk management in respect of specific types of risk.

The report may also be seen as complementary to the Annual Report pursuant to the German Commercial Code (Handelsgesetzbuch – HGB), since in contrast to the Annual Report it focuses primarily on the supervisory perspective.

In this report Commerzbank Aktiengesellschaft as the ultimate parent company of the regulated banking group is complying with the disclosure requirements of Articles 431 – 455 of regulation (EU) No. 575/2013 – the Capital Requirements Regulation (CRR) and the guidelines on the disclosure requirements under Part Eight of Regulation (EU) No. 575/2013 - EBA/GL/2016/11 - as at 31 December 2019.

The tables defined according to the EBA's guidelines and integrated into the report are indicated by the table names provided with the prefix EU.

Fulfilment of the CRR requirements within the Commerzbank Group is presented in detail in the „Overview: Compliance with the CRR requirements“ in the appendix (table APP6).

Scope

This Disclosure Report is based on the group of companies consolidated for regulatory purposes. The companies consolidated for regulatory purposes only include those carrying out banking and other financial business. The consolidated group consists of a domestic parent company and its affiliated companies. The aim of regulatory consolidation is to prevent multiple use of capital that in fact exists only once by subsidiary companies in the financial sector. The companies consolidated under IFRS, by contrast, comprise all the companies controlled by the ultimate parent company.

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

Commerzbank is one of the largest institutions in Germany and with its consolidated balance sheet total it is regularly well above the €30bn limit relevant for the annual disclosure. Hence, Commerzbank has implemented the reporting requirements during the period from Q2 2015 on and discloses the quarterly and semi-annually required information as appropriate.[1]

Waiver rule pursuant to Article 7 CRR

Under the waiver rule pursuant to Article 7 CRR in conjunction with section 2a (1) of the German Banking Act (KWG), subsidiary companies in a banking group may apply for exemption from the requirements of Article 6 (1) CRR (on capital, large exposures, exposures to transferred credit risk and disclosure) at single entity level. This is on condition, among other things, that both the parent company and subsidiary are licensed in the same member state and the subsidiary is included in the supervision on a consolidated basis of the parent company.

Exemption is also on condition that there is no current or foreseen material practical or legal impediment to the prompt transfer of own funds or the repayment of liabilities by the parent company, that the parent company guarantees the commitments entered into by the subsidiary, the risk evaluation, measurement and control procedures of the parent company cover the subsidiary, and the parent company holds more than 50% of the voting rights in the subsidiary or can appoint or remove a majority of the members of the management body and can therefore exercise a dominant influence over the subsidiary.[2]

In the case of institutions and parent companies that were already making use of a waiver before the CRR came into effect under the rules of the German Banking Act (KWG) applicable at the time, using the disclosure procedure then specified, exemption is deemed to have been granted under Article 7 CRR and the relevant standards under section 25a (1) sentence 3 KWG (see section 2a (5) KWG).

Until the merger of comdirect Bank AG into Commerzbank Aktiengesellschaft on 2 November 2020 was completed, the waiver was invoked by comdirect Bank AG. The supervisory authorities were informed upon notification of completion according to §10 sentence 3 of the German law, that this claim became void with the completion of the merger.

According to Article 7 CRR in conjunction with section 2a (1) KWG, parent companies within the group of companies consolidated for regulatory purposes are also entitled to this exemption. The opportunity this offers for Commerzbank Aktiengesellschaft as the ultimate parent company of the Commerzbank Group to be exempted from the requirements at single entity level has been utilised since 2007. The conditions for claiming the waiver continue to apply.

Utilisation of the waiver rule was reported at the outset to BaFin and the Bundesbank with evidence of compliance with the requirements and is subsequently monitored and documented on occasion.

[1] See EBA/GL/2014/14, title V (18) and EBA/GL/2016/11 No. 46.
[2] Under Article 7 (1) d) CRR, a dominant influence means either having a majority of voting rights or having the right to appoint a majority of the members of the management body of the subsidiary.

Equity capital, capital requirement and risk-weighted assets

Capital structure

The main rules governing compliance with minimum regulatory capital ratios for solvency purposes in the EU are contained in the Capital Requirements Directive (CRD) IV, the Capital Requirements Regulation (CRR), a European regulation which, unlike the CRD IV Directive, has direct legal effect for all European banks, together with the SSM Regulation (Council Regulation No. 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions). This legislation is supplemented at national level in Germany by further provisions in the German Banking Act, the German Solvency Regulation and other regulations. In addition, Implementing Technical Standards (ITS) and Regulatory Technical Standards (RTS) provide explanations about particularly complex matters. The introduction of the new regulations in 2014 has strengthened the quality of regulatory capital compared with the previous regime, made capital requirements more stringent and set higher minimum requirements for banks' capital adequacy.

To avoid having all these requirements take effect on a single date, certain parts of the new rules which took effect in 2014 are subject to defined phase-in rules (with transitional provisions). The Phasing-in of the rules for capital deductions ended at the beginning of the 2018 financial year. The CRR Regulation published in 2013 now only contains transitional provisions for the Additional Tier 1 capital and Tier 2 capital, which will gradually reduce the recognition of non-CRR-compliant capital issues until 2022.

Common Equity Tier 1 (CET1) capital consists largely of subscribed capital plus reserves and non-controlling interests. Adjustments to this figure may be necessitated by any number of causes, for example goodwill, intangible assets, write-downs of assets (if assets are not valued cautiously enough in the regulator's view), shortfalls due to the comparison of expected losses (EL) with the provisions recognised for them and the correction of tax loss carryforwards. Adding Additional Tier 1 capital (AT1), which can contain subordinated debt instruments with certain conditions, produces Tier 1 capital. Tier 2 capital consists largely of subordinated debt instruments which are not eligible as Additional Tier 1 capital. The eligibility of these capital components has been reduced, as over the final five years of their life they may now only be amortised on a straight-line basis.

Commerzbank seeks to achieve the following objectives in managing its capital:

- adherence to the statutory minimum capital requirements at Group level and in all companies included in the regulatory Group,
- ensuring that the planned capital ratios are met, including the new ECB/EBA requirements,
- provision of sufficient reserves to guarantee the Bank's freedom of action at all times,
- strategic allocation of Tier 1 capital to business segments and divisions in order to exploit growth opportunities.

The financial crisis made the importance of adequate CET1 capital levels for banks become an issue of increasing public concern. At Commerzbank, Tier 1 capital has always been a key management target. The Bank's specifications for the capital ratios far exceed the minimum statutory requirements. The Bank's risk-bearing capacity and market expectations play an important role in determining the internal capital ratio targets. For this reason, Commerzbank has stipulated minimum ratios for regulatory capital.

CET1 capital is allocated via a regular process that takes account of the Bank's strategic direction, profitable new business opportunities in the core business of each business segment as well as aspects of risk-bearing capacity.

Measures relating to the Bank's capital are approved by the full Board of Managing Directors, subject to the authorisation granted by the annual general meeting. During the past year, Commerzbank met the minimum statutory capital requirements as well as the requirements of the ECB and EBA at all times. In the pro forma calculation of the fully loaded implementation of the CRR requirements, the above mentioned transitional regulations are completely disregarded.

For the Commerzbank Group, the transitional provisions laid down in Article 468 CRR and Article 473a shall not apply. We have received approval from the supervisor for the application of the transitional regime to IFRS 9 in accordance with Article 473a CRR. However, the effects from the application are so marginal that we do not take these into account as of 31 December 2020.

Information on equity capital, capital ratios and the leverage ratio reflect the full impact of the IFRS 9 introduction.

The evaluations in the tables below comprehensively illustrate the total own funds available for the entire Commerzbank Group. These own funds are also the basis for the calculation of the equity capital adequacy as reported to the Bundesbank. Details of the issued capital instruments of Commerzbank Group according to Article 437 (1) b) and c) CRR are given on the Commerzbank website in the section Debt holder information/Capital instruments.

The composition of the regulatory capital and the capital ratios are as follows:

CAP1: Equity structure (basis: EU 1423/2013)

Line €m		A: Amount on the day of disclosure
Common Equity Tier 1 capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	12,736
1a	thereof: subscribed capital	1,252
1b	thereof capital reserve	11,484
2	Retained earnings	15,483
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	–488
3a	Funds for general banking risk	0
4	Amount of qualifying items referred to in Art. 484 (3) and the related share premium accounts subject to phase out from CET1	0
5	Minority interests (amount allowed in consolidated CET1)	647
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	0
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**28,378**
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	–189
8	Intangible assets (net of related tax liability) (negative amount)	–457
10	Deferred tax assets subject to future profit ratio excluding those arising from temporary differences (net of related tax liability where the conditions in Art. 38 (3) are met) (negative amount)	–288
11	Fair value reserves related to gains or losses on cash flow hedges	–42
12	Negative amounts resulting from the calculation of expected loss amounts	–148
13	Any increase in equity that results from securitised assets (negative amount)	0
14	Cumulative gains and losses due to changes in own credit risk on fair valued liabilities	–1
15	Defined benefit pension fund assets (negative amount)	–68
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	–2
17	Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0
18	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	–178
20b	thereof: qualifying holdings outside the financial sector (negative amount)	0
20c	thereof: securitisation positions (negative amount)	–178
20d	thereof: free deliveries (negative amount)	0
21	Deferred tax assets subject to future profit ratio and arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Art. 38 (3) are met) (negative amount)	–344

Line €m		A: Amount on the day of disclosure
22	Amount exceeding the 15% threshold (negative amount)	0
23	thereof: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	0
25	thereof: deferred tax assets subject to future profit ratio and arising from temporary differences	0
25a	Losses for the current financial year (negative amount)	−2,962
25b	Foreseeable tax charges relating to CET1 items (negative amount)	0
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	0
27a	Other CET1 capital elements or deductions	−87
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1) capital**	**−4,767**
29	**CET1 capital**	**23,611**
Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	2,619
31	thereof: classified as equity under applicable accounting standards	2,619
32	thereof: classified as liabilities under applicable accounting standards	0
33	Amount of qualifying items referred to in Art. 484 (4) and the related share premium accounts subject to phase out from AT1	452
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in line 5) issued by subsidiaries and held by third parties	108
35	thereof: instruments issued by subsidiaries subject to phase out	0
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**3,179**
Additional Tier 1 (AT1) capital; regulatory adjustments		
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	0
38	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0
39	Direct and indirect holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0
40	Direct and indirect holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0
42	Qualifying Tier 2 deductions that exceed the Tier 2 capital of the institution (negative amount)	0
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**0**
44	**Additional Tier 1 (AT1) capital**	**3,179**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**26,790**
Tier 2 capital: instruments and provisions		
46	Capital instruments and the related share premium accounts	4,439
47	Amount of qualifying items referred to in Art. 484 (5) and the related share premium accounts subject to phase out from Tier 2	152
48	Qualifying own funds instruments included in consolidated Tier 2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	252
49	thereof: instruments issued by subsidiaries subject to phase out	0
50	Credit risk adjustments	0
51	**Tier 2 capital before regulatory adjustments**	**4,843**
Tier 2 capital: regulatory adjustments		
52	Direct and indirect holdings by an institution of own Tier 2 instruments and subordinated loans (negative amount)	−30
53	Holdings of the Tier 2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0

Line €m		A: Amount on the day of disclosure
54	Direct and indirect holdings of the Tier 2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0
55	Direct and indirect holdings of the Tier 2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0
57	**Total regulatory adjustments to Tier 2 capital**	**–30**
58	**Tier 2 capital**	**4,813**
59	**Total capital (TC = Tier 1 + Tier 2)**	**31,603**
60	**Total risk-weighted assets**	**178,581**
Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	13.2
62	Tier 1 (as a percentage of total risk exposure amount)	15.0
63	Total capital (as a percentage of total risk exposure amount)	17.7
64	Institution specific buffer requirement (CET1 requirement in accordance with Art. 92 (1) (a) plus capital conservation and countercyclical buffer[1] requirements, plus systemic risk buffer, plus systemically important institution (G-SII or O-SII) buffer expressed as a percentage of risk exposure amount)	8.3
65	thereof: capital conservation buffer requirement	2.5
66	thereof: countercyclical buffer requirement	0.02
67	thereof: systemic risk buffer requirement	0
67a	thereof: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	1.25
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	7.5
Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings by the institution of capital instruments of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	319
73	Direct and indirect holdings by the institution of the CET1 instruments of relevant financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	234
75	Deferred tax assets subject to future profit ratio, arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Art. 38 (3) are met)	2,395
Applicable caps on the inclusion of provisions in Tier 2		
76	Credit risk adjustments included in Tier 2 in respect of exposures under the standard approach (before application of cap)	0
77	Cap on inclusion of credit risk adjustments in Tier 2 under the standardised approach	257
78	Credit risk adjustments included in Tier 2 in respect of exposures subject to the internal ratings-based approach (before application of cap)	0
79	Cap on inclusion of credit risk adjustments allowable in Tier 2 related to exposures subject to internal ratings-based approach	691
Capital instruments subject to phase-out arrangements		
80	Current cap for CET1 instruments subject to phase-out arrangements	0
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0
82	Current cap on AT1 instruments subject to phase out arrangements	452
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	–181
84	Current cap on Tier 2 instruments subject to phase out arrangements	152
85	Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	–120

[1] The geographical breakdown of credit exposures relevant for the calculation of the countercyclical capital buffer is shown in APP2 in the appendix. It also derives the amount of institution-specific countercyclical capital buffer.

Connection between balance-sheet and regulatory positions

For Commerzbank as a banking group as defined in section 10a KWG and Article 11 CRR the capital relevant to the determination of regulatory capital is based on the consolidated financial statements under FINREP which is prepared based on the Group balance sheet according to IFRS. To reconcile the requirements for regulatory capital with the slightly different amounts reported in the financial statements, capital as determined under IFRS was adjusted with the aid of so-called prudential filters.

There was no under-capitalisation of subsidiaries subject to the deduction method during the period under review. Nor are there any obstacles to the transfer of own funds or the repayment of liabilities in accordance with Article 436 c) CRR between Commerzbank AG and the main subsidiaries in the reporting period.

With Basel 3, the Basel Committee on Banking Supervision published among other things comprehensive rules on the components of shareholders' equity and ratios as well as the management of liquidity risk. The Capital Requirements Directive and Regulation (CRD IV) package of measures, constituting the European implementation of Basel 3, has been in force since 1 January 2014. Numerous supplementary regulations have since been published e.g. by the European Banking Authority (EBA), and these gradually entered into force; this will continue in subsequent years. Commerzbank has prepared itself for the more stringent capital adequacy requirements by taking a number of steps.

The reconciliation between the Group's equity reported in the balance sheet and the equity reported for regulatory purposes is shown in the tables CAP2 below.

CAP2: Reconciliation of equity as reported in the balance sheet with regulatory capital (EU 1423/2013 / Art. 437a CRR)

Position €m	Equity IFRS (Phase in)[1]	Equity FINREP[2]	Equity COREP[3]
Subscribed capital	1,252	1,252	1,252
Capital reserve	11,484	11,484	11,484
Retained earnings	15,484	15,483	15,483
Silent participations	–	–	–
Actuarial profits/losses current year	29	29	29
Changes due to the revaluation of own credit risk	– 42	– 42	– 42
Revaluation reserve	96	88	88
Valuation of cash flow hedges	42	42	42
Currency translation reserve	– 614	– 606	– 606
Distributable profit/loss from previous year (after suspension of retained earnings)	0	0	0
Distributable profit/loss from current year	– 2,870	– 2,870	– 2,870
Non-controlling interests	1,119	1,114	1,114
Additional equity components[4]	2,619	2,619	0
Equity as shown in balance sheet	**28,600**	**28,595**	**25,976**
Equity as shown in balance sheet without additional equity components	**25,981**	**25,976**	**25,976**
Fair value gains and losses arising from the institution’s own credit risk related to derivative liabilities			– 57
Cumulative gains and losses due to changes in own credit risk on fair valued liabilities			56
Correction to non-controlling interests (minority)			– 468
Goodwill			0
Intangible assets			– 457
Surplus in plan assets			– 68
Deferred tax assets from loss carryforwards			– 288
Shortfall due to expected loss			– 148
Prudential valuation			– 189
First loss positions from securitisations			– 178
Deferred tax assets from temporary differences which exceed the 10% threshold			– 344
Unrecognised gains			– 92
Others			– 131
Common Equity Tier 1 after deductions[5]			**23,611**
Hybrid capital	**843**	**843**	**843**
Eligible issues[4]			2,727
Not eligible issues			0
Cap due to Art. 471 CRR			– 181
Others, especially hedge accounting, interests, agio, disagio			– 210
Additional Tier 1 before deductions			**3,179**
Deduction of Additional Tier 1 capital (AT1)			0
Additional Tier 1 after deductions			**3,179**
Subordinated capital	7,199	7,199	7,199
Decreased offsetting in the last 5 years of residual maturity			– 1,769
Not eligible non-controlling interests			– 105
Inclusion of capped AT1			61
Others, especially hedge accounting, interests, agio, disagio			– 574
Tier 2 before deductions			**4,813**
Deduction of Tier 2 capital			0
Tier 2 after deductions			**4,813**
Own funds	**34,023**	**34,018**	**31,603**

[1] Equity as shown in balance sheet. [2] Financial reporting, equity as shown in balance sheet, regulatory group of consolidated companies.
[3] Common solvency ratio reporting, regulatory capital (with transitional provisions). [4] AT 1 issue which is equity as shown in balance sheet and which is taken into account as Additional Equity Tier 1 according to CRR. [5] This information includes the consolidated profit attributable to Commerzbank shareholders for regulatory purposes.

In table EU LI1, there is in total an immaterial difference of €92m between the carrying values according to the group of consolidated companies reported in the balance sheet (column a) and the carrying values according to the regulatory group of consolidated companies (column b). This difference results from the different scopes of consolidation and consolidation methods for accounting and regulatory purposes. The companies where the consolidation methods for accounting and regulatory purposes differ are listed entity by entity in table EU LI3 in the Appendix.

Table EU LI2 shows the main reasons for the differences between the carrying values for financial reporting in the balance sheet and the regulatory risk exposure amounts (exposure in the standard approach and exposure at default in the IRB approach). The carrying values are reconciled to the regulatory risk exposure amounts. Row 1 of table EU LI2 comprises the carrying values of assets and row 2 the carrying values of liabilities for the regulatory group of companies in accordance with the allocation of table EU LI1. Column a of rows 1 and 2 corresponds to the total of column b in table EU LI1 less the total of column g in table EU LI1. Row 3 is the difference between row 1 and row 2.

The target figures to be reconciled (row 9) are the input values for the RWA calculation. The target figure includes both on-balance-sheet and off-balance-sheet positions. With the exception of netting, credit risk mitigation methods (CRM) are not taken into account in the target figure of on-balance-sheet positions. The target figure for market risk is at present not clearly defined in functional terms. In the internal model, risk parameters such as VaR, SVaR and IRC and the RWAs calculated from them are relevant. By contrast, exposure values are not considered separately here for the regulatory reporting. For this reason, a reconciliation of the values for market risk to the exposure taken into account for regulatory purposes has been dispensed within table EU LI2. As a result, no total has been calculated for rows 5 to 9 in column a.

Row 4 “Off-balance-sheet amounts” shows the off-balance-sheet amounts in total and before taking into account credit conversion factors (CCFs) in column a. In columns b (credit risk), d (securitisation risk) and e (market risk), the risk exposure values for the off-balance-sheet positions are calculated after taking into account the corresponding credit conversion factors (CCFs) and credit risk mitigation (CRM) methods to allow a comparison with COREP and with the other tables in the Disclosure Report.

Row 5 “Differences resulting from different netting rules, other than those already included in row 2” shows the effects from the different regulatory netting rules compared with those for accounting purposes, taking into account the netting effect in accordance with row 2. In terms of counterparty credit risk, effects result from derivatives and securities financing transactions (SFTs).

Row 6 “Differences in valuation” discloses the valuation differences between carrying values in the balance sheet and regulatory exposures after taking into account netting effects from row 5. The valuation differences in counterparty credit risk include regulatory add-ons for future risks due to considering wrong-way risk and relevant haircuts for collaterals. In addition, as of 31 December 2020, they contain around €8.7bn in conversion effects from the IMM methodological changes planned for 2021.

Row 7 “Differences due to the consideration of allowances” shows the value adjustments to the IRBA positions for credit risk and securitisation risk. The carrying values on the balance sheet are net carrying values (after loan loss provisions). Under the IRB approach the risk exposure amount is in general the carrying values in the balance sheet; credit risk adjustments such as valuation allowances are not deducted. Value adjustments deducted from the carrying value of assets when drawing up the financial statements are added back as part of the reconciliation.

Other reconciliation effects not already included in reconciliation rows 5 to 7 are reported in row 8 “Others”.

EU LI1: Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories

	a	b	c	d	e	f	g
			Carrying values of items				
€m	Carrying values as reported in published financial statements	Carrying values under the regulatory scope of consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deductions from capital
Assets							
Cash on hand and cash on demand	75,603	75,603	75,603	0	0	12,954	0
Financial assets - Amortised Cost	292,420	292,653	257,447	17,251	17,792	79,129	163
Financial assets - Fair Value OCI	42,862	42,542	42,542	0	0	13,723	0
Financial Assets - Mandatorily Fair Value P&L	28,677	28,661	391	22,718	5,537	25,694	15
Financial Assets - Held for Trading	52,176	52,176	0	45,524	49	45,718	0
Value adjustment on portfolio fair value hedges	1,752	1,752	1,752	0	0	0	0
Positive fair values of derivative hedging instruments	1,878	1,878	0	1,878	0	1,196	0
Holdings in companies accounted for using the equity method	169	169	169	0	0	0	0
Intangible assets	1,420	1,417	646	0	0	0	771
Fixed assets	3,208	3,207	3,207	0	0	0	0
Investment properties	13	13	13	0	0	0	0
Non-current assets held for sale and disposal groups[1]	2,040	2,040	–55	2,093	0	2,094	0
Current tax assets	130	130	130	0	0	0	0
Deferred tax assets	2,693	2,690	2,395	0	0	0	294
Other assets	1,877	1,893	1,716	0	0	82	95
Total assets	**506,916**	**506,825**	**385,957**	**89,465**	**23,378**	**180,591**	**1,338**
Liabilities and equity							
Financial Liabilities - Amortised Cost	397,725	397,648	0	11,872	0	57,864	385,776
Financial Liabilities - Fair Value Option	20,104	20,104	0	15,820	0	17,027	4,284
Financial Liabilities - Held for Trading	42,843	42,843	0	42,418	0	38,808	11
Value adjustment on portfolio fair value hedges	1,412	1,412	0	0	0	0	1,412
Negative fair values of derivative hedging instruments	5,893	5,893	0	5,893	0	1,247	0
Provisions	3,396	3,393	0	0	0	0	3,393
Current tax liabilities	448	448	0	0	0	0	448
Deferred tax liabilities	10	7	0	0	0	0	7
Liabilities of disposal groups	2,051	2,051	0	1,974	0	9	69
Other liabilities	4,434	4,430	0	0	0	0	4,430
Equity	28,600	28,595	0	0	0	0	28,595
Total liabilities and equity	**506,916**	**506,825**	**0**	**77,977**	**0**	**114,954**	**428,425**

[1] Withholding Tax Liabilities in the Held for Sale expsoure.

EU LI2: Main sources of differences between regulatory exposure amounts and carrying values in Group financial statements

		a	b	c	d	e
	€m	Total	Items subject to			
			Credit risk framework	CCR framework	Securitisation framework	Market risk framework
1	Assets carrying value amount under the regulatory scope of consolidation (as per template LI1)	505,487	385,957	89,465	23,378	180,591
2	Liabilities carrying value amount under the regulatory scope of consolidation (as per template LI1)	78,400	0	77,977	0	114,954
3	Total net amount under the regulatory scope of consolidation	427,087	385,957	11,488	23,378	65,636
4	Off-balance-sheet amounts	127,320	87,647	0	741	19,089
5	Differences due to different netting rules, other than those already included in row 2		0	7,317	0	
6	Differences in valuations		0	14,782	0	
7	Differences due to the consideration of allowances		3,414	0	0	
8	Others		1,858	0	0	
9	Exposure amounts considered for regulatory purposes		478,876	33,588	24,118	

Capital requirements and RWA

The capital requirements set out below relate to the Commerzbank Group and the figures are the same with regard to content as in the capital adequacy reports submitted to the Deutsche Bundesbank under Basel 3 Pillar 1.

Capital requirements by risk type

Of the overall capital requirement 75.6% relates to default risk positions (excluding counterparty credit risk). Commerzbank uses the Advanced Internal Ratings Based Approach (advanced IRBA; in the following referred to as IRBA) to determine the regulatory capital required. Article 150 CRR gives the option of partial use. The Standardised Approach to Credit Risk (SACR) may be used for part of the portfolios.

The Commerzbank Group and accordingly the group companies included in the disclosure are, as IRBA banks as defined in Article 147 CRR, generally obliged to value investments in accordance with the IRBA rules. The CRR allows items to be permanently exempted from the IRBA. Commerzbank applies Article 150 CRR and values all investment positions using the permanent partial use according to the SACR, provided that the individual equity position is not measured in the SACR anyway. Investments that are linked to particularly high risks as defined in Article 128 CRR, such as private equity investments or venture capital exposures, are shown in the corresponding SACR exposure class.

6.4% of the overall capital requirement relates to counterparty credit risk. Based on the EBA requirements, credit value adjustments (CVAs) are also assigned to this credit risk category

Securitised positions in the banking book are also shown as a separate credit risk category subject to a capital requirement in the table EU OV1 below (2.6% of total capital requirement). Commerzbank treats these positions according to the recognition hierarchy pursuant to the change in own funds requirements (Regulation (EU) No 2017/2401). Capital deduction items of securitisations directly reduce the liable equity and thus are not included in the capital requirements.

Pursuant to Article 92 (3) b) and c) CRR, adequate capital must be set aside for market risk positions. As at 31 December 2020, capital requirements here are 4,9% of total requirements. Commerzbank uses an internal market risk model to calculate the regulatory capital requirement. This affects both the equity price and interest rate-related risk positions in the trading book as well as the total of currency positions and commodity positions. The standardised approaches are applied for smaller units in Commerzbank Group in accordance with the partial use option.

To calculate the capital adequacy requirement for operational risks, Commerzbank uses the advanced measurement approach (AMA). This risk category accounts for 10.2% of the total capital requirements.

EU OV1: Overview of RWAs

€m			Risk weighted assets (RWAs)		Capital requirements
Article in CRR			**31.12.2020**	**30.9.2020**	**31.12.2020**
	1	Credit risk (excluding CCR)	134,918	141,070	10,793
438 (c) (d)	2	Of which the standardised approach	19,559	19,694	1,565
438 (c) (d)	3	Of which the foundation IRB (FIRB) approach	0	0	0
438 (c) (d)	4	Of which the advanced IRB (AIRB) approach	115,359	121,377	9,229
438 (d)	5	Of which equity IRB under the simple risk-weighted approach or the IMA	0	0	0
107, 438 (c) (d)	6	CCR (counterparty credit risk)	11,438	11,789	915
438 (c) (d)	7	Of which mark to market	1,901	1,948	152
438 (c) (d)	8	Of which original exposure	0	0	0
	9	Of which the standardised approach	0	0	0
	10	Of which internal model method (IMM)	5,891	5,887	471
438 (c) (d)	11	Of which risk exposure amount for contributions to the default fund of a CCP	85	247	7
438 (c) (d)	12	Of which CVA	3,561	3,708	285
438 (e)	13	Settlement risk	1	0	0
449 (o) (i)	14	Securitisation exposures in the banking book (after the cap)	4,614	3,548	369
	15	Of which internal rating-based approach (SEC-IRBA)	1,914	926	153
	16	Of which the standardised approach (SEC-SA)	595	608	48
	17	Of which approach based on external ratings (SEC-ERBA)	2,105	2,014	168
	18	Of which internal assessment approach (IAA)	0	0	0
	19	Market risk	8,773	7,649	702
	20	Of which the standardised approach	715	820	57
	21	Of which IMA	8,057	6,829	645
	22	Large exposures	0	0	0
	23	Operational risk	18,287	18,732	1,463
	24	Of which basic indicator approach	0	0	0
438 (e)	25	Of which the standardised approach	0	0	0
	26	Of which advanced measurement approach	18,287	18,732	1,463
	27	Amounts below the thresholds for deduction (subject to 250% risk weight)	549	548	44
	28	**Total**	**178,581**	**183,337**	**14,286**

Risk-weighted assets were €178.6bn as at 31 December 2020, €3.2bn below the year-end 2019 level. Compared to the previous quarter, there was a decline of €4.8bn. This is almost entirely attributable to the decrease in RWA from credit risks. The main drivers here were a lower volume of the portfolio as well as the regular expiration of remaining terms. On the other hand, RWA charges were due to changes in portfolio quality, mainly influenced by Covid-19-related rating migration effects and model changes. In terms of market risk, the RWA increased mainly due to the high market volatility in the context of the Corona pandemic as well as the changed regulatory requirements for the RWA calculation.

The overviews of the trend of risk-weighted assets (RWA) by main drivers EU CR8: RWA flow statements of credit risk exposures under the IRB approach, EU CCR7: RWA flow statements of CCR exposures under the IMM as well as EU MR2-B: RWA flow statements of market risk exposures under the IMA are given in the chapters on the respective risk types.

Leverage ratio according to Article 451 CRR

The CRD IV/CRR has introduced the leverage ratio as a new tool and indicator for quantifying the risk of excessive leverage. 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. The way in which exposure to derivatives, securities financing transactions and off-balance-sheet positions is calculated is laid down by regulators. As a non-risk-sensitive figure the leverage ratio is intended to supplement risk-based measures of capital adequacy.

The leverage ratio based on the CRR transitional provisions was 4.9% as at 31 December 2020 (as at 30 September 2020: 4.9%). The leverage ratio fully loaded stood at 4.9%, compared with 4.8% as at 30 September 2020.

The leverage ratio fully loaded rose slightly; the leverage ratio with transitional provisions was unchanged as the effect of the reduced leverage ratio exposure slightly overcompensated for the reduced regulatory Tier 1 capital under fully loaded rules and balanced it out under transitional rules. As at the reporting date, the leverage ratio exposure was €541.4bn; as at 30 September 2020 it was €572.7bn.

Leverage ratio exposure with transitional provisions and leverage ratio exposure fully loaded have been identical since 2018 due to the expiry of the transition period for the leverage ratio exposure relevant capital deductions on 31 December 2017. However, transitional rules still apply to the numerator of the leverage ratio, i.e. the Tier 1 capital, meaning that a ratio with transitional provisions still needs to be declared.

Further details on the leverage ratio can be found in the 2020 Annual Report in the Note (64) from page 288.

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, for example, include compliance and reputational risk.

Risk statement

According to Article 435 (1) e) and f) CRR, the risk statement is a declaration approved by the management body providing assurance that the risk management systems put in place are adequate and giving a description of the institution's general risk profile associated with the business strategy. The approval by the Board of Managing Directors was given together with the approval of the Disclosure Report.

Commerzbank is the leading bank for SMEs (the Mittelstand) and a strong partner to some 30,000 corporate client groups and around 11 million private and small-business customers in Germany. The Bank offers a comprehensive portfolio of financial services in two business segments – Private and Small-Business Customers and Corporate Clients. Commerzbank adopted its new "Strategy 2024" programme in February 2021. The measures announced mark the start of an in-depth restructuring process and the comprehensive digitalisation of the Bank. The aim of the restructuring is to combine the benefits of a fully digitalised bank with personal advisory services, an unwavering customer focus and sustainability.

In its business with private and small-business customers the bank aims to offer an attractive combination of powerful direct banking and first-class advisory services by merging the digital strengths and innovative power of comdirect with Commerzbank's advisory expertise. Services will be geared to customers' individual needs. Commerzbank intends to significantly expand its business with affluent clients and small-business customers in Private Banking and Wealth Management.

In the corporate client sector, Commerzbank is the leading bank for SMEs. Going forward, the Bank will continue to serve German SMEs and large companies, along with international customers who have business links with Germany. The Bank will remain true to its responsibilities as a strong financing and hedging partner for German companies engaging in import and export business throughout the world.

Corporate clients will continue to receive personal advisory support and will have access to a network of regional branches. At the same time, an innovative direct banking offering will gradually be established for corporate clients who require standard products and advisory services. Profitability is to be significantly increased by digitalising processes, optimising pricing and, in particular, making greater use of data-driven services.

Commerzbank will remain a strong partner for its customers both in Germany and abroad. Its local presence will be structured more efficiently. As a result, the Bank is planning to exit 15 international locations and convert two branches into local representative offices.

The Group Risk Strategy, together with the business strategy, regulates the strategic risk management guidelines for the development of Commerzbank's investment portfolio. With acceptance from its business model arising inherent existential threats the Group Risk Strategy takes into account exogenous factors, such as risks from the macroeconomic environment, as well as new regulatory requirements and endogenous factors, in particular the results of the annual risk inventory. In the risk inventory process, all economically significant quantifiable and unquantifiable risks arising from our business activities are determined in terms of their materiality for risk management.

Based on the results of the risk inventory 2020 we classified default risk (credit risk including counterparty credit risk and securitisations), market risk, operational risk, compliance risk, cyber risk, physical asset risk, business risk, reputational risk, liquidity risk and model risk as material types of risk for the Commerzbank Group.

The scope and management of credit risk, counterparty credit risk, securitisations, market risk, liquidity risk and operational risk are presented in the relevant chapters of this report. The chapter "Other risks" provides information on other types of risk classified as material.

Our portfolio is clearly dominated by default risks, which account for 70% of economically required capital. Of this, our home market Germany is accounting for 60% of the credit exposure and 28% by other European countries. The Group's exposure at default increased from €445bn to €466bn in 2020. The risk density declined from 23 basis points to 21 basis points over the same period. Market risk in the trading book increased in 2020. The value at risk (VaR) increased from €6m to €12m over the course of 2020. Operational risks decreased year-on-year. The total charge for OpRisk events increased from €127m to €345m compared with the previous year.

Risk appetite, determined by Group Risk Strategy, refers to the maximum risk, in terms of both the amount and structure, which the Bank is willing and able to incur in pursuing its business objectives, without exposing itself to existential threats (beyond inherent risks). The guiding principle regarding risk appetite is to ensure that the Commerzbank Group has sufficient economic and regulatory capital and liquidity resources on a sustained basis. It is quantified in terms of risk limits for capital and liquidity management with defined escalation mechanisms, and by means of quantitative and qualitative early warning systems. Those risks assessed as being material are included in the Group Risk Strategy. The sub-risk strategies determine further details, e.g. limits and guidelines are broken down across segments and portfolios and they are specified and implemented via policies, regulations and operating instructions/ guidelines. They form an integral part of ongoing management and monitoring. In addition, from the perspective of risk concentrations regular portfolio-specific stress tests are carried out. The annual update of the risk-bearing capacity concept ensures, that the main types of risk are adequately taken into account in the risk-bearing capacity calculation.

Banks' core functions as transformers of liquidity and risk result in inevitable threats that can in extreme cases endanger the continued existence of the institution. For Commerzbank, in view of its business model, these inherent existential threats include the default of Germany, Poland, one or more of the other major EU countries (France, Italy, Spain or the UK, although Brexit is not deemed to be a default) or the default of the USA. Moreover, inherent threats include a deep recession lasting several years with serious repercussions for the German economy (caused, for instance, by a global pandemic or by the USA or China), a bank run and the collapse of global clearing houses or the foreign exchange markets, possibly triggered by a cyber attack. In general, cyber risk includes certain scenarios as the business environment becomes more digitalised which under certain circumstances can cause damage and could therefore be significant for Commerzbank.

A key component of liquidity risk management is the daily calculation of the liquidity gap profile. The liquidity gap profile shows the deterministic or stochastic inflows and outflows expected in the future on a given reporting date and across all portfolios. This forms the basis for calculating liquidity requirements or excess liquidity per maturity band. Based on the liquidity gap profile, management mechanisms such as recovery and early warning indicators are limited and monitored accordingly. The liquidity gap profile is limited in all maturity bands. The Group limits are broken down into individual Group units and currencies.

In order to meet the minimum requirements for the regulatory liquidity coverage ratio (LCR), the Bank has established appropriate limits and early warning indicators. In 2020, Commerzbank significantly exceeded the minimum ratio of 100% stipulated for that year on every reporting date. As at the end of 2020, the average month-end value of the LCR over the last twelve months was 135.68%. The net stable funding ratio (NSFR) was transposed into European law by the Basel Committee as part of the Capital Requirements Regulation II (CRR II) and will become binding from June 2021. Commerzbank is already calculating LCR as well as NSFR as part of its regulatory reporting processes, communicating them in its internal reporting and reporting them to the supervisory authority. In addition to risk-based measures of capital adequacy, under Basel 3 the leverage ratio is used as a non-risksensitive indicator of leverage. At 31 December 2020, the leverage ratio came to 4.9% after taking into account the CRR transitional rules (with transitional provisions) and as well to 4.9% after full application of the revised CRR rule (fully loaded). Avoiding the risk of excessive leverage is an integral part of Commerzbank's management of its balance sheet.

To ensure an adequate capital backing, compliance with economic risk-bearing capacity requirements and the regulatory capital ratios is reviewed by means of an early warning system in both a forecast scenario and an adverse stress scenario. The risk-bearing capacity (RBC) ratio of 159% (target: >100%) comfortably meets risk-bearing capacity requirements. Commerzbank's Common Equity Tier 1 ratio is largely based on the capital requirements resulting from the Supervisory Review and Evaluation Process (SREP) carried out by the ECB as the responsible supervisory authority, plus a buffer deemed appropriate by Commerzbank's management to cover potential stress situations. The ECB has left the SREP capital requirements valid for the 2020 financial year unchanged for 2021, while the capital buffer for other systemically important institutions (O-SII) set by the German banking regulator as part of the SREP requirements was reduced to 1.25% in November (previously: 1.5%). The Common Equity Tier 1 ratio was therefore 13.2% at €178.6bn RWA and €23,6bn common equity tier 1 capital at the end of 2020. After booking additional restructuring charges of round about €0.9bn we target a CET1 ratio of above 12% in 2021.

The Bank therefore believes it has a sufficiently comfortable capital buffer to be able to cover the restructuring and investment expenses required for the Group's transformation entirely from its own funds. This capitalisation is also evidence of a high risk-bearing capacity should the difficult conditions continue for a longer period. Nonetheless, there are numerous risk factors that could affect the 2021 profit forecast to a considerable, though not reliably quantifiable extent, should events take an unfavorable turn. These include, first and foremost, exceptionally high global economic risks resulting from the coronavirus pandemic, the length and extent of which cannot yet be adequately assessed.

The risk result relating to the Group's lending business in 2020 amounted to €–1,748m. Given the uncertainty of the further development of the pandemic we expect a risk result of between €–0.8bn and €–1.2bn for 2021. With a non performing exposure ratio (NPE ratio) of only 1.0%, the quality of the credit book was still high at the end of 2020. By focusing more on more efficient use of equity capital (RWA optimization), particularly in the corporate client business, and reinvesting the risk assets released in PUK and mbank, we expect a slight increase in RWA to around €183bn by 2024.

Comprehensive, prompt, transparent and methodically adequate risk measurement is vital for ensuring that the Commerzbank Group has sufficient liquidity and capital resources on a permanent basis. Our business and risk strategy is made measurable, transparent, and controllable by the processes used. The risk measurement methods and models that we use comply with the latest common banking industry standards and are regularly reviewed by risk control, internal audit, our external auditors and the German and European supervisory authorities. The processes ensure that our risk-bearing capacity and our ability to meet financial obligations at all times are maintained on a lasting basis. We consider our risk management methods and processes to be appropriate and effective.

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 full Board of Managing Directors and the Supervisory Board's Risk Committee on the overall risk situation within the Group. The Risk Committee met five times in 2020.

Until 31 December 2020, the risk management organisation consisted of the following divisions: Group Credit Risk Management, Group Kredit, Group Market Risk Management, Group Risk Controlling & Capital Management and Group Cyber Risk & Information Security.

As of 1 January 2021, Commerzbank combined the divisions Group Market Risk Management and Group Risk Controlling & Capital Management to form the new Group Risk Control division. Furthermore, the Group Big Data & Advanced Analytics division was integrated into the risk management organisation.

In addition, the CRO has assumed responsibility for Group Compliance. It is Group Compliance's responsibility to establish appropriate governance, procedures and systems to avoid the Bank being unintentionally endangered as a consequence of compliance risks. Group Compliance is controlled by the Chief Compliance Officer.

All divisions have a direct reporting line to the CRO.

The full Board of Managing Directors has exclusive responsibility for fundamental strategic decisions. The Board of Managing Directors has delegated operative risk management to committees. Under the relevant rules of procedure, these are the Group Credit Committee, the Group Market Risk Committee, the Group OpRisk Committee, the Group Cyber Risk & Information Security Committee and the Group Strategic Risk Committee, which decides on risk issues of an overarching nature. The CRO chairs all these committees and has the right of veto. The CRO is also a member of the central Asset Liability Committee. Here the CRO also has a right of veto on certain topics (e.g. liquidity risk issues).

Further details on the risk management organisation can be found in the Group Risk Report in the Annual Report 2020 from page 124.

Risk strategy and risk management

The Group Risk Strategy, together with the business strategy, regulates the strategic risk management guidelines for the development of Commerzbank's investment portfolio. It defines the risk appetite as the maximum risk that the Bank is prepared and able to accept while following its business objectives without exposing itself to existential threats over and above the risks inherent in the business. The guiding idea is to ensure that the Group holds sufficient liquidity and capital. Based on these requirements, suitable limits for the risk resources capital and liquidity available to the Group are defined. The overarching limits of the Group Risk Strategy are consistent with the indicator thresholds of the recovery plan.

Banks' core functions as transformers of liquidity and risk result in inevitable threats that can in extreme cases endanger the continued existence of the institution. For Commerzbank, in view of its business model, these inherent existential threats include the default of Germany, Poland, one or more of the other major EU countries (France, Italy, Spain or the UK, although Brexit is not deemed to be a default) or the default of the USA. Italy has an idiosyncratic special position on account of the large legacy exposure to the Italian state, whereas in the case of the other countries the existential threat would result from the effects of a state default on the banks and companies and the implications for the other EU countries. Other risks seen as inherent include a deep recession lasting several years with serious repercussions for the German economy (caused, for instance, by a global pandemic or by the USA or China), a bank run and the collapse of global clearing houses or the foreign exchange markets, possibly triggered by a cyber attack. In general, cyber risk in the context of increasing digitalisation in the business environment, comprises certain scenarios which under certain circumstances may cause damages and hence might be also significant for Commerzbank. As a result of the unexpected and abrupt global economic slump triggered by the outbreak of the coronavirus pandemic, the risks increased, especially in view of Commerzbank's positioning as the leading bank for small and medium-sized enterprises in Germany.

When pursuing its business targets, the Bank accepts these existential threats. It may be necessary to adjust the business model and hence the business and risk strategies in the medium and long term if the full Board of Managing Directors' assessment of these threats to Commerzbank changes substantially. To the extent that it is able to do so, Commerzbank makes early preparations in anticipation of forthcoming changes in regulatory requirements and accounting standards. Such changes and their (retrospective) interpretation may have lasting implications for – and even threaten the survival of – Commerzbank's business model. Commerzbank takes these "regulatory risks" into account because there are many cases where there is no option to mitigate or manage them.

The overall Group Risk Strategy covers all material risks to which Commerzbank is exposed. It is updated on an ad hoc basis if necessary, detailed further in the form of sub-risk strategies for the risk types which are material. These are then specified and made operational through policies, regulations and instructions/guidelines. By means of the risk inventory process – which has to be carried out beforehand – Commerzbank ensures that all risks of relevance to the Group are identified and their materiality is assessed. The assessment of the materiality of a risk is based on whether its occurrence could have a major direct or indirect negative impact on the Bank's risk-bearing capacity.

As part of the planning process, the Board of Managing Directors decides the extent to which the risk coverage potential of the Group should be utilised. On that basis, individual types of quantifiable risk contributing to the capital demand are limited in a second stage. A capital framework is allocated to the management-relevant units through the planning process. Compliance with limits and guidelines is monitored during the year, and management measures are put in place where required. In addition, further qualitative and quantitative early warning indicators are established in the Group Risk Strategy. Potential negative developments can be identified at an early stage with the help of these indicators.

One of the primary tasks of risk management is the avoidance of risk concentrations. These can arise from the synchronous movement of risk positions both within a single risk type (intra-risk concentrations) and across different risk types (inter-risk concentrations). The latter result from common risk drivers or from interactions between different risk drivers of different risk types.

By establishing adequate risk management and controlling processes, Commerzbank provides for the identification, assessment, management, monitoring and communication of material risks and related risk concentrations. This ensures that all Commerzbank-specific risk concentrations are taken into account in its risk management. Stress tests are regularly used to ensure transparency regarding risk concentrations. The design of the scenarios, and the procedure as a whole, ensure that the effects of adverse scenarios on the portfolio emphases and risk concentrations are systematically analysed. Management is regularly informed about the results of the analyses so that the potential risk of losses can be avoided in good time.

The Group Risk & Capital Monitor is the monthly, controlling-oriented risk report for capital, credit risk, market risk, liquidity and OpRisk related subjects of Commerzbank's risk management. It shows all the above risk types, including economic and regulatory risk-bearing capacity, for the Commerzbank Group. The report's aims include providing the full Board of Managing Directors and the Supervisory Board's Risk Committee with transparent and comprehensive information, highlighting important developments from a risk perspective and setting management measures. Particularly, limits and guidelines of the Group Risk Strategy are monitored by the report. The Group Risk Strategy and the Group Risk & Capital Monitor are approved by the full Board of Managing Directors.

Commerzbank has adopted a code of conduct that defines binding minimum standards for Commerzbank's corporate responsibility, its dealings with customers, business partners and colleagues, and its day-to-day business. The Bank complies with relevant laws, regulatory requirements, industry standards and internal rules, and this therefore forms a particularly important part of its risk culture. It actively demands appropriate and courageous conduct and integrity of behaviour in compliance with rules, and any failure to comply with rules is penalised. Expansions of procedures ensure that misconduct is assessed in a standardised and fair manner and thus strengthen the management of consequences on a long term basis.

The main pillar of the Bank's overall risk management and culture is the concept of "three lines of defence", which is a core element of the Corporate Charter. Under this "three lines of defence principle", protecting against undesirable risks is an activity that is not restricted to the risk function. Each unit (segment or function) forms the first line of defence within its area of operational responsibility and is responsible for identifying and managing risks within it while complying with the prescribed risk standards and policies. For example, the front office forms the first line of defence in all business decisions and has to take risk aspects into account in reaching them. The second line of defence for each type of risk lays down standards for appropriate management of risks of that type, monitors this and ensures the application of such standards, and analyses and evaluates the risks. The risk function forms the second line of defence against credit and market risks associated with business decisions. Particularly for credit risk, this includes involvement in the credit decision process through means of a second vote. Units outside the risk function (e.g. Group Compliance and Group Finance) also operate as the second line of defence for certain risk types. The third line of defence is internal audit.

Under the provisions of the Remuneration Ordinance for Institutions (Institutsvergütungsverordnung), every year Commerzbank identifies, in a regular process, those employees that because of their actions have a material impact on Commerzbank's overall risk profile (risk takers). These risk takers are identified in accordance with regulatory requirements on the basis of their function within the organisation (including management level) and their function-related activities. Special regulations apply to risk takers as regards measuring their performance and the manner in which their variable remuneration is paid out. Information in relation to the remuneration system of Commerzbank Group according to Article 450 CRR can be found in the Remuneration Report within the Annual Report 2020 and in the separate Remuneration Report on the internet pages of Commerzbank. Information on corporate governance according to Article 435 (2) CRR is provided in the Annual Report 2020 (Corporate Governance Report) from page 27 (Declaration on corporate governance) and on the internet pages of Commerzbank.

Information on the indicators of global systemic importance according to Article 441 CRR is given in a separate disclosure on the internet pages of Commerzbank in the section Bondholder information/Transparency disclosures.

Risk-bearing capacity and stress testing

Risk-bearing capacity analysis is a key part of overall bank management and Commerzbank's ICAAP. The purpose is to ensure that sufficient capital is held at all times. The risk-bearing capacity concept is reviewed and optimised annually.

When determining the economically required capital, allowance is made for potential unexpected fluctuations in value. Where such fluctuations exceed forecasts, they must be covered by the available economic capital to absorb unexpected losses (risk coverage potential). Only the economic value of equity components that absorb losses in the going concern approach is taken into account in determining the economic risk coverage potential.

The capital requirement for the risks taken is quantified using the internal economic capital model. All risk types of the Commerzbank Group classified as significant and quantifiable within the annual risk inventory are considered when determining the economically required capital. The economic risk approach therefore also comprises risk types that are not included in the regulatory requirements for banks' capital adequacy. The model also reflects diversification effects incorporating all types of risk. The confidence level for the calculation of economically required capital is 99.90% and is harmonised with the going concern approach. The quantifiable significant risks in the economic capital model are divided into default risk, market risk, operational risk and (not separately disclosed in the table on the next page) business risk and property value change risk. Business risk is the risk of a potential loss resulting from deviations in actual income and expense from the respective budgeted figures. Business risk is used to substantiate a higher-level management buffer that ensures the responsiveness of capital management. Physical asset risk is the risk of an unexpected fall in the value of owned property which is either already recognised as an asset in the Group's balance sheet or which can be recognised during the next 12 months under contractually assured obligations with option character (especially real estate). In the 2020 risk inventory, the reserve risk was again classified as material. Allowance is made for this risk by means of a corresponding risk buffer when considering risk-bearing capacity. The results of the risk-bearing capacity analysis are shown using the risk-bearing capacity ratio (RBC ratio), indicating the excess of the risk coverage potential in relation to the economically required capital.

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 2020, the RBC ratio was consistently above 100% and stood at 159% as at 31 December 2020. The decrease in the risk coverage potential compared to December 2019 was mainly due to the consolidated loss for the 2020 financial year. At the same time, the write-down of goodwill included in this result led to a reduction in the risk buffer in the economic capital. The RBC ratio is still well above the minimum requirement.

RBC1: Group's risk-bearing capacity

Risk-bearing capacity Group | €bn	**31.12.2020**	**31.12.2019**
Economic risk coverage potential	22	24
Economically required capital[1]	14	15
thereof for credit risk	10	10
thereof for market risk[2]	4	4
thereof for operational risk	1	1
thereof diversification effects	−2	−2
RBC ratio[3]	**159%**	**161%**

[1] Including physical asset risk, risk of unlisted investments and the risk buffer for reserve risk and for the quantification of potential fluctuations in value of goodwill and intangibles. As a result of the write-down of goodwill, the corresponding risk buffer no longer applies as at 31 December 2020.
[2] Including deposit model risk.
[3] RBC ratio = economic risk coverage potential/economically required capital (including risk buffer).

Commerzbank uses macroeconomic stress tests to review the risk-bearing capacity in the event of assumed adverse changes in the economic environment. The underlying scenarios take into account the interdependence of the development of the real economy and the financial economy. They are updated quarterly and approved by the ALCO. The scenarios describe an extraordinary but plausible adverse development in the economy, focusing in particular on portfolio priorities (e.g. export-based sectors in Germany) and business strategies of relevance to Commerzbank. Current adverse developments (e.g. the coronavirus pandemic) are also taken into account when creating the scenarios. Stress tests in the economic perspective cover a time horizon of 12 months. The scenario simulation is run quarterly at Group level using the input parameters of the economic capital requirements calculation for all material and quantifiable risk types. In addition to the capital required, the income statement is also subjected to a stress test based on the macroeconomic scenarios. Based on this, changes in the risk coverage potential are simulated. Whereas the RBC ratio is embedded into Commerzbank's limit system, guidelines for risk-bearing capacity are set as an early warning system in the stressed environment. The ongoing monitoring of the limits and guidelines is a key part of internal reporting. Defined escalations are triggered if the limits are breached.

The risk-bearing capacity and stress testing concept is subject to an annual internal review and is refined on an ongoing basis. The development of the regulatory environment is also considered. In addition to the regular stress tests, reverse stress tests are implemented annually at Group level. Unlike regular stress testing, the result of the simulation – a sustained threat to the Bank – is determined in advance. The aim of the analysis process in the reverse stress test is to improve the transparency of Bank-specific risk potential and interactions of risk by identifying and assessing extreme scenarios and events. On this basis, for instance, action fields in risk management including the regular stress tests can be identified and considered in the ongoing development efforts.

A. Credit risk (CR)

Credit risk (default risk from credit risk) (CR) 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. The default risk from counterparty risk is shown separately in the section on counterparty credit risk in this report.

Risk management

Strategy and organisation

The credit risk strategy is the sub-risk strategy for default risks and is derived from the group risk strategy. It is embedded in the ICAAP process of the Commerzbank Group and forms a link between the Bank's overall risk management across all risk types and the operationalisation of default risk management. The overriding aim is to ensure the adequate portfolio quality of the credit portfolio. To this end, the credit risk strategy defines the credit risk tolerance, specifies risk strategy priorities, provides an overview of the material credit risk management concepts and thereby plays an integral part in maintaining the Group's risk-bearing capacity. The credit risk strategy makes use of quantitative and qualitative management tools that give decision-makers clear guidance on both portfolio management and decisions in specific cases.

Credit risk management is a joint task of the front office and the risk function, based on a standardised Group-wide credit risk culture. Impeccable moral and ethical conduct in compliance with the law and regulations is a key element of a culture of integrity and core to the credit risk culture. Default risks are assessed against uniform standards, regardless of segment limits. In line with the three lines of defence principle, the front office is the first line of defence and must take risk aspects into account when taking business decisions. The risk function is the second line of defence (back office and risk controlling), its task being to manage, limit and monitor risks. The third line of defence is internal audit. It is tasked with independently auditing the Bank's processes and safety precautions, and as such also assesses the activities of the first and second lines of defence.

The Group Credit Committee is the highest decision-making committee for operative credit risk management, comprising two representatives each from the back office and front office. It takes decisions in line with the competencies delegated to it by the full Board of Managing Directors and is responsible for managing all credit risks. In so doing, the Group Credit Committee operates based on the valid credit risk strategy. Reporting to the Group Credit Committee are sub-credit committees, which operate on the basis of their respective rules of procedure and within the competencies approved by the full Board of Managing Directors. They comprise at least two representatives from the segments and two representatives from Group Risk Management. The sub-credit committees are generally in charge of managing all credit risks of the sub-portfolios they take responsibility for and are authorised to further delegate specific credit decisions in accordance with their competencies

Discrete back-office areas are responsible for operational credit risk management at portfolio level and on a case-by-case basis. The responsibilities are separated between the performing loan area on the one hand and intensively cared business on the other. All credit decisions in the performing loan area are risk/return decisions. The front and back office take joint responsibility for risk and return from an exposure, with the front office having primary responsibility for the return, and the back office for the risk. Accordingly, neither office can be overruled in its primary responsibility in the credit decision process.

Higher-risk customers are handled by specialist Intensive Care areas. The customers are moved to these areas as soon as they meet defined criteria for assignment or mandatory transfer. The principal reasons for assignment to the task sector Intensive Care areas are criteria relating to number of days overdrawn, together with event-related criteria such as rating, third-party enforcement measures or credit fraud. The task sector Intensive Care decides on further action based on the circumstances of individual cases. Customers must be transferred to the task sector Intensive Care if they are in default (for example due to insolvency). This graduated approach ensures that higher-risk customers can continue to be managed promptly by specialists in a manner appropriate to the risks involved and in defined standardised processes.

Operative Risk management

Commerzbank manages default risk using a comprehensive risk management system. The management framework comprises an organisational structure, methods and models, quantitative and qualitative management tools and regulations and processes. The risk management system ensures that the entire portfolio and the sub-portfolios, down to individual exposure level, are managed consistently and thoroughly down on a top-down basis.

The ratios and measures required for the operational process of risk management are based on the overarching Group objectives. The principle of maintaining a low-risk profile in all business decisions is closely combined here with the risk function's aim of providing the front office with appropriate support. It prefers business and products with low complexity and pays attention to the responsiveness of credit lines and exposures.

Quantitative credit risk strategy guidelines limit risks with regard to poorer credit ratings and exposures with high loss-at-default contributions (concentration management) and for selected sub-portfolios with a high risk weight or regulatory importance, and, as applicable, for individual products with a high portfolio share. Detailed arrangements for operationalising the guidelines for selected sub-portfolios are set out in separate portfolio policies. In addition, qualitative management guidelines in the form of credit policies define the target business of the Bank. At the level of individual transactions, they regulate the transaction type with which the risk resources provided are to be used. These credit policies are firmly embedded in the credit process: transactions which do not meet the requirements are escalated through a fixed competence regulation.

Group-wide guidelines are based on risk-oriented analyses of trends (for instance, the changes in weaker credit ratings over time) combined with an assessment of overall conditions and internal rules. Risk-oriented portfolio analyses (e.g. the rating profile of individual asset classes) are used in particular to derive portfolio guidelines. Trend analyses of product-specific risk drivers (for example, the loan to value ratio in retail mortgage financing) are key factors for determining product guidelines. In contrast, credit and portfolio policies are primarily produced through a multi-level coordination process involving the product and portfolio managers from the front and back offices, combined with an assessment of internal and external information sources.

To monitor compliance with credit risk strategy rules, continuous monitoring and reporting has also been set up at whole Group level and at segment or sub-portfolio level. Asset quality reviews by the risk function make an important contribution here to quality assurance and early risk detection. The key aspects of monitoring vary according to the subject matter and target audience, and ad-hoc reporting processes are in place. In addition, crisis events may pose a risk to the adequacy of the Bank's capital and liquidity resources and thereby to its risk-bearing capacity. In a crisis, the Risk Mitigation Task Force will manage decisions flexibly in a coordinated, Group-wide process. As part of the current pandemic, the Corona Task Force was established at the beginning of 2020 in order to identify and counteract the effects on the Group portfolio as soon as possible. As part of the process, emergency action plans ensure that risk-mitigation measures are implemented quickly and efficiently.

The avoidance of risk concentrations is a core strategy of risk management. Risk concentrations are actively managed in order to identify at an early stage and contain the increased potential for loss in the synchronous movement of risk positions. In addition to exposure-related credit risk concentrations (bulk risks), credit risk management also considers country and sector concentrations. Segment-specific features are considered here.

Management and the Supervisory Board's Risk Committee are regularly informed about the results of the analyses.

Management of economic capital commitment

Economic capital commitment is managed in order to ensure that the Commerzbank Group holds sufficient capital. To this end, in the Group Risk Strategy all risk types relevant for economic risk capital are given limits on a Group-wide basis, with, in particular, a CVaR limit being specified. Due to the systematically restricted options for reducing default risk on a short-term basis, it is important to take account of expected trends (medium-term and long-term) in order to manage credit risk. For this reason, forecast values of credit risk parameters play a key role in ongoing management. At segment and business area level, changes of forecasts are monitored and adjustments made when necessary. There is no cascaded capital limit concept for credit risk below Group level.

Country risk management

The Group's country risk assessment covers both transfer risks and event risks driven by political and economic events which impact on the individual economic entities of a country. Country risks are managed based on transfer risk limits defined at country level. Country exposures which are significant for Commerzbank due to their size, are handled by the Credit Risk Committee on a separate basis.

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

Overview of management instruments and levels

	Risk strategies and policies	Limit and guideline systems	Portfolio monitoring and reporting	Structures of organisation and committees
Group	Overall risk strategy plus sub-risk strategies for significant risk types Establishment of a general risk understanding and creation of a uniform risk culture	Definition of Group limits (across all risk types) for capital and liquidity management Additional definition of guidelines as key points of the aspired target portfolio	Group Risk & Capital Monitor plus risk type specific Group formats (including flash reporting) Uniform, consolidated data repository as basis for Group reporting	Ensuring exchange of information and networking in committees that operate across all risk types Retaining qualified staff in line with progressive product innovation or regulatory adjustments
Sub-portfolios	Clear formulation of risk policy in guidelines (portfolios, asset classes, etc.) Differenciated credit authorities based on compliance of transactions with the Bank's risk policy	Performance metrics on level of risk categories and sub-portfolios Expansion of Group-wide performance metrics using sub-portfolio-specific indicators	Portfolio batches as per established portfolio calendar* Asset quality review and analysis of High Attention Parts (HAP) Trigger monitoring with clear escalation and reporting lines	Interdisciplinary composition of segment committees Ensuring uniform economic opinions
Individual exposures	Rating-dependent and bulk-sensitive credit authority regulations with clear escalation processes	Limitation of bulk risk and uniform management according to model-independent all-in definition	Limit monitoring at individual exposure level Monthly report to the Board of Managing Directors on the development of bulk risks Review of individual customers/exposures resulting from asset quality review or HAP analyses	Deal team structures Institutionalized exchange within the risk function, also taking account of economic developments Sector-wise organization of domestic corporate business

* The portfolio batches were replaced in 2020 by comprehensive reports to the Supervisory Board's Risk Committee on the effects of the coronavirus pandemic on the credit portfolio.

Credit risk model

The quantification of default risks takes place through the implementation of a Group-wide credit risk model, which consists of internally developed rating systems and a loan portfolio model. The rating systems calculate the risk parameters of probability of default (PD), exposure at default (EaD[1]) and loss given default (LGD) for every credit risk position. This enables the expected loss and risk-weighted assets to be calculated for each individual position pursuant to the IRB approach.

The loan portfolio model also produces probability statements on losses from credit defaults and rating changes at portfolio level. Unexpected loss (credit value at risk – CVaR) is quantified on a risk horizon of one year. The model measures the extent of potential credit risk losses over and above the expected loss and must be backed by equity capital within the internal capital adequacy assessment process (ICAAP).

Commerzbank's loan portfolio model is an in-house model which, as with the CreditMetrics or Moody's KMV model, is based on the asset value approach. A Monte Carlo simulation simulates potential realisations of borrowers' assets and changes to borrowers' creditworthiness and defaults. Possible future losses at portfolio level are calculated and statistically analysed on this basis.

The loan portfolio model requires transaction and customer data: level of exposure, creditworthiness, expected loss given default, country and sector classification.

Dependencies between possible default events are also modelled through around 60 systematic risk factors. Specific model parameters (correlations) measure the connection of individual borrowers to these system factors and the correlation between system factors. This way they quantify potential diversification effects between different sectors and countries.

Commerzbank's credit risk model thus constitutes the basis for the calculation of risk-weighted assets according to the IRB approach and is also a key part of the internal risk and capital management process of the Group portfolio.

Rating procedures

A key component of Commerzbank's rating architecture is the use of single point of methodology rating procedures, taking advantage of a central suite of computation kernels. This uniform process architecture not only facilitates risk management and monitoring but also supports consistent rating assignments within the Commerzbank Group. The rating processes are in turn embedded in rating systems. In addition to the conventional methods of assessing creditworthiness and risk, these comprise all the processes for preparing data, calculating ratings and implementing monitoring and management measures.

The use of rating processes is an essential component of risk assessment in the Commerzbank Group, irrespective of regulatory requirements. The resulting ratings are then used in front and back office credit decision-making processes, the determination of loan loss provisions under IFRS and internal measurement of CVaR and risk-bearing capacity, respectively. Rating processes are also further revised and improved. These improvements make risk forecasts more accurate and improve management mechanisms.

The tables below show the rating processes used in the IRBA in the individual asset classes according to the CRR and their main elements as at the reporting date. Further models are in use at mBank. Details are given in the mBank disclosure report on their English internet page (About us → Capital Adequacy Information Policy).

[1] Economic EaD: Exposure at default amount taking into account a potential (partial) drawing of open lines and contingent liabilities that will adversely affect risk-bearing capacity in the event of default.

VAL-A: Material IRBA rating procedures by asset class

Exposure class	Name of the material rating procedures
Central governments or central banks	RFI-BANK, R-SCR, R-LRG
Institutions	RFI-BANK, R-LRG, NBFI
Corporates - SMEs	R-CORP/COSCO, RS-REN
Corporates - specialised lending	RS-CRE, RS-CFD, RS-SHP, RS-REN
Corporates - other	R-CORP/COSCO, NBFI
Retail - secured by mortgages / SMEs	R-CORP/COSCO, CORES, RS-CRE
Retail - secured by mortgages / non-SMEs	CORES
Retail - qualifying revolving	CORES
Retail - other / SMEs	R-CORP/COSCO
Retail - other / non-SMEs	CORES

VAL-B: Core components of IRBA rating procedures

Scope	Procedure	Hard facts	Soft facts	Overruling
Banks	RFI-BANK	▪	▪	▪
Countries	R-SCR	▪	▪	▪
Municipalities/federal states	R-LRG	▪		▪
Corporate customers	R-CORP/COSCO	▪	▪	▪
Financial Institutions (NBFI)	NBFI	▪	▪	▪
Private customers	CORES	▪		
Commercial real estate	RS-CRE	▪	▪	▪
Renewable energies	RS-REN	▪	▪	▪
Structured finance	RS-CFD	▪	▪	▪

Hard facts refer to system-based factors which are used in the rating process and allow no scope for interpretation. For instance, these may be data from companies' annual financial statements, the income of a private individual, or the age of the documents being used.

Soft facts refer to structured areas of analysis where the rating analyst needs to make an assessment and where there is therefore scope for discretion on a case-by-case basis. Examples include an assessment of management or the competitive situation of the customer being rated.

Overruling is a downstream area of analysis where there is a further opportunity for the analyst to assess circumstances separately based on his or her personal judgement. The system result can be adjusted upwards or downwards. The relevant reason for the decision is adequately documented. Overruling should particularly be used when there are strongly fluctuating developments (e.g. market changes) such that an adequate assessment of a company's situation based on the analysis of statistical information (e.g. annual financial statements) is not sufficient to give a future-oriented probability of default. Due to the degree of freedom this gives the rating process, overruling is subject to strict standards and regular monitoring, especially in case of upgrades.

The Commerzbank rating method comprises 25 rating classes for customers not in default (1.0 to 5.8) and five default classes (6.1 to 6.5). The Commerzbank master scale allocates precisely one rating class, stable over time, to each probability of default. The rating methods are validated annually and recalibrated where necessary so that they reflect the latest assessment based on all actual observed defaults. The probability of default ranges assigned to the ratings are the same for all portfolios. This ensures internal comparability consistent with the master scale method. For guidance and indicative purposes, the Commerzbank master scale also shows external ratings as well as credit quality steps in accordance with Article 136 CRR. However, a direct reconciliation is not possible, because external ratings of different portfolios show fluctuating default rates from year to year.

The credit approval authorities of both individual staff and the committees (Board of Managing Directors, credit committee, credit sub-committees) are graduated by a range of factors including size of exposure and rating class.

Commerzbank master scale

Commerzbank AG rating	PD and EL mid-point %	PD and EL range %	S&P scale		Credit quality steps in accordance with Article 136 CRR[1]	
1.0	0	0	AAA	AAA	I	Investment Grade
1.2	0.01	0 – 0.02				
1.4	0.02	0.02 – 0.03	AA+	AA		
1.6	0.04	0.03 – 0.05	AA, AA–			
1.8	0.07	0.05 – 0.08	A+, A	A	II	
2.0	0.11	0.08 – 0.13	A–			
2.2	0.17	0.13 – 0.21	BBB+	BBB	III	
2.4	0.26	0.21 – 0.31	BBB			
2.6	0.39	0.31 – 0.47				
2.8	0.57	0.47 – 0.68	BBB–			
3.0	0.81	0.68 – 0.96	BB+	BB	IV	Sub-investment grade
3.2	1.14	0.96 – 1.34	BB			
3.4	1.56	1.34 – 1.81				
3.6	2.10	1.81 – 2.40	BB–			
3.8	2.74	2.40 – 3.10				
4.0	3.50	3.10 – 3.90	B+	B	V	Non-investment grade
4.2	4.35	3.90 – 4.86	B			
4.4	5.42	4.86 – 6.04				
4.6	6.74	6.04 – 7.52				
4.8	8.39	7.52 – 9.35	B–			
5.0	10.43	9.35 – 11.64				
5.2	12.98	11.64 – 14.48	CCC+	CCC	VI	
5.4	16.15	14.48 – 18.01	CCC, CCC–			
5.6	20.09	18.01 – 22.41	CC, C	CC, C		
5.8	47.34	22.41 – 99.99				
6.1	100	> 90 days past due	D			Default
6.2		Imminent insolvency				
6.3		Restructuring with recapitalisation				
6.4		Termination without insolvency				
6.5		Insolvency				

[1] CRR = Capital Requirements Regulation (EU) No 575/2013.

As at 31 December 2020, Commerzbank has an IRBA coverage ratio at Group level of 97.8% for IRBA exposure values and 92.3% for risk-weighted IRBA exposure values, exceeding the IRBA exit threshold of 92% under section 10 of the Solvency Regulation (in the version applicable as at 1 January 2014). For loans and receivables that are not covered by the procedures approved by the supervisory authorities for the IRB approach, the standardised approach for credit risk (SACR) applies, under which flat risk weightings are to be used or risk weightings are to be based on external assessments of the borrower's creditworthiness.

Risk parameters

In addition to classifying the probability of default (PD) within the scope of the rating process, correctly assessing loss severity is essential for a reliable and holistic risk assessment. The loss severity is determined firstly by the exposure at default (EaD) and secondly by the loss given default (LGD).

In general, modelling the probabilities of default is based on the Bank's internal long-standing empirical default data. Should this data not be sufficient for specific portfolios (low-default portfolios), different approaches are used to model the probabilities of default. Shadow rating procedures are one option. Comparing the Bank's internal risk factors with the ratings of external agencies gives indications of how the Bank's credit rating estimates should be classified in relative terms. The shadow rating procedures are calibrated based on empirical default rates over many years for the rating classes used by external rating agencies. In rating procedures for special funding, the customer's credit rating derives principally from the cash flows generated by the rating object. Typically, the rating procedures are therefore based on cash flow simulations using stochastic processes. The procedures are normally used in low default or low number portfolios for which only very few external benchmarks exist. The models are therefore causally produced and often calibrated using expert knowledge. Wholly expert-based rating procedures are the final option. No external target criterion is available for these procedures and there are no cash flow simulations. Parameterisation of the models and their calibration are based wholly on expert knowledge.

When forecasting EaD unused credit lines and other contingent liabilities are included via credit conversion factors (CCFs). Depending on the transaction and the customer, the CCFs describe the probability of drawdown in the event of a default within the next twelve months.

The LGD is primarily determined by the expected proceeds from collateral and unsecured portions of loans. Proceeds from collateral are modelled via recovery rates representing a discount on the previously defined market value. The recovery rate depends on the characteristics of the collateral. For instance, when modelling for properties, the collateral is differentiated by property type and location. To determine the proceeds on unsecured portions of loans, the focus is primarily on the characteristics of the customer and the transaction.

The CCF and LGD models are based on bank-internal empirical loss data. For this purpose, Commerzbank refers to a database of internal credit defaults since 1997. New defaults are recorded continuously and are made available for statistical analysis once processing is complete. For quality assurance purposes, the data collection process is monitored by a number of controls and automatic checking procedures.

Both the internal and regulatory requirements of the CRR are considered when developing statistical models for estimating EaD and LGD. Discussions with experts from back office and debt workout departments play an important role when identifying relevant factors and validating the results. In instances where there is only a small number of historical default or collateral utilisation cases, the empirical analyses are supplemented with expert assessments.

It is possible that a positive correlation of the risk parameters PD, LGD and CCF with one or more common macroeconomic risk factors may lead to a heightened systematic credit risk. It is for this reason that CRR Art. 181 (1) b) requires the use of LGD estimates that are appropriate even in an economic downturn (so-called downturn LGDs). Periods of an economic downturn are characterised by systemically high default rates above the long-term average. In downturn analyses, downturn years were determined and/or confirmed to estimate the risk parameters (CCF and LGD components). Statistical models, particularly regression models, are used to examine whether the downturn phases identified have a significant impact on the loss ratios; if applicable, an appropriate discount is determined.

All models are regularly validated and recalibrated based on the new findings, if necessary. Empirically-based PD, LGD and EaD parameters are used in all important internal processes at Commerzbank. The PD, LGD and EaD models employed by Commerzbank are approved for the advanced IRB approach for the asset classes listed in CRR Art. 452(c) i) to iv). The suitability of the models was verified by the Bundesbank, BaFin and the ECB as part of the inspection prior to the granting of authorisation for the advanced IRB approach and ex post reviews.

Finally, combining the above components yields an assessment of the expected loss (EL = EaD*PD*LGD) and the risk density as a ratio of EL to EaD (EL to EaD in basis points). The internal master scale is used to clearly allocate borrower PDs (customer ratings) and loan commitment risk densities (credit ratings) to the Bank's internal rating classes.

Validation

Pursuant to Article 185 CRR, all risk classification procedures are subject to a regular validation and calibration of parameters. The credit risk control unit is the relevant unit for model development and parameter calibration. The relevant models are validated at least once a year and the results recorded in validation reports. Responsibility for this lies with the independent validation unit. Independence is ensured through different reporting lines to the senior management level.

All validation results together with the need for action resulting from them are presented for approval to a validation committee in which senior management is represented. A summary of the validation committee's results as well as any irregularities and necessary changes are presented to the Bank's Strategic Risk Committee; approval is required if there are any red validation traffic lights. Regular monitoring of procedures is an additional system control element. To check the quality of the rating procedures, specialist personnel within Internal Audit regularly review the methods and processes used and inspect validation and monitoring methods. In the event of changes to the rating systems in accordance with CRR Article 143, an independent formal investigation is carried out to establish whether the relevant quantitative and qualitative criteria were considered during categorisation, together with the resulting categorisation.

Validation concepts are defining which analyses have to be carried out rotationally for the rating systems as well as for EaD and LGD models. The material analysis results are grouped and evaluated using a traffic-light system. If the standards and limits that have been defined in the validation concept are not met, it must be clarified if there is a need for action. In this case, concrete steps must be defined along with a timetable for implementing them. These steps may include, for instance, measures to improve data quality or a revision of the process in question.

Generally a distinction is to be made between the method validation and the process validation of the models. Data quality aspects and statistical analyses are of specific interest for the method validation. This involves comparing the model forecasts with the reality over the course of the assessment period. The quality of the forecasts is verified using mathematical/statistical methods. Assessing the discriminatory power of rating procedures may involve using Gini coefficients, concordance indices and hit rate analyses, for instance. The calibration of procedures may be checked using various statistical tests, such as the Spiegelhalter or binomial test. Validation and model development do not take into account any regulatory floors for PD. These are only taken into account during the regulatory capital calculation to determine RWA.

Depending on the type of model a different validation procedure to back-test each single model has to be applied, as described in the following:

- **Default/non-default rating procedure:** In default/non-default models, ratio selection, parameter estimates and calibration are mainly based on internal default periods. A check is therefore made during validation to ascertain whether the internally measured default rates tally with the predicted probabilities of default. Discriminatory power is also checked by calculating the AUC value, and the Gini coefficient respectively.
- **Shadow rating procedure**: The classic back-testing methods used for default/non-default models cannot normally be applied to portfolios with very few defaults. Consequently, back-testing in shadow rating procedures relies very heavily on comparisons with external ratings. Comparing the Bank's internal ratings with those of external agencies (Standard & Poor's, Moody's and FitchRatings) gives indications of how the Bank's credit rating estimates should be classified in relative terms. For this benchmarking, contingency tables, for example, are produced, deviations analysed and the Spearman correlation coefficient calculated. A benchmarking analysis is naturally only useful or possible if a large number of external ratings are available. If this is not the case, pseudo discriminatory power values, for example, can be calculated using either external or final internal ratings.
- **Hybrid models:** Hybrid models are basically mixtures of default/non–default models and shadow rating procedures. In some low-default portfolios, an internal data history has had time to develop. While this alone, at the time of development, was not sufficient to develop a default/non-default model and corresponding validation, the available data history is yet being incorporated for validation or development purposes. The validation techniques of default/non-default models and shadow rating procedures are combined in these procedures.
- **Cash flow-based procedures**: In rating procedures for special funding, the customer's credit rating derives principally from the cash flows generated by the rating object. Typically, the rating procedures are therefore based on cash flow simulations using stochastic processes. The procedures are normally used in low default and low number respectively portfolios for which only very few external benchmarks exist. The models are therefore causally produced and often calibrated using expert knowledge. Direct comparisons of the predicted PDs with realised default rates and discriminatory power analyses using the AUC are not normally very meaningful due to the low number of defaults. The statistical testing of EaD and LGD predictions of these models are likewise difficult. Key elements of the validation of these procedures are descriptive analyses of the input data and comparisons of the cash flows and volatilities predicted by the users with actual cash flows.
- **Wholly expert-based PD procedures**: No external target criterion is available for these procedures and there are no cash

flow simulations. Calibration is based wholly on expert knowledge. Validation is therefore very heavily reliant on expert know-how, as is the development. For the validation, the results produced by the procedure in particular are compared with the expert opinion, e.g. by evaluating the overruling pattern.

- **EaD and LGD models**: On the basis of additional default and loss data full-sample and out-of-sample tests are carried out through statistical backtests. In this context the validity of existing parameter differentiations and the discriminatory power of the applied risk factors have always to be analysed. Data quality and the representativeness of observations for future loss events are also important subjects of analyses.

The following table gives an overview of the quantitative model approaches used for the individual rating procedures. The scope of application of the rating procedures is presented in the section on rating procedures in tables VAL-A and VAL-B.

VAL1: Overview on IRBA rating procedures of Commerzbank AG

	PD validation		EaD / LGD validation	
Rating procedure	Methodology	Data history Years	Methodology	Data history Years
RFI-BANK	Shadowrating, Default/non-default	11	Calibrated empirically	21
R-SCR	Shadowrating	10	Calibrated empirically	21
R-LRG	Shadowrating	13	Expert-based	–
R-CORP/COSCO	Shadowrating, Default/non-default	11	Calibrated empirically	21
NBFI	Expert-based, Shadowrating	11	Expert-based	–
CORES	Default/non-default	11	Calibrated empirically	21
RS-CRE	Default/non-default, Shadowrating	11	Calibrated empirically	13
RS-CFD	Cash flow simulation	9	Cash flow simulation	13
RS-REN	Cash flow simulation	10	Cash flow simulation	13
ABS IAA	IAA-methods[1]	–	IAA-methods[1]	–

[1] For internal classification procedure for securities see page 81.

Process validation is carried out in collaboration with the risk model users. This includes compliance of the procedures with regulations, overruling analyses and general user acceptance. For EaD and LGD procedures the precise technical implementation of parameters in all using systems has to be verified. Asset Quality Reviews established in credit risk management also guarantee a continuously reliable data quality and the implementation of the model true to the process. Monthly reporting of rating coverage to the Board of Managing Directors ensures that the portfolios are valued using up-to-date and valid rating analyses.

The validations performed in 2020 show largely unremarkable findings. The validation results for all separately calibrated IRBA parameters and/or sub-models are summarised in the tables below and broken down by PD, LGD and EaD method. This shows the cases in which the tolerance limits set by the corresponding validation concepts were exceeded, as a result of which adjustments are recommended. In the PD area, several conservative results were found in the financial institutions and RS-CFD areas for which with the excemption of RS-CFD no specific adjustments were recommended, but these were made transparent in the relevant bodies. There was a significant need for adjustment from the current validations in the LGD parameters for private clients, commercial real estate finance and a partial portfolio of corporate clients. The validations of the EaD models did not reveal any significant need for adjustments.

VAL2: Validation results per calibration segment (validation based on data basis 2020)

	PD		LGD		EaD	
Validation	**Number**	**EaD in %**	**Number**	**EaD in %**	**Number**	**EaD in %**
Adequate	44	99	291	87	27	98
Too conservative - adjustment recommended	1	1	7	9	4	1
Too progressive - adjustment recommended	0	0	12	4	1	1
Total	**45**	**100**	**310**	**100**	**32**	**100**

An overview of the PD validation results as at 31 December 2019 for the relevant rating systems by IRBA asset class is provided in table EU CR9. The default observation therefore extends over 2020, which, as mentioned above, includes a modified default definition which was set to be productive as of 18 November 2019.

The rating procedures used, on the other hand, were still developed on the old default definition. Studies on the new default definitions showed that the effects are minimal compared to the previous one, which justifies a non-consideration of these in the historical default rates in Table EU CR9 before implementation. Nevertheless, the new failure definition is considered in the ongoing IRBA revision of the core processes.

In general, it can be said that the default rates of the Commerzbank Group (excluding mBank) are almost all below the intended PD bands. This is due to the sustained positive economic climate in Germany, with historically low default rates in the high-default-rating methods. However, over the last few years there has been a slight increase in default rates. So far there are no significant effects of the Corona pandemic.

The calibration method for shadow rating procedures and expert-based rating processes has also had an effect. Here the target criterion is the external rating and/or expert assessments, which in some cases substantially exceed the historical default rates in these low-default portfolios. In the case of external ratings, the rating agencies use default rates over many years. Accordingly, in all asset classes with a significant contribution from low-default rating procedures such as those found in table VAL-A, the internal classification is a conservative one.

Around 90% of the Commerzbank Group's total IRBA RWA are accounted for by the rating procedures in table VAL1. The remainder largely result from retail and corporate rating methods run independently by mBank, whose results can be found in the disclosure report of mBank on the bank's English-language homepage (at About us → Capital Adequacy Information Policy).

EU CR9: IRB approach – Backtesting of PD per exposure class

a	b	c	d	e	f		g	h	i
	PD range	External rating equivalent	Weighted average PD	Arithmetic average PD by obligors	Number of obligors		Defaulted obligors in the year	Of which new obligors	Average historical annual default rate
					End of previous year	End of the year			
			%	%					%
Central governments or central banks	0.00 to < 0.15	AAA to A-	0.11	0.05	101	30	0	0	0.00
	0.15 to < 0.25	BBB+,BBB	0.15	0.17	2	5	0	0	0.00
	0.25 to < 0.50	BBB-	0.27	0.33	12	7	0	0	0.00
	0.50 to < 0.75	BB+	0.72	0.58	6	3	0	0	0.00
	0.75 to < 2.50	BB,BB-	1.41	1.31	6	11	0	0	0.00
	2.50 to 10.00	B+ to B-	4.50	5.08	20	20	0	0	2.49
	10.00 to < 100.00	CCC+ to C	21.94	21.57	11	12	1	0	2.74
	Subtotal		0.20	2.54	158	88	1	0	0.71
Institutions	0.00 to < 0.15	AAA to A-	0.07	0.07	573	502	0	0	0.00
	0.15 to < 0.25	BBB+,BBB	0.19	0.19	169	126	0	0	0.00
	0.25 to < 0.50	BBB-	0.38	0.35	268	282	0	0	0.00
	0.50 to < 0.75	BB+	0.56	0.61	121	106	1	0	0.29
	0.75 to < 2.50	BB,BB-	1.22	1.46	325	285	0	0	0.32
	2.50 to 10.00	B+ to B-	5.09	4.48	267	292	1	0	0.57
	10.00 to < 100.00	CCC+ to C	26.62	29.44	44	66	0	0	1.87
	Subtotal		0.76	2.21	1,767	1,659	2	0	0.27
Corporates TOTAL	0.00 to < 0.15	AAA to A-	0.06	0.08	4,129	4,032	5	0	0.15
	0.15 to < 0.25	BBB+,BBB	0.20	0.20	3,818	3,698	10	0	0.17
	0.25 to < 0.50	BBB-	0.34	0.35	5,109	4,753	19	2	0.27
	0.50 to < 0.75	BB+	0.59	0.61	2,608	2,590	18	0	0.57
	0.75 to < 2.50	BB,BB-	1.36	1.36	4,494	4,351	60	3	1.18
	2.50 to 10.00	B+ to B-	4.57	4.77	1,706	1,516	123	4	4.87
	10.00 to < 100.00	CCC+ to C	44.37	34.17	416	368	58	1	16.43
	Subtotal		1.18	1.45	22,280	21,308	293	10	1.22
Corporates, thereof SMEs	0.00 to < 0.15	AAA to A-	0.08	0.09	352	433	1	0	0.08
	0.15 to < 0.25	BBB+,BBB	0.19	0.20	410	440	0	0	0.16
	0.25 to < 0.50	BBB-	0.34	0.35	639	575	1	0	0.30
	0.50 to < 0.75	BB+	0.60	0.61	314	275	1	0	0.57
	0.75 to < 2.50	BB to B+	1.36	1.34	758	663	14	0	1.27
	2.50 to 10.00	B+ to B-	5.22	5.00	491	395	34	0	5.19
	10.00 to < 100.00	CCC+ to C	24.55	21.42	111	67	27	0	21.78
	Subtotal		2.13	2.09	3,075	2,848	78	0	1.84
Corporates, thereof specialised lending	0.00 to < 0.15	AAA to A-	0.03	0.03	488	552	0	0	0.43
	0.15 to < 0.25	BBB+,BBB	0.22	0.22	135	139	0	0	0.42
	0.25 to < 0.50	BBB-	0.33	0.35	356	345	1	0	0.95
	0.50 to < 0.75	BB+	0.60	0.62	248	205	0	0	1.15
	0.75 to < 2.50	BB,BB-	1.16	1.31	239	239	6	0	1.85
	2.50 to 10.00	B+ to B-	3.86	4.50	146	121	11	0	6.36
	10.00 to < 100.00	CCC+ to C	66.19	71.13	118	114	3	0	15.24
	Subtotal		2.46	5.08	1,730	1,715	21	0	3.17
Corporates, thereof other	0.00 to < 0.15	AAA to A-	0.09	0.09	3,421	3,201	4	0	0.11
	0.15 to < 0.25	BBB+,BBB	0.20	0.20	3,297	3,136	10	0	0.16
	0.25 to < 0.50	BBB-	0.34	0.35	4,178	3,884	17	2	0.23
	0.50 to < 0.75	BB+	0.59	0.60	2,078	2,124	17	0	0.52
	0.75 to < 2.50	BB,BB-	1.40	1.36	3,532	3,478	40	3	1.18
	2.50 to 10.00	B+ to B-	4.72	4.72	1,089	1,010	78	4	4.53
	10.00 to < 100.00	CCC+ to C	18.02	22.82	205	201	28	1	12.73
	Subtotal		0.67	1.04	17,800	17,034	194	10	0.90

EU CR9_cont.: IRB approach – Backtesting of PD per exposure class

a	b	c	d	e	f		g	h	i
	PD range	External rating equivalent	Weighted average PD %	Atrithmetic average PD by obligors %	Number of obligors End of previous year	Number of obligors End of the year	Defaulted obligors in the year	Of which new obligors	Average historical annual default rate %
Retail TOTAL	0.00 to < 0.15	AAA to A-	0.05	0.04	1,777,689	1,875,618	1,162	8	0.03
	0.15 to < 0.25	BBB+,BBB	0.20	0.19	252,029	260,239	504	10	0.13
	0.25 to < 0.50	BBB-	0.36	0.36	276,979	273,823	1,007	14	0.24
	0.50 to < 0.75	BB+	0.60	0.62	125,568	116,048	792	13	0.41
	0.75 to < 2.50	BB,BB-	1.26	1.35	289,858	238,851	3,548	94	0.91
	2.50 to 10.00	B+ to B-	4.74	5.15	123,157	94,913	6,271	282	3.62
	10.00 to < 100.00	CCC+ to C	21.38	20.53	69,003	51,958	10,203	1,242	12.62
	Subtotal		0.60	0.94	2,914,283	2,911,450	23,487	1,663	0.60
... thereof secured by mortgages / SMEs	0.00 to < 0.15	AAA to A-	0.10	0.10	169	26,533	0	0	0.01
	0.15 to < 0.25	BBB+,BBB	0.20	0.20	209	10,442	0	0	0.09
	0.25 to < 0.50	BBB-	0.35	0.36	374	13,439	0	0	0.11
	0.50 to < 0.75	BB+	0.61	0.60	111	5,109	0	0	0.40
	0.75 to < 2.50	BB,BB-	1.31	1.13	205	5,412	2	0	0.35
	2.50 to 10.00	B+ to B-	4.40	4.87	73	1,277	5	0	3.22
	10.00 to < 100.00	CCC+ to C	21.18	24.17	22	465	2	1	10.67
	Subtotal		1.00	1.17	1,163	62,677	9	1	0.55
... thereof secured by mortgages / non-SMEs	0.00 to < 0.15	AAA to A-	0.05	0.06	231,991	222,434	182	1	0.06
	0.15 to < 0.25	BBB+,BBB	0.20	0.20	109,616	106,744	128	2	0.11
	0.25 to < 0.50	BBB-	0.36	0.35	99,002	89,078	196	1	0.15
	0.50 to < 0.75	BB+	0.60	0.60	27,894	22,177	134	0	0.28
	0.75 to < 2.50	BB,BB-	1.21	1.23	24,088	16,550	275	2	0.69
	2.50 to 10.00	B+ to B-	4.80	4.94	8,392	4,910	389	3	3.05
	10.00 to < 100.00	CCC+ to C	20.80	20.78	4,017	2,347	821	7	14.63
	Subtotal		0.48	0.47	505,000	464,240	2,125	16	0.39
... thereof qualifying revolving	0.00 to < 0.15	AAA to A-	0.03	0.04	1,493,273	1,568,078	866	4	0.03
	0.15 to < 0.25	BBB+,BBB	0.19	0.19	106,538	103,642	276	1	0.14
	0.25 to < 0.50	BBB-	0.36	0.36	122,590	112,404	541	3	0.26
	0.50 to < 0.75	BB+	0.62	0.62	64,322	57,039	437	2	0.42
	0.75 to < 2.50	BB to B+	1.39	1.39	150,713	122,167	1,927	28	0.87
	2.50 to 10.00	B+ to B-	4.63	4.74	65,835	49,612	3,405	119	3.45
	10.00 to < 100.00	CCC+ to C	19.53	17.44	26,011	18,712	3,366	244	12.64
	Subtotal		0.35	0.58	2,029,282	2,031,654	10,818	401	0.35
... thereof other / SMEs	0.00 to < 0.15	AAA to A-	0.10	0.11	4,946	107,817	11	0	0.13
	0.15 to < 0.25	BBB+,BBB	0.20	0.20	10,498	29,271	33	1	0.16
	0.25 to < 0.50	BBB-	0.36	0.35	18,668	39,542	79	2	0.28
	0.50 to < 0.75	BB+	0.62	0.62	5,752	14,320	38	0	0.49
	0.75 to < 2.50	BB,BB-	1.23	1.27	12,330	35,339	213	7	1.11
	2.50 to 10.00	B+ to B-	4.93	5.61	8,781	17,538	382	33	3.20
	10.00 to < 100.00	CCC+ to C	19.62	19.44	2,867	6,145	376	107	9.25
	Subtotal		1.70	2.08	63,842	249,972	1,132	150	1.40
... thereof other / non-SMEs	0.00 to < 0.15	AAA to A-	0.06	0.05	216,131	122,742	303	4	0.06
	0.15 to < 0.25	BBB+,BBB	0.20	0.20	47,331	31,422	131	6	0.16
	0.25 to < 0.50	BBB-	0.36	0.36	62,704	43,631	312	8	0.30
	0.50 to < 0.75	BB+	0.60	0.63	37,379	25,903	266	9	0.48
	0.75 to < 2.50	BB,BB-	1.31	1.34	115,313	69,745	1,365	50	1.06
	2.50 to 10.00	B+ to B-	4.51	5.77	45,148	25,377	2,392	110	4.20
	10.00 to < 100.00	CCC+ to C	24.55	22.84	38,444	25,985	6,300	844	13.47
	Subtotal		0.83	2.65	562,450	344,805	11,069	1,031	1.42

Credit risk mitigation

At Commerzbank, risks are mitigated via a range of measures including collateral and netting.

The collateral mainly takes the form of mortgages, financial collateral, guarantees, indemnity letters, credit derivatives, life insurances, other registered liens and other real collateral. Within the scope of the IRBA assessments, this collateral was recognised by the regulator as eligible collateral.

In the IRBA, the Bank takes account of credit risk mitigating effects arising from the receipt of eligible guarantees (guarantees/sureties, comparable claims on third parties) by using the risk parameters (PD and LGD) of the guarantor. Under the SACR, the Bank uses the risk weightings laid down by the supervisory authority.

Regulatory setting-off provided, as part of the assessment of their declaration of liability, guarantors are subject to a review of their creditworthiness and rating in accordance with their sector and business. The aim of the creditworthiness check is to establish the guarantor's creditworthiness and maximum solvency.

An overview of the main types of guarantors and credit derivatives' counterparties, broken down by rating classes, is given in the following two tables:

CRM1: Guarantors and credit derivatives' counterparties by main type and rating classes (IRBA)

IRBA | Exposure | €m	Rating 1 (0.00-0.08%)	Rating 2 (0.08-0.68%)	Rating 3 (0.68-3.10%)	Rating 4 (3.10-9.35%)	Rating 5 (9.35-99.99%)	Rating 6 (100%)	Total
Public sector, defence and social security	1,513	703	0	0	0	0	2,215
Banks and financial institutions	3,626	341	6	0	0	0	3,973
Insurance companies	1,096	1,046	0	0	0	0	2,142
Industries	4	1,042	296	64	3	0	1,409
Other service companies	8	721	265	48	13	0	1,057
Private households	17	14	9	1	0	0	40
Others	0	2	10	0	0	0	13
Total IRBA 2020	**6,265**	**3,868**	**587**	**114**	**16**	**0**	**10,850**

CRM2: Guarantors and credit derivatives' counterparties by main type and rating classes (SACR)

SACR | Exposure | €m	AAA	AA	A	BBB	BB	n.a.	Total
Public sector, defence and social security	1,998	488	0	3	0	0	2,488
Banks and financial institutions	2,336	0	0	10	0	0	2,346
Insurance companies	2,929	218	217	1	0	0	3,366
Private households	0	0	0	0	0	0	0
Others	2	0	0	0	0	0	2
Total SACR 2020	**7,264**	**706**	**217**	**14**	**0**	**0**	**8,201**

In accordance with the CRR, the quality of the collateral recognised by the regulator is subject to rigorous review and is continuously monitored. In particular, this includes establishing the legal enforceability of the collateral and ensuring that it is valued regularly. Depending on the collateral type, this takes place at adequate intervals, at least annually or as circumstances require. Positive correlations between the creditworthiness of the borrower and the value of the collateral or guarantee are established in the collateral processing and lending process and collateral instruments affected are not offset. Collateral is processed exclusively separated from the market side.

The Bank carries out collateral concentration analyses for all lending collateral (physical and personal collateral). Various aspects such as collateral category, borrower's rating class and regional allocation of the collateral are examined. With reference to these aspects, the Board of Managing Directors is kept informed on a regular basis of the development of the collateral pool and possible anomalies/concentrations. As at 31 December 2020, far more than three-quarters of the collateral values of collateralised claims not in default were accounted for by customers with an investment grade rating. Table EU CR3 at the end of the section provides an overview of the scope of use of credit risk mitigation techniques by asset class. Most of the positions in column c are secured by mortgage liens.

The valuation and processing of collateral are governed by universally applicable standards and collateral-specific instructions (guidelines, descriptions of processes, IT instructions). Collateral agreements are legally validated; as far as possible, standard contracts and samples are used. The standards established to hedge against or mitigate the risks of loans, which also take account of the regulatory requirements of CRR, include, amongst others:

- Legal and operational standards for documentation and data collection as well as valuation standards.
- The standardisation and updating of collateral valuations are ensured by laying down valuation processes, prescribing standardised valuation methods, parameters and defined discounts for collateral, clearly defining responsibilities for the processing and valuation process, and stipulating requirements for revaluations at regular intervals.
- Other standards for taking account of specific risks, e.g. operational risks, correlation and concentration risks, market price change risks (e.g. due to currency fluctuations), country risks, legal risks or risks of changes in the law, and risks of insufficient insurance cover.

For the vast majority of its default risk positions from counterparty credit risk, Commerzbank Group uses the internal model method (IMM) according to Article 283 CRR. The credit equivalent amounts are determined as expected future exposure through the simulation of various market scenarios, taking netting and collateral into account.

Also for securities repurchase, lending and comparable transactions involving securities or goods, the exposures are determined in accordance with Article 283 and Article 273 (2) CRR on the basis of an internal model method. Guarantees and credit derivatives are considered via the substitution approach. The double-default procedure defined under Article 153 (3) CRR is applied.

Details on the use of credit risk mitigation techniques in default risks from counterparty credit risk are set out in the section on counterparty credit risk.

EU CR3: Credit risk mitigation (CRM) techniques – overview

		a	b	c	d	e
	€m	**Exposures unsecured – Carrying amount**	**Exposures secured – Carrying amount**	**Exposures secured by collateral**	**Exposures secured by financial guarantees**	**Exposures secured by credit derivatives**
1	Central governments or central banks	14,232	1,483	312	1,104	0
2	Institutions	31,572	7,669	2,188	3,847	59
3	Corporates	167,956	41,534	14,439	11,893	363
4	thereof SMEs	6,574	5,989	2,449	747	0
5	thereof specialised lending	14,675	7,011	5,327	68	0
6	thereof other	146,707	28,534	6,663	11,078	363
7	Retail	53,464	100,115	70,322	716	0
8	thereof secured by mortgages / SMEs	657	14,457	9,978	7	0
9	thereof secured by mortgages / non-SMEs	3,988	71,231	51,614	1	0
10	thereof qualifying revolving	13,687	0	0	0	0
11	thereof other / SME	17,271	6,774	3,499	670	0
12	thereof other / non-SMEs	17,861	7,654	5,231	39	0
13	Equity exposures IRB	0	0	0	0	0
14	Other non-credit obligation assets	24,687	0	0	0	0
15	**Total IRB approach**	**291,911**	**150,801**	**87,262**	**17,561**	**422**
16	Central governments or central banks	86,376	658	0	0	0
17	Regional governments or local authorities	17,485	0	0	0	0
18	Public sector entities	5,149	67	2	53	0
19	Multilateral development banks	933	0	0	0	0
20	International organisations	794	0	0	0	0
21	Institutions	1,446	0	0	0	0
22	Corporates	6,223	1,070	271	367	0
23	thereof SMEs	478	83	4	21	0
24	Retail	9,279	439	256	6	0
25	thereof SMEs	533	104	89	2	0
26	Secured by mortgages on immovable property	0	2,352	2,352	0	0
27	thereof SMEs	0	11	11	0	0
28	Exposures in default	149	21	4	2	0
29	Items associated with particularly high risk	425	0	0	0	0
30	Covered bonds	0	0	0	0	0
31	Claims on institutions and corporates with a short-term credit assessment	11	0	0	0	0
32	Collective investment undertakings	2,341	0	0	0	0
33	Equity exposures	938	0	0	0	0
34	Other exposures	2,686	0	0	0	0
35	**Total SACR**	**134,232**	**4,607**	**2,886**	**428**	**0**
36	**Total**	**426,143**	**155,408**	**90,148**	**17,989**	**422**
37	of which loans	197,397	136,394	84,045	13,668	37
38	of which debt securities	47,618	1,926	0	756	36
39	of which defaulted positions	1,260	1,229	731	236	0

Credit risk and credit risk mitigation in the IRBA

The credit risk of the Commerzbank Group's IRBA portfolio divided into the relevant IRBA asset classes and PD ranges is shown below. The information in table EU CR6 on on-balance-sheet gross receivables refers to the risk exposure values to be determined according to Article 166 CRR. These represent the expected amounts of the IRBA positions that will be exposed to a risk of loss. The off-balance-sheet claims are shown before taking into account credit risk adjustments and conversion factors. Exposure at default (regulatory EaD) shows the exposure values after taking into account credit risk mitigation. The risk parameters CCF, PD and LGD are calculated as EaD-weighted averages. The IRBA default definition is also used for internal purposes.

The companies in the Commerzbank Group use the IRBA approach. They may therefore use internal estimates of credit conversion factors (CCFs) for regulatory purposes, too. CCFs are necessary for off-balance-sheet transactions in order to assess the likely exposure in the event of a possible default on commitments that have not yet been drawn.

Tables EU CR6 and EU CR7 show only portfolios which fall within the scope of IRBA and are rated with a rating process that has been approved by the supervisory authority. Positions in the risk exposure class other non-loan-related assets are not listed in table EU CR6. These assets amounting to €7.5bn do not have any creditworthiness risks and are therefore not relevant for the management of default risks. Table EU CR6 also does not include mBank S.A. positions of €2.1bn which are subject to the IRBA slotting approach in accordance with Article 153 (5) CRR and are shown in table EU CR10. Investment positions with a fixed risk weighting according to Article 155 (2) CRR are not relevant in the Commerzbank Group as at 31 December 2020 and are therefore not part of table EU CR10. Appendix 5 contains an overview of the exposure-weighted averages of the credit risk parameters PD and LGD by asset class and relevant geographical location (countries in which Commerzbank has been authorised or has a branch or a subsidiary) according to Article 452 (j) i) CRR.

The securitisation exposures in the IRBA are presented separately in the section on securitisations in this report. Counterparty default risks are shown in the section on default risks from counterparty credit risks in this report.

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

- As required by EBA guideline EBA/GL/2016/11 on disclosure requirements, credit risk and counterparty credit risk are presented separately in the Disclosure Report.
- Some transactions are not included in risk-weighted assets (RWA) for regulatory purposes but are included in the EaD of the Annual Report and Risk Report respectively.
- The figures shown in this Disclosure Report refer to the regulatory scope of consolidation. By contrast, the figures in the Annual Report refer to the IFRS scope of consolidation.

The amount of the exposures secured by collateral, financial guarantees or credit derivatives and the amount of unsecured exposures by asset class is shown in table EU CR3 in the preceding section on credit risk mitigation. In addition to the collateral in the standardised approach to credit risk (hereinafter referred to as SACR), under the IRBA some physical and other collateral which is only eligible for recognition under the IRBA is also offset.

The calculation of collateral is based on market values weighted with recovery rates. These recovery rates are based on empirical data and form part of the LGD models. By definition, the rates cannot exceed 100%; therefore, the collateral values are normally lower than the market values. By contrast, under the IRBA the substitution approach is used to offset guarantees and credit derivatives. The protection therefore does not take effect in the LGD, as is the case with financial and other IRBA collateral, but via the substitution of the debtor's risk parameters with those of the guarantor. Alternatively, the double-default procedure may be used in the IRBA.

The impact of credit derivatives used as credit risk mitigation techniques on the amount of RWA of credit risk in the IRBA portfolio at 31 December 2020 comes to about 0.3% (see the next table EU CR7).

EU CR6: IRB approach – Credit risk exposures by exposure class and PD range

		a	b	c	d	e	f	g	h	i	j	k	l
	PD scale	**Original on-balance-sheet gross exposure** €m	**Off-balance-sheet exposures pre-CCF** €m	**Average CCF** %	**EaD post CRM and post CCF** €m	**Average PD** %	**Number of obligors**	**Average LGD** %	**Average maturity years**[1]	**RWAs** €m	**RWA density** %	**EL** €m	**Value adjustments and provisions** €m
Central governments or central banks	0.00 to < 0.15	12,020	706	42.0	15,796	0.07	332	30.53	1.2	1,592	10	4	
	0.15 to < 0.25	306	18	36.1	463	0.17	12	35.85	3.1	186	40	0	
	0.25 to < 0.50	275	133	33.7	480	0.36	19	54.12	2.0	323	67	1	
	0.50 to < 0.75	520	145	32.7	488	0.58	9	62.57	4.5	679	139	2	
	0.75 to < 2.50	87	32	43.9	88	1.11	25	98.21	1.3	160	182	1	
	2.50 to 10.00	355	257	35.3	86	4.56	54	76.33	2.0	204	237	3	
	10.00 to < 100.00	328	489	19.0	128	20.72	47	48.77	1.5	282	220	8	
	100.00 (default)	45	0	0.0	1	100.00	3	20.01	3.8	0	0	0	
	Subtotal	**13,936**	**1,782**	**35.9**	**17,529**	**0.28**	**478**	**32.91**	**1.4**	**3,425**	**20**	**19**	**2.6**
Institutions	0.00 to < 0.15	15,355	3,462	65.5	19,808	0.06	1,502	29.57	2.9	3,535	18	3	
	0.15 to < 0.25	2,090	622	44.4	2,330	0.19	183	32.94	3.0	880	38	1	
	0.25 to < 0.50	4,693	1,959	43.2	5,145	0.33	369	34.47	2.2	2,371	46	6	
	0.50 to < 0.75	2,482	545	43.9	2,438	0.60	128	44.81	3.4	2,325	95	7	
	0.75 to < 2.50	2,495	1,050	44.9	2,245	1.29	325	40.05	1.0	1,833	82	11	
	2.50 to 10.00	2,345	1,742	46.6	1,648	4.05	321	29.64	0.9	1,377	84	19	
	10.00 to < 100.00	205	252	47.1	147	33.11	69	6.46	1.2	43	29	2	
	100.00 (default)	8	0	0.0	6	100.00	7	74.38	0.6	0	0	5	
	Subtotal	**29,673**	**9,632**	**53.5**	**33,768**	**0.59**	**2,848**	**32.26**	**2.6**	**12,364**	**37**	**54**	**71.2**
Corporates TOTAL	0.00 to < 0.15	16,610	30,706	40.4	28,279	0.05	5,567	40.88	2.2	7,218	26	10	
	0.15 to < 0.25	13,209	29,016	36.1	25,115	0.19	5,993	33.98	2.5	12,823	51	23	
	0.25 to < 0.50	17,583	34,140	39.7	30,418	0.34	10,211	33.30	2.1	15,408	51	47	
	0.50 to < 0.75	9,338	14,631	39.9	14,603	0.60	5,815	38.58	2.1	10,496	72	40	
	0.75 to < 2.50	13,874	14,724	37.0	15,955	1.25	12,994	36.10	2.0	12,794	80	92	
	2.50 to 10.00	5,556	4,081	38.0	6,029	4.59	7,206	34.47	1.9	6,589	109	135	
	10.00 to < 100.00	1,717	1,305	38.9	2,087	16.56	1,868	10.58	2.0	2,507	120	252	
	100.00 (default)	2,559	528	28.8	2,582	100.00	1,433	62.72	1.3	1,385	54	1,785	
	Subtotal	**80,444**	**129,130**	**40.7**	**125,069**	**3.32**	**50,771**	**40.84**	**2.5**	**69,221**	**55**	**2,385**	**2,355.4**
Corporates, thereof SMEs	0.00 to < 0.15	539	934	43.1	910	0.08	592	41.30	2.4	158	17	0	
	0.15 to < 0.25	943	638	36.1	1,079	0.20	601	33.98	2.5	268	25	1	
	0.25 to < 0.50	1,344	1,197	39.7	1,700	0.36	1,313	40.24	2.4	669	39	3	
	0.50 to < 0.75	675	503	39.9	782	0.61	886	38.58	2.1	339	43	2	
	0.75 to < 2.50	2,062	1,413	44.8	2,482	1.38	4,328	39.09	2.3	1,545	62	13	
	2.50 to 10.00	1,245	562	43.6	1,388	4.69	2,537	37.68	2.2	1,169	84	24	
	10.00 to < 100.00	256	74	48.0	274	23.12	329	39.99	2.0	401	146	26	
	100.00 (default)	398	55	37.4	404	100.00	452	67.33	1.3	295	73	253	
	Subtotal	**7,460**	**5,375**	**41.7**	**9,020**	**6.43**	**11,038**	**39.95**	**2.3**	**4,843**	**54**	**322**	**275.4**

[1] For retail, this parameter is not included in the RWA calculation, therefore – according to EBA/GL/2016/11 – no details are given here for retail.

EU CR6_cont.: IRB approach – Credit risk exposures by exposure class and PD range

		a	b	c	d	e	f	g	h	i	j	k	l
	PD scale	Original on-balance-sheet gross exposure €m	Off-balance-sheet exposures pre-CCF €m	Average CCF %	EaD post CRM and post CCF €m	Average PD %	Number of obligors	Average LGD %	Average maturity years[1]	RWAs €m	RWA density %	EL €m	Value adjustments and provisions €m
Corporates, thereof specialised lending	0.00 to < 0.15	6,857	810	46.3	7,231	0.05	553	41.62	4.2	1,631	23	1	
	0.15 to < 0.25	1,397	382	44.3	1,559	0.22	139	36.94	3.4	528	34	1	
	0.25 to < 0.50	2,937	600	54.0	3,253	0.34	345	33.30	3.7	1,325	41	4	
	0.50 to < 0.75	1,411	329	66.7	1,614	0.60	205	39.09	3.8	1,006	62	4	
	0.75 to < 2.50	1,632	358	62.1	1,826	1.27	240	40.82	3.9	1,602	88	9	
	2.50 to 10.00	693	306	57.6	862	5.01	126	35.81	3.1	868	101	14	
	10.00 to < 100.00	656	766	41.4	973	63.52	115	10.58	2.8	435	45	46	
	100.00 (default)	619	6	45.7	622	100.00	47	80.62	2.6	148	24	490	
	Subtotal	**16,201**	**3,557**	**50.8**	**17,941**	**7.43**	**1,707**	**38.78**	**3.8**	**7,543**	**42**	**569**	**338.3**
Corporates, thereof other	0.00 to < 0.15	9,214	28,963	40.4	20,137	0.10	4,432	40.88	2.2	5,430	27	9	
	0.15 to < 0.25	10,870	27,996	41.3	22,477	0.19	5,255	46.60	2.7	12,027	54	21	
	0.25 to < 0.50	13,302	32,343	40.8	25,465	0.35	8,569	39.04	2.1	13,414	53	41	
	0.50 to < 0.75	7,252	13,799	40.6	12,207	0.60	4,727	41.44	2.2	9,151	75	34	
	0.75 to < 2.50	10,180	12,953	37.0	11,646	1.25	8,429	36.10	2.0	9,648	83	70	
	2.50 to 10.00	3,618	3,213	38.0	3,780	4.59	4,546	34.47	1.9	4,551	120	97	
	10.00 to < 100.00	805	465	38.9	840	16.56	1,428	39.06	2.0	1,672	199	180	
	100.00 (default)	1,542	467	28.8	1,557	100.00	934	62.72	1.3	942	61	1,042	
	Subtotal	**56,783**	**120,198**	**40.3**	**98,109**	**2.28**	**38,108**	**41.30**	**2.2**	**56,835**	**58**	**1,493**	**1,741.8**
Retail	0.00 to < 0.15	49,161	17,983	75.1	63,393	0.04	1,993,886	16.28		2,099	3	10	
	0.15 to < 0.25	17,616	3,997	58.9	20,498	0.19	398,941	16.82		1,907	9	10	
	0.25 to < 0.50	24,120	7,258	57.3	29,265	0.35	464,941	17.20		4,567	16	30	
	0.50 to < 0.75	9,525	3,370	58.9	12,122	0.60	213,235	18.01		2,993	25	24	
	0.75 to < 2.50	10,729	3,362	62.0	13,013	1.19	548,119	19.36		4,790	37	65	
	2.50 to 10.00	4,100	703	57.8	4,530	4.39	341,728	18.53		2,651	59	88	
	10.00 to < 100.00	1,179	77	57.8	1,221	20.13	96,480	18.95		1,143	94	107	
	100.00 (default)	1,284	39	38.6	1,283	100.00	86,356	30.40		989	77	664	
	Subtotal	**117,714**	**36,790**	**76.7**	**145,325**	**1.50**	**4,134,582**	**28.64**		**21,140**	**15**	**998**	**924.7**
Total	0.00 to < 0.15	93,145	52,858	40.4	127,276	0.04	2,185,444	16.28	0.0	14,445	11	27	
	0.15 to < 0.25	33,222	33,654	36.1	48,406	0.17	430,558	16.82	0.0	15,795	33	35	
	0.25 to < 0.50	46,670	43,490	33.7	65,308	0.33	504,735	17.20	0.0	22,668	35	84	
	0.50 to < 0.75	21,865	18,692	32.7	29,651	0.58	229,770	18.01	0.0	16,493	56	72	
	0.75 to < 2.50	27,185	19,168	37.0	31,301	1.11	574,658	19.36	0.0	19,577	63	170	
	2.50 to 10.00	12,355	6,783	35.3	12,294	4.05	354,149	18.53	0.9	10,821	88	245	
	10.00 to < 100.00	3,428	2,123	19.0	3,584	16.56	101,084	6.46	1.2	3,976	111	369	
	100.00 (default)	3,895	567	28.8	3,872	100.00	90,280	20.01	0.6	2,375	61	2,454	
	Total (all portfolios)	**241,766**	**177,334**	**48.8**	**321,691**	**2.04**	**4,187,161**	**34.00**	**1.3**	**106,150**	**33**	**3,455**	**3,353.9**

[1] For retail, this parameter is not included in the RWA calculation, therefore – according to EBA/GL/2016/11 – no details are given here for retail.

EU CR6_Retail: IRB approach – Retail's Credit risk exposures by exposure class and PD range

		a	b	c	d	e	f	g	h	i	j	k	l
	PD scale	Original on-balance-sheet gross exposure €m	Off-balance-sheet exposures pre-CCF €m	Average CCF %	EaD post CRM and post CCF €m	Average PD %	Number of obligors	Average LGD %	Average maturity years[1]	RWAs €m	RWA density %	EL €m	Value adjustments and provisions €m
Retail	0.00 to < 0.15	49,161	17,983	75.1	63,393	0.04	1,993,886	16.28		2,099	3	10	
	0.15 to < 0.25	17,616	3,997	58.9	20,498	0.19	398,941	16.82		1,907	9	10	
	0.25 to < 0.50	24,120	7,258	57.3	29,265	0.35	464,941	17.20		4,567	16	30	
	0.50 to < 0.75	9,525	3,370	58.9	12,122	0.60	213,235	18.01		2,993	25	24	
	0.75 to < 2.50	10,729	3,362	62.0	13,013	1.19	548,119	19.36		4,790	37	65	
	2.50 to 10.00	4,100	703	57.8	4,530	4.39	341,728	18.53		2,651	59	88	
	10.00 to < 100.00	1,179	77	57.8	1,221	20.13	96,480	18.95		1,143	94	107	
	100.00 (default)	1,284	39	38.6	1,283	100.00	86,356	30.40		989	77	664	
	Gesamt	**117,714**	**36,790**	**76.7**	**145,325**	**1.50**	**4,134,582**	**28.64**		**21,140**	**15**	**998**	**924.7**
...secured by mortgages / SMEs	0.00 to < 0.15	6,221	150	99.6	6,369	0.07	26,374	16.28		146	2	1	
	0.15 to < 0.25	1,891	42	96.8	1,932	0.20	10,711	17.63		109	6	1	
	0.25 to < 0.50	2,918	84	99.6	3,001	0.36	14,942	17.20		258	9	2	
	0.50 to < 0.75	1,465	69	102.8	1,536	0.61	6,614	18.01		199	13	2	
	0.75 to < 2.50	1,662	79	114.9	1,748	1.26	7,327	19.36		394	23	4	
	2.50 to 10.00	354	13	109.8	368	4.39	1,708	19.45		171	46	3	
	10.00 to < 100.00	97	0	567.8	98	22.29	676	18.95		80	81	4	
	100.00 (default)	109	0	72.8	109	100.00	750	30.40		122	111	25	
	Subtotal	**14,716**	**438**	**103.1**	**15,162**	**1.30**	**69,101**	**17.36**		**1,479**	**10**	**41**	**41.2**
...secured by mortgages / non-SMEs	0.00 to < 0.15	34,719	1,056	93.7	35,709	0.06	283,526	17.94		1,065	3	4	
	0.15 to < 0.25	12,580	316	97.2	12,887	0.20	114,729	16.82		923	7	4	
	0.25 to < 0.50	15,845	500	98.8	16,339	0.35	106,402	17.73		1,872	11	10	
	0.50 to < 0.75	4,856	295	99.9	5,150	0.60	30,328	19.46		939	18	6	
	0.75 to < 2.50	3,483	136	99.9	3,619	1.19	22,565	19.53		1,033	29	8	
	2.50 to 10.00	851	14	98.7	865	4.92	6,798	18.53		536	62	8	
	10.00 to < 100.00	377	1	90.5	379	21.22	3,553	19.44		414	109	16	
	100.00 (default)	370	1	56.8	371	100.00	3,872	38.29		383	103	115	
	Subtotal	**73,081**	**2,319**	**96.5**	**75,318**	**0.89**	**571,530**	**18.00**		**7,163**	**10**	**172**	**181.1**
...qualifying revolving	0.00 to < 0.15	144	11,435	76.5	8,895	0.04	1,557,630	65.46		185	2	2	
	0.15 to < 0.25	38	502	77.0	425	0.19	111,835	64.39		51	12	1	
	0.25 to < 0.50	74	477	76.9	441	0.36	120,405	64.47		117	27	2	
	0.50 to < 0.75	50	195	76.1	198	0.62	58,363	64.80		96	48	2	
	0.75 to < 2.50	183	356	76.3	455	1.37	137,791	65.51		310	68	13	
	2.50 to 10.00	101	94	76.5	173	4.59	88,361	66.39		208	120	17	
	10.00 to < 100.00	30	17	75.3	43	22.63	22,705	67.71		96	223	28	
	100.00 (default)	18	3	74.6	20	100.00	8,355	66.99		13	63	31	
	Subtotal	**638**	**13,080**	**76.5**	**10,649**	**0.48**	**2,105,445**	**65.40**		**1,076**	**10**	**97**	**31.2**

[1] For retail, this parameter is not included in the RWA calculation, therefore – according to EBA/GL/2016/11 – no details are given here for retail.

EU CR6_Retail_cont.: IRB approach – Retail's Credit risk exposures by exposure class and PD range

		a	b	c	d	e	f	g	h	i	j	k	l
	PD scale	Original on-balance-sheet gross exposure €m	Off-balance-sheet exposures pre-CCF €m	Average CCF %	EaD post CRM and post CCF €m	Average PD %	Number of obligors	Average LGD %	Average maturity years[1]	RWAs €m	RWA density %	EL €m	Value adjustments and provisions €m
...other / SME	0.00 to < 0.15	2,417	2,779	75.1	4,493	0.07	113,503	36.42		259	6	1	
	0.15 to < 0.25	1,265	1,946	58.9	2,363	0.20	40,847	41.90		322	14	2	
	0.25 to < 0.50	2,081	3,116	57.3	3,706	0.36	74,424	44.33		775	21	6	
	0.50 to < 0.75	1,382	1,347	58.9	2,070	0.60	37,890	42.68		571	28	5	
	0.75 to < 2.50	2,986	1,977	62.0	4,048	1.30	91,243	42.35		1,535	38	22	
	2.50 to 10.00	1,664	488	57.8	1,904	4.73	62,643	38.34		889	47	35	
	10.00 to < 100.00	435	49	57.8	453	20.13	21,248	36.57		297	65	33	
	100.00 (default)	424	29	39.7	420	100.00	19,141	66.76		237	56	268	
	Subtotal	**12,653**	**11,732**	**62.8**	**19,457**	**3.53**	**460,926**	**41.34**		**4,885**	**25**	**372**	**340.0**
...other / non-SME	0.00 to < 0.15	5,660	2,563	87.5	7,927	0.06	197,000	32.83		444	6	2	
	0.15 to < 0.25	1,842	1,190	88.3	2,891	0.20	146,246	40.54		502	17	2	
	0.25 to < 0.50	3,202	3,081	84.5	5,778	0.36	177,947	48.69		1,544	27	10	
	0.50 to < 0.75	1,772	1,463	95.4	3,167	0.61	90,620	49.06		1,188	38	9	
	0.75 to < 2.50	2,416	813	89.5	3,144	1.28	302,385	44.19		1,518	48	17	
	2.50 to 10.00	1,129	94	90.5	1,221	4.42	187,055	45.69		848	69	25	
	10.00 to < 100.00	240	10	88.5	248	23.31	50,914	45.57		257	104	26	
	100.00 (default)	363	6	38.6	363	100.00	56,719	63.70		236	65	225	
	Subtotal	**16,625**	**9,220**	**88.0**	**24,739**	**2.29**	**1,204,489**	**42.17**		**6,537**	**26**	**316**	**331.2**

[1] For retail, this parameter is not included in the RWA calculation, therefore – according to EBA/GL/2016/11 – no details are given here for retail.

EU CR7: IRB approach – Effect on the RWAs of credit derivatives used as CRM techniques

		a	b
	€m	Pre-credit derivatives RWAs	Actual RWAs
1	**Exposures under FIRB**	**0**	**0**
2	Central governments or central banks	0	0
3	Institutions	0	0
4	Corporates - SMEs	0	0
5	Corporates - specialised lending	0	0
6	Corporates - other	0	0
7	**Exposures under AIRB**	**115,739**	**115,359**
8	Central governments or central banks	3,425	3,425
9	Institutions	12,338	12,371
	Corporates	71,381	70,969
10	thereof SMEs	4,846	4,846
11	thereof specialised lending	9,287	9,287
12	thereof other	57,249	56,837
	Retail	21,140	21,140
13	thereof secured by mortgages / SMEs	1,479	1,479
14	thereof secured by mortgages / non-SMEs	7,163	7,163
15	thereof qualifying revolving	1,076	1,076
16	thereof other / SME	4,885	4,885
17	thereof other / non-SMEs	6,537	6,537
18	Equity IRB	0	0
19	Other non-credit obligation assets	7,454	7,454
20	**Total**	**115,739**	**115,359**

EU CR10: IRB (specialised lending)

		a	b	c	d	e	f
€m	Specialised lending						
Regulatory categories	Remaining maturity	On-balance-sheet amount	Off-balance-sheet amount	Risk weight	Exposure amount	RWAs	Expected loss
- Category 1	Less than 2.5 years	34	12	50%	37	19	0
	Equal to or more than 2.5 years	13	6	70%	15	10	0
- Category 2	Less than 2.5 years	389	212	70%	459	319	2
	Equal to or more than 2.5 years	1,258	66	90%	1,283	1,151	10
- Category 3	Less than 2.5 years	55	4	115%	57	65	2
	Equal to or more than 2.5 years	152	0	115%	155	177	4
- Category 4	Less than 2.5 years	0	0	250%	0	0	0
	Equal to or more than 2.5 years	1	0	250%	1	3	0
- Category 5	Less than 2.5 years	20	0	-	50	0	25
	Equal to or more than 2.5 years	43	0	-	62	0	31
- **Total**	**Less than 2.5 years**	**497**	**228**		**602**	**403**	**28**
	Equal to or more than 2.5 years	**1,468**	**72**		**1,516**	**1,341**	**46**

Table EU CR8 below shows changes in the RWA of the credit risk in the IRBA portfolio of Commerzbank Group between 30 September 2020 and 31 December 2020. The reduction in RWA in the fourth quarter of 2020 was mainly attributable to a reduction of the portfolio volume (“Asset size”), due to the regular expiry of residual terms quality (“Duration effects”) and because of foreign exchange movements. On the other hand, RWA charges are due to changes in portfolio quality ("Asset quality", mainly influenced by Covid-19-related rating migration effects) and model changes (mostly Corona-induced parameter adjustments and TRIM (targeted review of internal models)).

EU CR8: RWA flow statements of credit risk exposures under the IRB approach

		a	b
	€m	**Risk weighted assets (RWAs)**	**Capital requirements**
1	**RWA at previous quarter end**	**121,377**	**9,710**
2	Asset size	−8,693	−695
3	Asset quality	3,686	295
4	Model updates	1,398	112
5	Methodology and policy	0	0
6	Acquisitions and disposals	0	0
7	Foreign exchange movements	−603	−48
8	Collateral effects	44	4
9	Duration effects	−1,357	−109
10	Others	−492	−39
11	**RWAs as at the end of the reporting period**	**115,359**	**9,229**

Credit risk and credit risk mitigation in the SACR

The portfolios currently excluded from the IRBA are measured in accordance with SACR regulations as permitted under partial use provisions. In contrast to the IRBA, the SACR is largely based on a flat risk weighting or external ratings. Commerzbank has nominated the rating agencies Standard & Poor’s Rating Services, Moody’s Investors Service and FitchRatings for the use of external ratings.

Where an external credit rating is available for a position, that external rating is used to determine the risk weighting. Commerzbank uses the standard mapping of external credit assessments to the relevant credit quality steps published by the EBA in accordance with Article 136 CRR. Where two or more external credit ratings are available for one position, the risk weighting is assigned in accordance with the provisions of Article 138 CRR.

For unrated positions, if the conditions set out in Articles 139 and 140 CRR are met, a risk weighting is calculated on the basis of a derived credit rating. In all other cases, the position is treated as an unrated exposure.

External ratings are used for central governments or central banks, regional and local governments, public-sector entities, multilateral development banks, institutions, companies and covered bonds. They are not used for positions in local currency in order to derive risk weightings for foreign currency exposures.

Table EU CR4 below shows the impact of the credit risk mitigation techniques used in the SACR portfolio in accordance with Chapter 4 of Title II of Part Three CRR and the conversion factors used in accordance with Article 111 CRR. For the reported SACR exposure value, unlike the IRBA, the valuation allowances based on each of the positions are deducted. Table EU CR5 shows the distribution of exposure values after credit risk mitigation and conversion factors associated with each credit quality step and asset class in accordance with Article 444 (e) CRR.

EU CR4: Standardised approach – Credit risk exposure and CRM effects

		a	b	c	d	e	f
	Exposure classes €m	**Exposures before CCF and CRM**		**Exposures post CCF and CRM**		**RWAs and RWA density**	
		On-balance-sheet amount	**Off-balance-sheet amount**	**On-balance-sheet amount**	**Off-balance-sheet amount**	**RWAs**	**RWA density**
1	Central governments or central banks	86,982	52	91,014	346	606	0.7%
2	Regional government or local authorities	16,617	868	17,334	104	489	2.8%
3	Public sector entities	4,853	362	6,513	284	169	2.5%
4	Multilateral development banks	933	0	933	0	0	0.0%
5	International organisations	794	0	794	0	0	0.0%
6	Institutions	1,435	11	1,445	6	256	17.6%
7	Corporates	5,509	1,784	5,119	650	4,998	86.6%
8	Retail	5,480	4,237	5,239	219	4,075	74.7%
9	Secured by mortgages on immovable property	2,346	6	2,346	3	836	35.6%
10	Exposures in default	162	8	157	1	177	112.2%
11	Exposures associated with particularly high risk	425	0	425	0	637	150.0%
12	Covered bonds	0	0	0	0	0	0.0%
13	Institutions and corporates with a short-term credit assessment	11	0	11	0	2	20.0%
14	Collective investment undertakings	2,341	0	2,341	0	597	25.5%
15	Equity	938	0	938	0	1,267	135.1%
16	Other items	2,614	72	2,614	72	5,999	223.1%
17	**Total**	**131,439**	**7,401**	**137,222**	**1,684**	**20,108**	**14.5%**

EU CR5: Standardised approach – Credit risk (post CCF and CRM) by exposure class and risk weight

	Exposure classes	Risk weight																Total	Of which unrated
	€m	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Deducted		
1	Central governments or central banks	90,897	0	0	0	61	0	170	0	0	49	0	184	0	0	0	0	91,360	81,591
2	Regional government or local authorities	15,714	0	0	0	1,242	0	481	0	0	0	0	0	0	0	0	0	17,438	16,342
3	Public sector entities	5,959	0	0	0	834	0	3	0	0	1	0	0	0	0	0	0	6,797	6,686
4	Multilateral development banks	933	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	933	328
5	International organisations	794	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	794	794
6	Institutions	280	49	0	0	1,042	0	67	0	0	13	0	0	0	0	0	0	1,451	1,024
7	Corporates	0	0	0	0	76	0	1,388	0	0	4,297	9	0	0	0	0	0	5,769	3,411
8	Retail	0	0	0	0	0	0	0	0	5,458	0	0	0	0	0	0	0	5,458	5,458
9	Secured by mortgages on immovable property	0	0	0	0	0	2,269	77	0	0	0	3	0	0	0	0	0	2,349	2,349
10	Exposures in default	0	0	0	0	0	0	0	0	0	119	38	0	0	0	0	0	157	157
11	Exposures associated with particularly high risk	0	0	0	0	0	0	0	0	0	0	425	0	0	0	0	0	425	425
12	Covered bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Institutions and corporates with a short-term credit assessment	0	0	0	0	11	0	0	0	0	0	0	0	0	0	0	0	11	0
14	Collective investment undertakings	1,160	0	0	0	0	0	0	0	0	29	0	0	0	0	1,152	0	2,341	2,341
15	Equity	0	0	0	0	0	0	0	0	0	718	0	219	0	0	0	0	938	938
16	Other items	4	0	0	0	0	0	0	0	0	471	0	2,211	0	0	0	0	2,686	2,686
17	**Total**	**115,740**	**49**	**0**	**0**	**3,266**	**2,269**	**2,186**	**0**	**5,458**	**5,697**	**474**	**2,615**	**0**	**0**	**1,152**	**0**	**138,906**	**124,529**

In order to mitigate credit risk in the SACR, the Commerzbank Group takes financial collateral and guarantees into consideration. These are dealt with separately in the section on risk mitigation. Furthermore, collateral in the form of property charges also reduces the risk weighting.

Under the SACR, guarantees are treated according to the substitution principle. This means that the borrower's risk weighting is replaced by that of the guarantor. Consequently, the guaranteed amount is transferred from the borrower's exposure class to that of the guarantor. This is why the exposure before CRM for assets guaranteed by central governments and central banks, for example, is less than after CRM. This can be seen in table EU CR4. However, a transfer only takes place if the risk weighting of the guarantor is lower than that of the borrower.

Past due positions are shown with a risk weighting of 150%. Depending on the impairments based on these positions in accordance with IFRS 9 or the collateral, a risk weighting of 100% can be applied or they may be shifted to another exposure class.

The amount of the exposures secured by collateral, financial guarantees or credit derivatives and the amount of unsecured exposures by asset class is shown in table EU CR3 in the section on credit risk mitigation. The effectively secured risk position values, i.e. taking into consideration all of the relevant haircuts for the collateral, are allocated to the SACR exposure class. In taking financial collateral into account as a credit risk mitigation technique, Commerzbank generally uses the comprehensive method as defined under Articles 223 to 228 CRR. In doing so, the risk exposure value for the default risk position is reduced by the value of the financial collateral.

Overarching portfolio analyses

This section provides an overview of the total portfolio containing default risks from credit risk with a net exposure value of €582bn as at 31 December 2020.

We show the total of SACR and IRBA positions with their net exposure value as defined by the EBA guideline EBA\GL\2016\11 (77) to (83).

In accordance with Chapter 6 of Title II of Part III CRR, instruments with counterparty default risk are not included in this section. They are reported separately in the section on default risks from counterparty credit risk.

Effectively securitised positions are also not included in the tables below. In accordance with Articles 244 to 246 CRR, positions are deemed to be effectively securitised if there has been an effective and operative transfer of risk. This applies regardless of whether these are traditionally or synthetically securitised positions. Securitisation positions arising from Group companies included in this Disclosure Report acting as investors or sponsors are also not included. Due to their particular significance, these are shown in the separate chapter on securitisations.

Table EU CRB-B provides an overview of net exposure values by asset class on the reporting date, average net exposure values during the period under review and the percentage share of exposures in each asset class in the Commerzbank Group's total exposure.

The country clusters selected in table EU CRB-C match the classification by geographical area used for internal purposes. For the presentation of exposures the following materiality threshold was used to identify material geographical regions or countries: all countries where net exposure share is at least 1% of total exposure are reported separately within their region, all other countries within that region are summarised under "Others". All regions where net exposure is at least 1% of the total exposure are reported as a separate region. All other regions are combined in the "Other regions" column. Alongside further additional information, Appendix 4 includes a list of countries which are not considered to be material within a region (share of total exposure <1%).

The breakdown by sector in table EU CRB-D is based on the methodology applied by the Federal Statistical Office and a system used internally.

Table EU CRB-E shows the net exposure values by contractual residual terms. Overnight receivables include net debit balances on current accounts, call and overnight transactions and credit lines that can be terminated at any time.

EU CRB-B: Total and average net amount of exposure

		a	b	
	€m	**Net value of exposures as at 31.12.2020**	**Average net exposures over the entire year 2020**	**Share as at 31.12.2020 %**
1	Central governments or central banks	15,715	25,878	2.7
2	Institutions	39,241	41,938	6.7
3	Corporates	209,490	220,890	36.0
3a	thereof SMEs	12,563	12,966	2.2
3b	thereof specialised lending	21,685	21,442	3.7
3c	thereof other	175,241	186,482	30.1
4	Retail	153,579	149,629	26.4
4a	thereof secured by mortgages / SMEs	15,114	4,526	2.6
4b	thereof secured by mortgages / non-SMEs	75,219	83,592	12.9
4c	thereof qualifying revolving	13,687	13,718	2.4
4d	thereof other / SME	24,045	16,707	4.1
4e	thereof other / non-SMEs	25,514	31,086	4.4
5	Equity exposures IRB	0	0	0.0
6	Other non-credit obligation assets	24,687	17,953	4.2
7	**Total IRB approach**	**442,711**	**456,287**	**76.1**
8	Central governments or central banks	87,034	75,132	15.0
9	Regional governments or local authorities	17,485	16,728	3.0
10	Public sector entities	5,215	5,248	0.9
11	Multilateral development banks	933	854	0.2
12	International organisations	794	575	0.1
13	Institutions	1,446	1,793	0.2
14	Corporates	7,293	7,608	1.3
14a	thereof SMEs	560	496	0.1
15	Retail	9,718	9,229	1.7
15a	thereof SMEs	637	189	0.1
16	Secured by mortgages on immovable property	2,352	2,318	0.4
16a	thereof SMEs	11	4	0.0
17	Exposures in default	170	199	0.0
18	Items associated with particularly high risk	425	304	0.1
19	Covered bonds	0	0	0.0
20	Claims on institutions and corporates with a short-term credit assessment	11	12	0.0
21	Collective investment undertakings	2,341	2,452	0.4
22	Equity exposures	938	894	0.2
23	Other exposures	2,686	2,823	0.5
24	**Total SACR**	**138,839**	**126,169**	**23.9**
25	**Total**	**581,551**	**582,456**	**100.0**

EU CRB-C: Geographical breakdown of exposures by exposure class

		Net exposure value								
	Exposure class	**Western Europe**	**thereof...**							
	€m		**Germany**	**Switzerland**	**Great Britain**	**Italy**	**France**	**Netherlands**	**Spain**	**Others**
1	Central governments or central banks	1,763	117	358	0	393	0	0	0	896
2	Institutions	20,645	4,332	1,642	3,751	1,104	3,516	411	1,100	4,788
3	Corporates	164,432	104,721	6,861	13,049	2,521	11,067	7,542	3,371	15,298
3a	thereof SMEs	9,269	9,016	40	8	0	6	14	0	185
3b	thereof specialised lending	18,599	12,514	201	1,955	115	604	976	180	2,055
3c	thereof other	136,563	83,192	6,620	11,086	2,407	10,458	6,552	3,191	13,058
4	Retail	138,835	137,480	647	96	29	94	78	63	348
4a	thereof secured by mortgages / SMEs	14,520	14,442	25	9	3	6	8	2	25
4b	thereof secured by mortgages / non-SMEs	67,871	67,244	319	53	14	45	39	15	142
4c	thereof qualifying revolving	13,609	13,508	24	12	5	12	7	7	33
4d	thereof other / SME	21,042	20,875	67	8	4	3	9	3	74
4e	thereof other / non-SMEs	21,793	21,411	212	14	4	28	15	36	74
5	Equity exposures IRB	0	0	0	0	0	0	0	0	0
6	Other non-credit obligation assets	22,055	15,957	1	4,488	160	1,201	0	0	248
7	**Total IRB approach**	**347,728**	**262,607**	**9,509**	**21,384**	**4,208**	**15,878**	**8,031**	**4,534**	**21,577**
8	Central governments or central banks	71,390	53,906	0	2,065	9,635	156	0	2,510	3,118
9	Regional governments or local authorities	15,717	14,491	0	50	175	0	0	874	127
10	Public sector entities	5,183	4,953	0	0	0	201	0	0	30
11	Multilateral development banks	686	0	0	0	0	0	0	0	686
12	International organisations	0	0	0	0	0	0	0	0	0
13	Institutions	1,307	1,024	0	59	0	3	0	0	221
14	Corporates	3,386	910	0	1,851	0	186	108	0	331
15	Retail	8,407	8,311	21	4	1	3	3	2	61
16	Secured by mortgages on immovable property	55	55	0	0	0	0	0	0	0
17	Exposures in default	82	82	0	0	0	0	0	0	0
18	Items associated with particularly high risk	273	224	0	43	0	2	1	0	3
19	Covered bonds	0	0	0	0	0	0	0	0	0
20	Claims on institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0	0	0
21	Collective investment undertakings	1,730	1,723	0	0	0	0	0	0	7
22	Equity exposures	720	572	5	6	0	1	0	0	136
23	Other exposures	2,605	2,531	3	44	0	6	2	1	17
24	**Total SACR**	**111,541**	**88,781**	**30**	**4,122**	**9,811**	**558**	**113**	**3,387**	**4,738**
25	**Total**	**459,270**	**351,387**	**9,539**	**25,506**	**14,019**	**16,437**	**8,144**	**7,922**	**26,316**

EU CRB-C_cont.: Geographical breakdown of exposures by exposure class

		Net exposure value					
	Exposure class	**Eastern Europe**	**thereof...**		**North America**	**thereof...**	
	€m		**Poland**	**Others**		**USA**	**Others**
1	Central governments or central banks	505	155	350	1,469	1,163	306
2	Institutions	1,733	253	1,480	4,585	2,750	1,836
3	Corporates	15,228	10,857	4,372	21,280	18,672	2,608
3a	thereof SMEs	3,235	3,120	114	8	8	0
3b	thereof specialised lending	2,395	2,270	125	528	494	34
3c	thereof other	9,598	5,466	4,132	20,745	18,171	2,574
4	Retail	14,148	14,042	106	156	143	12
4a	thereof secured by mortgages / SMEs	567	560	7	6	3	3
4b	thereof secured by mortgages / non-SMEs	7,051	7,016	35	87	83	4
4c	thereof qualifying revolving	14	2	12	17	15	2
4d	thereof other / SME	2,918	2,877	40	22	22	1
4e	thereof other / non-SMEs	3,598	3,587	11	22	21	2
5	Equity exposures IRB	0	0	0	0	0	0
6	Other non-credit obligation assets	1,119	1,119	0	329	329	0
7	**Total IRB approach**	**32,733**	**26,426**	**6,307**	**27,819**	**23,057**	**4,762**
8	Central governments or central banks	14,303	10,725	3,578	1,292	1,292	0
9	Regional governments or local authorities	40	40	0	1,577	1,180	397
10	Public sector entities	17	17	0	15	0	15
11	Multilateral development banks	0	0	0	0	0	0
12	International organisations	0	0	0	0	0	0
13	Institutions	57	57	0	1	1	0
14	Corporates	2,971	2,902	69	677	665	12
15	Retail	1,293	317	977	5	4	1
16	Secured by mortgages on immovable property	2,297	1,554	743	0	0	0
17	Exposures in default	87	82	5	0	0	0
18	Items associated with particularly high risk	0	0	0	125	125	0
19	Covered bonds	0	0	0	0	0	0
20	Claims on institutions and corporates with a short-term credit assessment	0	0	0	11	11	0
21	Collective investment undertakings	0	0	0	611	0	611
22	Equity exposures	96	59	36	88	88	0
23	Other exposures	67	52	15	0	0	0
24	**Total SACR**	**21,226**	**15,803**	**5,423**	**4,403**	**3,367**	**1,036**
25	**Total**	**53,959**	**42,229**	**11,731**	**32,222**	**26,424**	**5,798**

EU CRB-C_cont.: Geographical breakdown of exposures by exposure class

	Exposure class	Asia	thereof...		Latin America	Other regions	Total
	€m		Japan	Others	(incl. Mexiko)		
1	Central governments or central banks	10,369	8,233	2,136	442	1,167	15,715
2	Institutions	7,596	146	7,450	2,732	1,950	39,241
3	Corporates	6,206	372	5,835	1,686	657	209,490
3a	thereof SMEs	49	0	49	3	0	12,563
3b	thereof specialised lending	109	0	109	53	2	21,685
3c	thereof other	6,049	372	5,677	1,630	655	175,241
4	Retail	327	8	319	49	65	153,579
4a	thereof secured by mortgages / SMEs	17	0	17	1	3	15,114
4b	thereof secured by mortgages / non-SMEs	163	3	160	23	24	75,219
4c	thereof qualifying revolving	24	3	21	12	11	13,687
4d	thereof other / SME	45	1	43	1	17	24,045
4e	thereof other / non-SMEs	79	1	78	12	10	25,514
5	Equity exposures IRB	0	0	0	0	0	0
6	Other non-credit obligation assets	177	177	0	737	270	24,687
7	**Total IRB approach**	**24,675**	**8,935**	**15,740**	**5,646**	**4,109**	**442,711**
8	Central governments or central banks	0	0	0	49	0	87,034
9	Regional governments or local authorities	152	152	0	0	0	17,485
10	Public sector entities	0	0	0	0	0	5,215
11	Multilateral development banks	0	0	0	0	246	933
12	International organisations	0	0	0	0	794	794
13	Institutions	2	0	2	20	59	1,446
14	Corporates	1	0	1	257	0	7,293
15	Retail	9	0	8	1	2	9,718
16	Secured by mortgages on immovable property	0	0	0	0	0	2,352
17	Exposures in default	0	0	0	0	0	170
18	Items associated with particularly high risk	8	0	8	19	0	425
19	Covered bonds	0	0	0	0	0	0
20	Claims on institutions and corporates with a short-term credit assessment	0	0	0	0	0	11
21	Collective investment undertakings	0	0	0	0	0	2,341
22	Equity exposures	31	1	30	0	4	938
23	Other exposures	10	1	10	4	0	2,686
24	**Total SACR**	**213**	**154**	**59**	**351**	**1,106**	**138,839**
25	**Total**	**24,888**	**9,089**	**15,799**	**5,997**	**5,215**	**581,551**

EU CRB-D: Concentration of exposures by industry

	€m	Production and manufacturing industry	Energy and water supply	Wholesale and retail trade; repairs	Transport and telecommunication	Other services	Banks	Other financial industry and insurances	Real estate activities	Public administration and defence, compulsory social security	Private households	Others	Total
1	Central governments or central banks	0	4	0	1	5	9,808	158	0	5,738	1	0	15,715
2	Institutions	37	398	0	47	84	30,228	1,963	25	6,421	37	0	39,241
3	Corporates	96,220	21,945	24,060	15,128	10,432	20	14,110	23,557	0	2,902	1,115	209,490
3a	thereof SMEs	5,113	239	2,399	466	1,149	0	900	2,096	0	40	161	12,563
3b	thereof specialised lending	2,817	5,832	173	481	1,040	0	2,457	8,718	0	13	155	21,685
3c	thereof other	88,289	15,874	21,488	14,182	8,243	20	10,753	12,743	0	2,848	800	175,241
4	Retail	8,692	113	5,738	1,196	9,130	3	1,692	10,610	0	115,630	775	153,579
4a	thereof secured by mortgages / SMEs	1,470	21	1,436	302	4,598	0	942	5,370	0	699	277	15,114
4b	thereof secured by mortgages / non-SMEs	670	0	41	1	24	0	0	3	0	74,445	35	75,219
4c	thereof qualifying revolving	0	0	0	0	0	0	0	0	0	13,687	0	13,687
4d	thereof other / SME	6,166	92	4,229	892	4,493	3	750	5,235	0	1,737	448	24,045
4e	thereof other / non-SMEs	386	0	32	1	15	0	0	2	0	25,062	15	25,514
5	Equity exposures IRB	0	0	0	0	0	0	0	0	0	0	0	0
6	Other non-credit obligation assets	255	0	72	90	10,870	4,278	6,425	1	55	2,642	0	24,687
7	**Total IRB approach**	**105,204**	**22,460**	**29,870**	**16,462**	**30,521**	**44,337**	**24,349**	**34,192**	**12,215**	**121,211**	**1,890**	**442,711**
8	Central governments or central banks	1	0	0	0	11	6,166	110	228	80,391	126	0	87,034
9	Regional governments or local authorities	0	0	0	0	1	41	0	0	17,434	0	9	17,485
10	Public sector entities	0	129	11	55	604	4,068	0	60	277	0	11	5,215
11	Multilateral development banks	0	0	0	0	0	686	246	0	0	0	0	933
12	International organisations	0	0	0	0	0	0	0	0	794	0	0	794
13	Institutions	4	0	0	0	346	1,079	18	0	0	0	0	1,446
14	Corporates	1,064	624	228	438	2,011	95	1,068	848	415	437	60	7,287
15	Retail	98	8	51	14	285	0	67	152	0	9,034	8	9,718
16	Secured by mortgages on immovable property	4	0	6	1	42	0	14	11	0	2,275	0	2,352
17	Exposures in default	26	0	1	0	6	19	17	18	0	81	0	170
18	Items associated with particularly high risk	0	0	0	0	5	0	91	328	0	0	0	425
19	Covered bonds	0	0	0	0	0	0	0	0	0	0	0	0
20	Claims on institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	11	0	0	0	0	11
21	Collective investment undertakings	0	0	0	0	0	0	2,341	0	0	0	0	2,341
22	Equity exposures	164	0	0	124	4	0	473	139	0	32	2	938
23	Other exposures	1	0	5	0	0	78	285	102	2,211	10	0	2,691
24	**Total SACR**	**1,361**	**762**	**302**	**631**	**3,315**	**12,231**	**4,741**	**1,886**	**101,523**	**11,996**	**92**	**138,839**
25	**Total**	**106,565**	**23,221**	**30,172**	**17,094**	**33,836**	**56,568**	**29,090**	**36,078**	**113,738**	**133,207**	**1,982**	**581,551**

EU CRB-E: Maturity of exposures by exposure classes

		a	b	c	d	e	f
		Net exposure value					
	€m	On demand	≤1 year	>1 year ≤5 years	>5 years	No stated maturity	Total
1	Central governments or central banks	9,390	2,678	2,135	1,512	0	15,715
2	Institutions	5,244	12,472	10,180	11,346	0	39,241
3	Corporates	52,282	43,867	80,781	32,559	0	209,490
4	Retail	28,472	7,317	17,113	100,677	0	153,579
5	Equity exposures IRB	0	0	0	0	0	0
6	Other non-credit obligation assets	14,978	2,900	1,009	5,800	0	24,687
7	**Total IRB approach**	**110,366**	**69,234**	**111,218**	**151,894**	**0**	**442,711**
8	Central governments or central banks	54,179	8,978	11,930	11,946	0	87,034
9	Regional governments or local authorities	695	909	4,052	11,828	0	17,485
10	Public sector entities	147	518	2,184	2,366	0	5,215
11	Multilateral development banks	0	238	372	322	0	933
12	International organisations	0	0	467	327	0	794
13	Institutions	1,005	30	357	54	0	1,446
14	Corporates	1,214	1,706	1,315	3,058	0	7,293
15	Retail	4,633	162	1,643	3,280	0	9,718
16	Secured by mortgages on immovable property	1	4	72	2,276	0	2,352
17	Exposures in default	91	12	33	34	0	170
18	Items associated with particularly high risk	425	0	0	0	0	425
19	Covered bonds	0	0	0	0	0	0
20	Claims on institutions and corporates with a short-term credit assessment	11	0	0	0	0	11
21	Collective investment undertakings	0	0	0	2,341	0	2,341
22	Equity exposures	778	0	160	0	0	938
23	Other exposures	370	16	30	2,270	0	2,686
24	**Total SACR**	**63,549**	**12,574**	**22,616**	**40,101**	**0**	**138,839**
25	**Total**	**173,915**	**81,808**	**133,833**	**191,995**	**0**	**581,551**

Loan loss provisions for default risks

Responsibility for processing non-performing loans lies with Group Credit Risk Management. This division brings together the specific expert knowledge needed to support customers undergoing restructuring and to successfully process terminated commitments including collateral realisation.

IFRS 9 stipulates that impairments for credit risks from loans and securities that are not recognised at fair value through profit or loss must be recognised using a 3-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 securitised debt instruments measured at amortised cost (AC);
- financial assets in the form of loans and advances as well as securitised debt instruments 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 3-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 risen significantly since their initial recognition. In addition, stage 1 includes all transactions with limited default risk as at the reporting date for which Commerzbank utilises the option provided for in IFRS 9 to refrain from making an assessment about a significant increase in the default risk. A limited default risk exists for all financial instruments with an investment-grade internal credit rating on the financial reporting date (corresponds to a Commerzbank rating of 2.8 or better, see master scale in section Rating procedures). An impairment must be recognised for financial instruments in stage 1 in the amount of the expected credit loss over the next 12 months (12-month ECL).
- Stage 2 includes those financial instruments with default risk that has risen significantly since their initial recognition and which, as at the financial reporting date, cannot be classified as transactions with limited default risk. Impairments in stage 2 are recognised in the amount of the financial instrument's lifetime expected credit loss (LECL).
- Financial instruments that are classified as defaulted as at the reporting date are allocated to stage 3. Commerzbank's criterion for this classification is the definition of a default in accordance with Art. 178 CRR in conjunction with delegated Regulation (EU) 2018/171 supplementing Regulation (EU) No 575/2013 and Regulation (EU) 2018/1845 of the ECB. The following events are decisive in determining the default of a customer:

  - Imminent insolvency (over 90 days past due)
  - Unlikely to pay (probability of settlement of liabilities)
  - The Bank is assisting in the financial rescue/restructuring measures of the customer with concessions
  - The Bank has demanded immediate repayment of its claims
  - The customer is in insolvency proceedings

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 transactions. The amount of the LECL for insignificant transactions (volumes up to €5m[1]) 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 – 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 considered (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.

If there is no longer a default criterion, the financial instrument recovers after a probation period of three or twelve months (depending on the reason for failure) without complaints and 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) 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, using an effective interest rate that is adjusted for creditworthiness. The impairment recognised 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 risen.

Receivables are written off in the balance sheet as soon as they become uncollectible. Firstly, uncollectability may arise in the settlement process based on various objective criteria. These can be, for example, the demise of the borrower without realisable assets of the estate, or completed insolvency proceedings without further prospect of payments. Secondly, loans are generally regarded as (partially) uncollectible at the latest by 720 days after their due date, and are (partially) written down to the recoverable amount within the framework of existing loan loss provisions. Such a (partial) write-down has no direct impact on ongoing debt collection measures.

[1] For Commerzbank Z.r.t. the threshold amount was adjusted as at 30 September 2017 to an equivalent value of €1m.

Calculation of the expected credit loss in accordance with IFRS 9

Commerzbank calculates the LECL as the probability-weighted, unbiased and discounted expected value of future loan losses over the total residual maturity of the respective financial instrument, i.e. the maximum contractual term (including any renewal options) during which Commerzbank is exposed to credit risk. 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 twelve 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 the:

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

The Group derives the PD by applying an internal ratings procedure, which is based on the respective customer group. The determination includes a wide variety of qualitative and quantitative variables, which are taken into account or weighted based on the respective procedure. The allocation of the PD ranges to the internal rating categories and the reconciliation to external ratings can be found in the master scale contained in the section rating procedures in this report.

The LGD is the forecasted loss given default as a percentage of the exposure at default (EaD), taking into account collateral and the capital recovery potential on the unsecured portion. The Group's estimates, which are made specifically for different types of collateral and customer groups, are determined using both observed historical portfolio data and diverse external information, such as indices and data regarding the development of purchasing power.

The EaD is the expected loan utilisation as at the default date, taking into account a (partial) drawing of open lines.

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 (in 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 behavioral 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.

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.

A baseline scenario is used for this purpose which relies on the respective applicable consensus (forecasts of different banks on significant macroeconomic factors, such as GDP growth and the unemployment rate). This baseline scenario is then supplemented with additional macroeconomic parameters that are relevant for the model. The transformation of the macroeconomic baseline scenario into the effects on the risk parameters is based on statistically derived models. If needed, these models are supplemented with expert-based assumptions, the collection of which is regulated by a policy set by a panel. Potential effects from non-linear correlations between different macroeconomic scenarios and the ECL are corrected using a separately determined adjustment factor.

When calculating the expected credit loss, additional effects may also have to be taken into account such as those resulting from scenarios or events that are not reflected in the IFRS 9 ECL parameter set presented as part of the modelling (these may relate to singular events such as substantial political decisions or military conflicts); for these a separately determined adjustment to the result from the IFRS 9 ECL model is made. The examination as to whether such top level adjustments with the involvement of senior management are necessary, as well as their possible implementation, are regulated in a policy.

In the 2020 financial year, such an adjustment of the IFRS 9 ECL model result was deemed necessary due to the Corona pandemic. The parameters used in the standard model reflected neither the economic impact of the global lockdowns nor the massive support and assistance measures of the states and institutions. The adequacy of the TLA was examined during the year at the reporting dates and during the preparation of the consolidated financial statements as of December 31, 2020.

Determination of the ECL is documented in comprehensive specialist and technical guidelines.

All parameters used when determining the ECL are regularly validated by an independent unit (usually once a year). If needed, they are adjusted accordingly. The relevant policies are reviewed on an ad hoc basis.

Assessment of a significant increase in default risk

Commerzbank's rating systems combine into the 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.

For this reason, Commerzbank uses the PD only as a frame of reference for assessing whether the default risk of a financial instrument has risen 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. 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 chapter "Credit risk" in this report.

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 sub-portfolios, 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.

Thresholds 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 compared with the average development of the PD. In order to ensure an economically sound assignment 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.

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.

The tables on loan loss provisions below show the gross carrying values of all risk positions in default and not in default in the IFRS categories AC and FVOCI, including the associated stock of credit risk adjustments, the credit risk adjustment charges in the second half of 2020 and the relevant write-offs in the financial year 2020.

The gross carrying values for risk positions not in default also include loans that are past due by at least one day up to 90 days but are not defined as in default by virtue of the minimum threshold (1.0% of the limit or €100 in the retail business and €500 in the individual business).

Commerzbank's criterion for the definition of defaulted (impaired) claims is the definition of a default in accordance with article 178 CRR in connection with the corresponding EBA guideline and ECB directive. Pursuant to section 315a.1 of the German Commercial Code, Commerzbank Group issues consolidated financial statements based on International Financial Reporting Standards (IFRS). Credit risk mitigation techniques applicable to mitigate risks for the purpose of determining the capital requirement are not relevant for the determination of the claim amount in terms of accounting. The information is structured by risk exposure class (table EU CR1-A), industry (table EU CR1-B) and geography (table EU CR1-C). The following definitions are used:

- Pursuant to the criteria of the EBA (most recently confirmed in EBA/OP/2017/02), specific credit risk adjustments include the following positions:
  - The sum of Lifetime Expected Credit Loss (LECL) for significant claims in default, determined on the basis of individual cash flow estimates, taking into account various possible scenarios (loan loss provision stage 3 on-balance and off-balance, significant).
  - LECL for non-significant exposures in default, transaction-based determined on the basis of statistical risk parameters (stage 3 on balance and off balance, non-significant)
  - LECL for on- and off-balance exposures not in default showing a significant increase in credit risk as according to IFRS9 (stage 2 on- and off-balance) and ECL for on- and off-balance exposures not in default and not showing a significant increase in credit risk as according to IFRS9 (stage 1 on- and off-balance).
- There are no general credit risk adjustments pursuant to the EBA's definition mentioned above.
- The column accumulated write-offs is the balance of write-ups and write-downs during the financial year 2020.

The country clusters selected in table EU CR1-C match the classification by geographical area used for table EU CRB-C in section overarching portfolio analyses of this report.

The gross carrying value of the defaulted risk positions is at €4.9bn as at 31 December 2020. Further information on this is given in the Annual Report 2020 in the chapter "Default risk" from page 138. In addition to the loan loss provisions presented in the tables, the gross carrying values are also offset by collateral, which is taken into account accordingly in the calculation of the expected credit loss (specific credit risk adjustments).

The breakdown by gross carrying values reflects the Commerzbank Group's focus on Germany and selected markets throughout Europe. This means that the vast majority of the expected credit loss and the loan loss provisions, respectively, are attributable to borrowers based in these regions.

The tables EU CR1-D to EU CR1-F fulfil the requirements from the EBA guidelines published on 17th December 2018 on the disclosure of non-performing and forborne exposures (EBA/GL/2018/10) and replace the former tables CR1-D and CR1-E. Deviating from tables EU CR1-A, EU CR1-B and EU CR1-C, they also include positions of the IFRS category FVPL.

Commerzbank does not display table 9 on foreclosed assets, which is also required in the above-mentioned EBA guidelines, as it currently has no foreclosed assets in stock.

The decrease in the line Loans and advances in the tables EU CR1-D and EU CR1-F to €282bn (June 2020: €310bn) mainly results from a seasonal decline in the collateralised money market business in terms of reversed repos and cash collaterals as well as from a decrease of other loans.

EU CR1-A: Credit quality of exposures by exposure class and instrument

		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values (a+b-c-d)
	€m	defaulted exposures	non-defaulted exposures					
1	Central governments or central banks	45	15,673	3	0	0	0	15,715
2	Institutions	7	39,304	71	0	3	–9	39,241
3	Corporates	2,962	208,709	2,181	0	624	467	209,490
4	thereof SMEs	424	12,386	247	0	154	–13	12,563
5	thereof specialised lending	700	21,349	363	0	80	81	21,685
	thereof other	1,838	174,974	1,571	0	391	398	175,241
6	Retail	1,300	153,179	899	0	457	27	153,579
8	thereof secured by mortgages / SMEs	109	15,045	40	0	16	23	15,114
9	thereof secured by mortgages / non-SMEs	365	75,030	176	0	22	–7	75,219
10	thereof qualifying revolving	21	13,697	31	0	0	–3	13,687
12	thereof other / SME	446	23,931	333	0	217	62	24,045
13	thereof other / non-SMEs	358	25,476	320	0	202	–48	25,514
14	Equity exposures IRB	0	0	0	0	0	0	0
	Other non-credit obligation assets	91	24,596	0	0	0	0	24,687
15	**Total IRB approach**	**4,405**	**441,460**	**3,154**	**0**	**1,084**	**485**	**442,711**
16	Central governments or central banks	0	87,045	11	0	0	–3	87,034
17	Regional governments or local authorities	0	17,486	1	0	0	0	17,485
18	Public sector entities	0	5,215	0	0	0	0	5,215
19	Multilateral development banks	0	933	0	0	0	0	933
20	International organisations	0	794	0	0	0	0	794
21	Institutions	0	1,446	0	0	0	0	1,446
22	Corporates	0	7,318	25	0	5	13	7,293
23	thereof SMEs	0	564	4	0	5	2	560
24	Retail	0	9,758	40	0	5	–7	9,718
25	thereof SMEs	0	639	2	0	0	1	637
26	Secured by mortgages on immovable property	0	2,356	4	0	0	2	2,352
27	thereof SMEs	0	11	0	0	0	0	11
28	Exposures in default[1]	448	0	279	0	75	13	170
29	Items associated with particularly high risk	0	425	0	0	0	0	425
30	Covered bonds	0	0	0	0	0	0	0
31	Claims on institutions and corporates with a short-term credit assessment	0	11	0	0	0	0	11

EU CR1-A_cont.: Credit quality of exposures by exposure class and instrument

		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values (a+b-c-d)
	€m	defaulted exposures	non-defaulted exposures					
32	Collective investment undertakings	0	2,341	0	0	0	0	2,341
33	Equity exposures	0	938	0	0	0	0	938
34	Other exposures	0	2,686	0	0	0	0	2,686
35	**Total SACR**	**448**	**138,751**	**360**	**0**	**85**	**18**	**138,839**
36	**Total**	**4,853**	**580,212**	**3,514**	**0**	**1,169**	**502**	**581,551**
37	of which loans	4,090	332,820	3,120	0	1,169	469	333,791
38	of which debt securities	0	49,567	24	0	0	−3	49,543
39	of which off-balance-sheet exposures	343	39,563	134	0	0	8	39,772

[1] According to EBA-Q&A_2017_3481, for the gross carrying values of the first column „a" of exposures in default (in line 28) in application of Art. 112(j) CRR, the original asset class should be named in addition. To keep the consistency of the table in regard of totals formation under column „g: net values" or in line 35 „Total SACR", the required assignment is given below as follows:
The gross carrying values of the exposures in default (row 28) in SACR in the value of €448m with a value of €266m evolved from positions in the asset class „corporates" (line 22) and with a value of €182m from the asset class „retail" (line 24) in the SACR.

EU CR1-B: Credit quality of exposures by industry or counterparty types

		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values (a+b-c-d)
	€m	defaulted exposures	non-defaulted exposures					
1	Production and manufactoring industry	1,667	105,723	825	0	356	9	106,565
2	Energy and water supply	16	23,226	21	0	16	−1	23,221
3	Wholesale and retail trade; repairs	493	30,436	757	0	193	256	30,172
4	Transport and telecommunication	200	17,001	108	0	14	15	17,094
5	Other financial industry and insurances	178	33,942	283	0	174	115	33,836
6	Banks	46	56,600	78	0	3	−7	56,568
7	Other financial industry and insurances	208	28,955	73	0	10	11	29,090
8	Real estate activities	924	35,675	520	0	169	112	36,078
9	Public administration and defence, compulsory social security	45	113,718	26	0	3	−4	113,738
10	Private households	1,064	132,957	814	0	214	0	133,207
11	Others	13	1,977	8	0	16	−3	1,982
12	**Total**	**4,853**	**580,212**	**3,514**	**0**	**1,169**	**502**	**581,551**

EU CR1-C: Credit quality of exposures by geography

		a	b	c	d	e	f	g
	€m	Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values (a+b-c-d)
		defaulted exposures	non-defaulted exposures					
1	Western Europe	3,375	458,242	2,347	0	1,036	511	459,270
2	thereof Germany	2,500	350,901	2,013	0	968	418	351,387
3	Switzerland	93	9,457	11	0	1	1	9,539
4	Great Britain	82	25,432	8	0	1	1	25,506
5	Italy	2	14,046	29	0	0	1	14,019
6	France	101	16,354	18	0	15	5	16,437
7	Netherlands	168	8,014	38	0	23	13	8,144
8	Spain	13	7,915	7	0	0	0	7,922
9	Others	416	26,122	223	0	27	73	26,316
10	Middle and Eastern Europe	1,169	53,736	946	0	127	−13	53,959
11	thereof Poland	1,041	42,028	840	0	114	−17	42,229
12	Others	128	11,708	106	0	13	4	11,731
13	North America	9	32,226	13	0	1	−2	32,222
14	thereof USA	9	26,427	11	0	1	−1	26,424
15	Others	0	5,799	1	0	0	−1	5,798
16	Asia	148	24,894	154	0	1	3	24,888
17	thereof Japan	0	9,090	0	0	0	0	9,089
19	Others	148	15,804	153	0	1	3	15,799
20	Latin America (incl. Mexico)	82	5,946	31	0	4	7	5,997
21	Other regions	70	5,168	23	0	0	−4	5,215
22	**Total**	**4,853**	**580,212**	**3,514**	**0**	**1,169**	**502**	**581,551**

EU CR1-D: Ageing of past-due exposures

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying values											
		Performing Portfolio			Non-performing Portfolio								
	€m		Of which performing or past due ≤30 days	Of which past due >30 days and ≤90 days		Thereof repayment unlikely and not past due or past due ≤90 days	Of which past due >90 days and ≤180 days	Of which past due >180 days and ≤1 year	Of which past due >1 year and ≤2 years	Of which past due >2 year and ≤5 years	Of which past due >5 year and ≤7 years	Of which past due >7 years	Of which defaulted
1	**Loans and advances**	**281,648**	**281,407**	**241**	**4,466**	**1,979**	**189**	**898**	**569**	**546**	**113**	**172**	**4,415**
2	Central banks	5,609	5,609	0	0	0	0	0	0	0	0	0	0
3	Central governments	16,733	16,733	0	45	8	0	37	0	0	0	0	45
4	Credit institutions	27,191	27,191	0	7	1	0	0	0	2	2	2	7
5	Other financial corporations	26,254	26,237	17	13	8	4	0	0	1	0	0	13
6	Non-financial corporations	88,139	88,039	99	3,228	1,606	100	712	302	303	71	132	3,220
7	thereof SMEs	23,856	23,807	48	966	389	51	91	180	140	29	86	958
8	Households	117,723	117,598	125	1,173	355	84	149	266	240	40	38	1,130
9	**Debt securities**	**80,281**	**80,281**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
10	Central banks	0	0	0	0	0	0	0	0	0	0	0	0
11	Central governments	40,294	40,294	0	0	0	0	0	0	0	0	0	0
12	Credit institutions	17,875	17,875	0	0	0	0	0	0	0	0	0	0
13	Other financial corporations	15,015	15,015	0	0	0	0	0	0	0	0	0	0
14	Non-financial corporations	7,097	7,097	0	0	0	0	0	0	0	0	0	0
15	**Off-balance-sheet exposures**	**187,453**			**585**								**585**
16	Central banks	0			0								0
17	Central governments	1,427			0								0
18	Credit institutions	8,248			0								0
19	Other financial corporations	9,314			0								0
20	Non-financial corporations	135,384			566								566
21	Households	33,079			19								19
22	**Total exposure[1]**	**615,710**	**428,015**	**241**	**5,051**	**1,979**	**189**	**898**	**569**	**546**	**113**	**172**	**5,000**

[1] This includes about €66bn Central bank balances and sight deposits (columns a and b).

EU CR1-E: Non-performing and forborne exposures

		a	b	c	d	e	f	g	h
		Gross carrying value of positions with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collaterals and financial guarantees received on forborne exposures	
		Performing Portfolio	Non-performing Portfolio			On performing exposures with forbearance measures	On non-performing exposures with forbearance measures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
	€m			Of which defaulted	Of which impaired				
1	Loans and advances	2,020	1,585	1,535	1,406	−50	−684	1,032	443
2	Central banks	0	0	0	0	0	0	0	0
3	Central governments	0	37	37	37	0	−1	36	36
4	Credit institutions	2	0	0	0	0	0	1	0
5	Other financial corporations	2	12	12	12	0	−5	3	1
6	Non-financial corporations	1,660	1,229	1,222	1,095	−42	−590	685	277
7	Households	356	306	264	262	−8	−89	307	129
8	Debt securities	0	0	0	0	0	0	0	0
9	Loan commitments given	496	188	188	188	−9	−41	27	3
10	**Total exposure**	**2,516**	**1,772**	**1,722**	**1,593**	**−59**	**−726**	**1,059**	**446**

EU CR1-F: Performing and non-performing exposures and related provisions

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount / nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-offs	Collaterals and financial guarantees received	
		Performing Portfolio			Non-performing Portfolio			Performing Portfolio - accumulated impairment and provisions			Non-performing exposures - accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
	€m		thereof Stage 1	thereof Stage 2		thereof Stage 2	thereof Stage 3		thereof Stage 1	thereof Stage 2		thereof Stage 2	thereof Stage 3			
1	**Loans and advances**	**281,648**	**268,382**	**13,265**	**4,466**	**0**	**4,466**	**929**	**246**	**684**	**2,242**	**0**	**2,242**	**560**	**132,599**	**973**
2	Central banks	5,609	5,609	0	0	0	0	0	0	0	0	0	0	0	5,289	0
3	Central governments	16,733	16,604	128	45	0	45	2	1	1	1	0	1	0	629	44
4	Credit institutions	27,191	26,319	872	7	0	7	23	13	10	2	0	2	0	9,593	2
5	Other financial corporations	26,254	25,796	457	13	0	13	8	6	2	13	0	13	3	14,671	1
6	Non-financial corporations	88,139	82,058	6,081	3,228	0	3,228	541	144	398	1,714	0	1,714	391	31,989	567
7	thereof SMEs	23,856	21,680	2,176	966	0	966	145	50	95	477	0	477	190	10,582	208
8	Households	117,723	111,997	5,727	1,173	0	1,173	354	82	273	512	0	512	165	70,428	360
9	**Debt securities**	**80,281**	**79,699**	**582**	**0**	**0**	**0**	**56**	**36**	**21**	**0**	**0**	**0**	**0**	**0**	**0**
10	Central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	Central governments	40,294	39,737	558	0	0	0	43	23	20	0	0	0	0	0	0
12	Credit institutions	17,875	17,875	0	0	0	0	3	3	0	0	0	0	0	0	0
13	Other financial corporations	15,015	15,015	0	0	0	0	2	2	0	0	0	0	0	0	0
14	Non-financial corporations	7,097	7,072	25	0	0	0	8	7	0	0	0	0	0	0	0
15	**Off-balance-sheet exposures**	**187,453**	**183,313**	**4,140**	**585**	**0**	**585**	**340**	**163**	**177**	**159**	**0**	**159**		**10,207**	**83**
16	Central banks	0	0	0	0	0	0	0	0	0	0	0	0		359	0
17	Central governments	1,427	1,321	106	0	0	0	0	0	0	0	0	0		385	0
18	Credit institutions	8,248	8,226	23	0	0	0	40	40	0	0	0	0		2,130	0
19	Other financial corporations	9,314	9,119	196	0	0	0	5	2	3	0	0	0		292	0
20	Non-financial corporations	135,384	132,232	3,152	566	0	566	245	100	146	155	0	155		5,517	81
21	Households	33,079	32,415	664	19	0	19	49	21	28	4	0	4		1,524	2
22	**Total exposure[1]**	**615,710**	**597,721**	**17,988**	**5,051**	**0**	**5,051**	**1,326**	**445**	**881**	**2,401**	**0**	**2,401**	**560**	**142,806**	**1,056**

[1] This includes about €66bn Central bank balances and sight deposits (columns a and b).

Since the outbreak of the coronavirus pandemic, governments and institutions have been intervening on an unprecedented scale, providing liquidity, support and assistance programmes. In the fourth quarter of 2020, there was only moderate customer demand for KfW loans – a large proportion of the initial enquiries in the corporate sector have not yet been drawn upon. The vast majority of deferrals were terminated on schedule in the third quarter of 2020, with approximately 97% of deferral customers resuming payments without disruption. So far, only limited effects of the second lockdown have been observed.

The following table provides an overview of the credit quality of loans and advances to which the moratoria on credit repayments apply in the context of the COVID-19 crisis.

COV1: Information on loans and advances subject to legislative and non-legislative moratoria

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	€m	Gross carrying values							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying values
			Performing Portfolio			Non-performing Portfolio				Performing Portfolio			Non-performing Portfolio			
				Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due ≤90 days			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due ≤90 days	Inflows to non-performing exposures
1	Loans and advances subject to moratorium	982	894	32	299	88	9	11	18	8	0	8	10	1	1	12
2	of which: Households	188	182	8	42	6	3	4	2	1	0	1	1	0	0	6
3	of which: Collateralised by residential immovable property	151	146	7	33	5	2	3	1	1	0	1	0	0	0	5
4	of which: Non-financial corporations	791	709	24	253	82	7	7	16	7	0	6	9	1	1	6
5	thereof SMEs	112	110	3	37	3	1	1	2	1	0	1	0	0	0	0
6	of which: Collateralised by commercial immovable property	104	102	12	28	2	2	2	2	1	0	1	1	1	1	2

The distribution of loans across the sectors is relatively uniform. About half of the loans granted to moratoria are in the portfolio of mBank. Details of the loans granted there can be found in the mbank's Pillar 3 Report as of December 31, 2020 on pages 89 to 93 and in the "IFRS Consolidated Financial statements 2020" on pages 87 to 91.

Against the background of the Corona pandemic, the risk result of the Commerzbank Group increased significantly. As of 31 December 2020, Corona generated €961m of the risk result, of which €505m in the form of a top-level adjustment. For detailed information, see Note 32 in the notes and pages 138 et seq. in the risk report of the Commerzbank Annual Report as of 31 December 2020.

The following table shows the breakdown of loans and advances by residual maturity of the moratorium, which is subject to a legislative and non- legislative moratorium. The following table shows the breakdown of loans and loans by the remaining term of the moratoria subject to a legal and non-legal moratorium. In private customers, requests for rate loans remain unchanged, with no corona-related increase. Among corporate customers, the transport sector (including tourism) is most affected.

COV2: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

		a	b	c	d	e	f	g	h	i
		Number of obligors	Gross carrying values							
				Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
						≤3 months	>3 months ≤6 months	>6 months ≤9 months	>9 months ≤12 months	>1 year
1	Loans and advances for which moratorium was offered	103,938	7,782							
2	Loans and advances subject to moratorium (granted)	102,781	7,340	492	6,357	746	229	0	6	2
3	of which: Households		4,199	305	4,011	182	5	0	0	2
4	of which: Collateralised by residential immovable property		3,283	255	3,132	145	4	0	0	2
5	of which: Non-financial corporations		3,137	184	2,346	561	224	0	6	0
6	thereof SMEs		1,411	31	1,299	81	31	0	0	0
7	of which: Collateralised by commercial immovable property		1,261	70	1,157	103	1	0	0	0

As can be seen from the table below, almost €2,6bn of new loans were granted, which are subject to a public guarantee scheme. More than 90% of these were allocated to corporate customers. About 1% of the new loans are non-performing in line with the EBA definition. In most cases, the terms of the new loans and advances are between two and five years. The most affected industries are manufacturing, wholesale and retail.

COV3: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

		a	b	c	d
		Gross carrying values		Maximum amount of the guarantee that can be considered	Gross carrying values
	€m		of which: forborne	Public guarantees received	Inflows to non-performing exposures
1	Newly originated loans and advances subject to public guarantee schemes	2,640	51	1,679	27
2	of which: Households	168			0
3	of which: Collateralised by residential immovable property	4			0
4	of which: Non-financial corporations	2,467	50	1,660	27
5	thereof SMEs	1,070			3
6	of which: Collateralised by commercial immovable property	190			8

Table EU CR2-A below shows the total credit risk adjustments and changes therein in the second half of 2019. Claims or loan commitments under the IFRS categories AC and FVOCI and their corresponding loan loss provisions are included in the table. Increases and decreases, respectively, for estimated loan losses are given on a net basis (position 2/3).

The table EU CR2-B shows the changes in the stock of defaulted and impaired loans and debt securities. Claims or loan commitments under the IFRS categories AC and FVOCI are included in the table.

Further information on this is given in Note (32) in the Annex of the Annual Report 2020 from page 206.

EU CR2-A: Changes in the stock of general and specific credit risk adjustments

		a	b
	€m	**Accumulated specific credit risk adjustment**	**Accumulated general credit risk adjustment**
1	**Balance as 30 June 2020**	**2,977**	**0**
2/3	Increases due to amounts set aside / decreases due to amounts reversed for estimated loan losses during the period	733	0
4	Decreases due to amounts taken against accumulated credit risk adjustments	−341	0
5	Transfers between credit risk adjustments	223	0
6	Impact of exchange rate differences	−35	0
7	Business combinations, including acquisitions and disposals of subsidiaries	0	0
8	Other adjustments	0	0
9	**Balance as of 31 December 2020**	**3,556**	**0**
10	Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	0	0
11	Specific credit risk adjustments directly recorded to the statement of profit or loss	−18	0

EU CR2-B: Changes in the stock of defaulted and impaired loans and debt securities

		a
	€m	**Gross carrying value defaulted exposures**
1	**Balance as 30 June 2020**	**4,522**
2	Loans and debt securities that have defaulted or impaired since the last reporting period	1,403
3	Returned to non-defaulted status	−133
4	Amounts written off	−335
5	Other changes	−501
6	**Balance as of 31 December 2020**	**4,956**

In table addCR1 below, we compare the expected loss of the preceding period for the non-defaulted portfolio with the realised losses related to the lending business over the reporting period. Losses incurred in the lending business refer to direct write-downs (net of write-ups) and the utilisation of loan loss provisions for claims classified as IRBA positions according to the CRR. Amounts recovered on written-down claims reduce the realised loss.

For the direct comparison of the realised loss to the expected loss it has to be considered that the realised loss comprises the utilisation of risk provisions and write-downs of defaulted assets across several reporting periods whereas the expected loss relates to a one-year horizon only.

Table addCR2 shows the realised losses related to the lending business over the last five years in detail by exposure class. The significant reduction in 2018 in realised losses compared to prior years is mainly due to the reclassification of the shipping portfolio to the fair-value approach as part of the transition to IFRS 9 in 2018. However, the expected loss as at year-end 2017 still includes ship financings.

addCR1: Expected and realised losses in the lending business since 2017

Exposure class €m	Expected loss as at 31.12.2019	Realised loss 2020	Expected loss as at 31.12.2018	Realised loss 2019	Expected loss as at 31.12.2017	Realised loss 2018
Central governments or central banks	22	0	30	0	30	6
Institutions	70	0	91	−19	91	8
Corporates	463	394	444	318	515	325
thereof SMEs	79	22	70	8	70	−24
thereof specialised lending	110	12	121	105	192	65
thereof other	274	360	254	204	254	284
Retail	312	188	279	192	279	242
thereof SMEs	93	96	85	64	85	78
thereof secured by mortgages	73	11	65	20	65	39
thereof qualifying revolving	22	0	21	0	21	1
thereof other	123	81	108	107	108	125
Total	**866**	**582**	**844**	**490**	**915**	**581**

addCR2: Development of realised losses in the lending business since 2015

Exposure class €m	31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016
Central governments or central banks	0	0	6	0	0
Institutions	0	−19	8	3	13
Corporates	394	318	325	843	854
thereof SMEs	22	8	−24	55	54
thereof specialised lending	12	105	65	554	535
thereof other	360	204	284	234	265
Retail	188	192	242	303	162
thereof SMEs	96	64	78	116	143
thereof secured by mortgages	11	20	39	32	17
thereof qualifying revolving	0	0	1	7	2
thereof other	81	107	125	148	0
Total	**582**	**490**	**581**	**1,150**	**1,029**

Unlike in the Annual Report, the expected loss amounts reported in this Disclosure Report do not include SACR or securitisation positions. Also, due to the change to SACR (permanent partial use pursuant to Article 150 CRR) in 2009, the asset class Investments is not shown here.

Investments in the banking book

Investment risks or shareholder risks are potential losses arising from the provision of equity capital to investments as a result of a fall in their value. They can be caused by general market fluctuations or company-specific factors.

Composition of investments

Commerzbank's portfolio of holdings is broken down in accordance with its significance to business policy. The bulk of the investments held as financial assets (banking book) and holdings in consolidated companies are designed to further the Bank's business objectives by supporting business lines/segments in the Bank (segment-supporting investments) or by having a strategic management or service function for the Group as a whole (other strategic investments).

There are also other non-strategic investments where a divestment concept is applied, the aim of which is to optimise Commerzbank's market value, capital and income statement under appropriate market conditions.

Risk management

The investment risks are managed centrally as part of the ongoing management and monitoring of Commerzbank's holdings by the Group Finance department and locally by the segments. The strategic investments are mainly majority holdings.

Under the "three lines of defence" principle, aimed at protecting against undesirable risks and set out by Commerzbank in the Group Risk Strategy, the respective operational segments responsible therefore represent the first line of defence for investment risks, while Group Finance, as the area responsible for the investment risk strategy, represents the second line of defence.

Regulatory valuation of investments

The Commerzbank Group and accordingly the group companies included in the disclosure are, as IRBA banks as defined in Article 147 CRR, generally obliged to value investments in accordance with the IRBA rules. The CRR also allows items to be permanently exempted from the IRBA. Commerzbank applies Article 150 CRR and values all investment positions using the permanent partial use of the SACR, if the individual equity position is not measured in the SACR anyway. Investments that are associated with particularly high risk according to the definition under Article 128 CRR, such as private equity investments or venture capital investments, are recognised in the corresponding SACR asset class.

Commercial valuation and accounting

As a rule, equity instruments that are not valued using the equity method are reported at fair value. A valuation that differs from fair value can only be justified by the principle of materiality.

Listed investments are continuously monitored with regard to their market price development. External analysts' opinions and share price forecasts (consensus forecasts) are included in the risk assessment. Listed holdings are monitored by means of impairment tests carried out monthly by Management Investments Accounting in accordance with the HGB accounting manual of Commerzbank and tested for any significant qualitative or quantitative indicators (trigger events) of impairment. As soon as there are any indications of significant or lasting impairment, unrealised losses are written down.

Risks arising from unlisted investments are subject to regular monitoring involving a database-supported year-end valuation, a monitoring of trigger events for relevant holdings to each balance sheet reporting date and special monitoring of investments classified as critical. Various valuation methods (e.g. capitalised earnings value, net asset value, liquidation value) are used to quantify the risks, depending on the book value, status (e.g. active, inactive, in liquidation) and type of business activity (e.g. operational, property holding company, holding) of the investment. If the intention is to sell the investment, it will be written down, if necessary, to a lower expected selling price. For companies valued using the equity method, the valuation is equal to the proportionate IFRS equity capital.

Quantitative information on investments

This section covers investments as defined in Article 112 p) CRR. This means that only equity investments that are not consolidated for regulatory purposes but relate to the companies covered by this report are shown. The definition of an investment in CRR is wider than the usual accounting definition. For example, shares in limited companies (GmbHs), profit-sharing certificates with equity characteristics, promissory notes and derivative positions whose underlying is an investment position have to be classified as investments for regulatory purposes. Classical forms of investments nevertheless make up the majority of this CRR asset class.

The table below shows the book value and fair value of the investment instruments under IFRS as reported in the financial statements for the investment groups relevant to the Group's objectives and strategy.

INV1: Valuation of investment instruments

	Book value (IFRS)		Fair value		Market value (listed positions)	
Investment group | €m	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Segment-supporting investments	524	225	524	225	6	8
thereof listed positions	6	8	6	8	6	8
thereof unlisted positions	518	217	518	217	0	0
Other strategic investments	48	46	48	46	0	0
Other investments	366	407	366	407	0	0
Investments total	**938**	**678**	**938**	**678**	**6**	**8**

For listed positions the market value is given as well. For listed investments the book value under IFRS is their historic costs.

For unlisted companies the book values under IFRS are used as fair value. Special purpose vehicles (SPVs) are not shown as they are not investments pursuant to regulatory definitions. The positions shown under Other strategic investments are exclusively unlisted positions. Only €0.2m of the Other investments are listed positions. All unlisted positions are classified as adequately diversified investment portfolios.

Shares in investment funds are allocated to the investment group Funds and certificates if the precise composition of the investment fund is not known and an average risk weighting supplied by the investment company is not used for capital adequacy purposes. Only shares in investment funds that invest wholly or partly in investment instruments are relevant. Therefore, shares in investment funds that are solely invested in fixed-income securities (e.g. bond funds) are not included here.

Table INV2 below shows realised and unrealised profits and losses from investment instruments.

INV2: Realised and unrealised profits/losses from investment instruments

	Measured at equity		Not measured at equity	
€m	**Realised profits and losses from sale / liquidation of equity holdings**	**Revaluation gains and losses (FVOCI) and valuation profits and losses (P&L) from equity holdings**	**Profits and losses from equity instruments without the trading book**	**Revaluation gains and losses (FVOCI) from equity instruments**
2020	0	2	282	0

The application of IFRS 9 led to changes in the classification and valuation of equity instruments.

As equity instruments do not result in any fixed repayments and are only associated with a share right, the SPPI (solely payment of principal and interest) criterion is not met. AC or FVOCI with a recycling valuation is therefore excluded.

However, when an equity instrument is added which was purchased as a conditional purchase price payment with trading intent or else within the scope of a company acquisition, an irrevocable decision may be made to value it in accordance with FVOCI, instead of FVPL, without the recycling method. All value fluctuations are reported as equity capital and not reported on the income statement even in case of the disposal of the financial instrument (without recycling). We have applied this option and have assigned a portfolio to this group.

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B. Counterparty credit risk (CCR)

Risk management

Counterparty credit risk (default risk from counterparty default risk) is defined as the risk of losses sustained or profits foregone due to the default of a counterparty in the context of a derivative or securities financing transaction. In addition to market price risks, derivative positions also give rise to default risks when a claim arises against the counterparty in the form of positive market values.

Commerzbank also looks at what is known as correlation risk (wrong way risk). This occurs when a counterparty's exposure and credit quality (rating) are negatively correlated. Wrong way risk is therefore an additional risk source, as the credit exposure is generally measured independently from the counterparty's creditworthiness. Commerzbank has a clear definition of specific and general wrong way risk. There are guidelines to assist in identifying and quantifying wrong way risk. They also set out how the exposure must be adjusted to allow for the wrong way risk. In the case of secured transactions, the potential relationship between the performance of the collateral and the credit rating of the counterparty also has to be considered and captured according to the Commerzbank collateral matrix.[1]

The derivative positions shown in the tables below do not include securitisation positions as defined in the CRR as these are shown in the securitisations chapter. This means that interest rate and currency swaps or credit derivative transactions entered into with special-purpose securitisation companies are not included.

Risk appetite is operationally structured in the Group Risk Strategy through a consistent management system with limits, benchmarks for risk strategy positioning and supplementary guidelines. The specific risk appetite for the lending business is derived from this and structured further in the credit risk strategy. The risk strategy focus of the credit risk strategy thus adopts the cross-segment benchmarks of the Group Risk Strategy that are relevant for the default risk and specifies them specifically for the lending business of the individual segments. Furthermore, the limit concept of the Group Risk Strategy is supplemented by quantitative guidelines to limit risk concentrations and weaker credit ratings. Downstream policies operationalise the risk appetite at the level of selected subportfolios.

In order to minimise both the economic and the regulatory credit risk arising from these instruments, Commerzbank enters into master agreements (bilateral netting agreements) such as the 2002 ISDA Master Agreement or the German Master Agreement for Financial Futures with the respective counterparties. By means of such bilateral netting agreements, the positive and negative market values of the derivatives contracts included under a master agreement can be offset against one another, and the regulatory add-ons for future risks of these products can be reduced. This netting process reduces the credit risk to a single net claim on the contracting party (close-out netting). Table EU CCR5-A contains a detailed presentation of netting effects. The netting policy sets out the requirements for the external and internal netting of derivatives and repo transactions. For repo/lending transactions Commerzbank makes a distinction between "full netting" and "single transaction netting". Single transaction netting allows the netting of exposure and collateral in one transaction, while in full netting all transactions can be netted against each other.

For both regulatory reports and the internal measurement and monitoring of credit exposures, these risk-mitigating techniques are only used if Commerzbank considers them enforceable in the jurisdiction in question, should the counterparty become insolvent. Legal opinions are obtained from various international law firms in order to verify enforceability.

Similar to the master agreements are the collateral agreements (e.g. collateralisation annex for financial futures contracts, Credit Support Annex), which Commerzbank concludes with its business partners to secure the net claim or liability remaining after netting (receipt or provision of collateral). As a rule, this collateral management reduces credit risk by means of prompt, usually daily or weekly, measurement and adjustment of the customer exposure.

[1] Although in a regulatory context wrong way risk is normally mentioned in connection with counterparty risk, Commerzbank also considers it in connection with issuer risk (e.g. between the issuer of a bond and the guarantor).

Commerzbank only uses cash and securities pledged as collateral under master agreements. Table EU CCR5-B gives a detailed list of collateral provided and received.

Regulations for risk mitigation measures are stipulated by the "Guideline for Collateralized Trading". The guideline covers legal aspects such as types of master agreements and the enforceability of netting transactions and collateral under master agreements. It describes the requirements governing the netting of collateral and the structuring of Credit Support Annexes.

The basis for determining the netting amounts for the default risk from derivative positions is not the positive market values but instead the so-called credit equivalent values. To determine the assessment basis of derivative default risk positions, Commerzbank uses the internal model method (IMM) pursuant to Article 283 ff. CRR and the market valuation method pursuant to Article 274 CRR.

The approach to risk quantification under the IMM is generally based on a risk simulation which generates future market scenarios and creates portfolio valuations based on these scenarios. Netting and collateral agreements are taken into account.

In applying the internal model method, the EaD is defined per counterparty as the product of the alpha factor and the calculated effective expected positive exposure E*. Risks that are not taken into account when determining E*, correlation risks for example, are included in the capital adequacy calculation through the alpha factor. Banks can either estimate the alpha factor themselves or use the supervisory value of 1.4. Commerzbank does not estimate its own alpha factor, preferring instead to use the supervisory value to calculate exposure at default.

The credit equivalent values for the counterparty default risk from derivative positions and securities financing transactions – including exchange-traded derivatives – used to determine the (net) assessment basis amounted to €3,027m at the end of 2020 using the market valuation method and €15,531m using the internal model method (see table EU CCR1 – Analysis of counterparty credit risk by approach). The proportion of derivatives and securities financing transactions processed via central counterparties measured by EaD according to credit risk mitigation techniques was 9% as at the end of the year (see table EU CCR8 – Exposures to central counterparties (CCP). Table EU CCR4 provides an overview of the risk positions managed under the AIRB approach by exposure class and PD scale.

Credit equivalent values effectively correspond to the risk position values of balance-sheet default risk positions, as a credit conversion factor of 100% is applied to derivative positions.

All operative units, branches and subsidiaries are, subject to compliance with the regulations, authorised to use credit derivatives to hedge credit risks in loan portfolios (i.e. purchase of hedges). This allows them to hedge credit risks with a credit derivative without having to sell or assign the loan. A detailed list of credit derivatives can be found in table EU CCR6 – Credit derivatives exposures.

Commerzbank creates credit reserves (credit valuation adjustments, CVA) for derivatives, securities financing transactions and money market transactions reported at fair value in order to account for the counterparty's expected default risk. The offsetting of credit reserves compensates for the fair values of the transaction calculated on the basis of risk-free parameters. The CVA are determined by the sum of the discounted expected exposures until the end of the contract period of the transaction, weighted by the marginal probability of default of the counterparty and in consideration of the expected loss upon default of the counterparty. In order to calculate the expected exposure, Commerzbank uses a Monte Carlo simulation based on a risk-neutral calibration.

As part of the regulatory requirements under Basel 3, since 2015 the Commerzbank Group has additionally calculated the capital requirements for credit value adjustments (CVA risk) according to Article 381 ff. CRR. For the portfolios of Commerzbank Aktiengesellschaft, CVA risk is calculated using the advanced method according to Article 383 CRR via a sensitivity-based approach. For the Group's subsidiaries, the standardised approach according to Article 384 CRR is applied. As at 31 December 2020 there were eligible hedges under Article 386 CRR: Single name CDS of €397m. The capital requirements for CVA risk amounted to €285m (€3,561m RWA, see table EU CCR2 – CVA capital charge) as at 31 December 2020 for the Group.

Information on regulatory methods

EU CCR1: Analysis of CCR exposure by approach

		a	b	c	d	e	f	g
	€m	**Notional**	**Replacement cost/current market value**	**Potential future credit exposure**	**EEPE**	**Multiplier**	**EaD post CRM**	**RWAs**
1	Mark to market approach		2,128	757			3,027	1,498
2	Original exposure	0					0	0
3	Standardised approach		0			1.4	0	0
4	IMM (for derivatives and SFTs)				15,481	1.4	15,531	6,013
5	Of which securities financing transactions				4,422	1.4	4,457	593
6	Of which derivatives and long settlement transactions				11,059	1.4	11,074	5,420
7	Of which from contractual cross-product netting				0	1.4	0	0
8	Financial collateral simple method (for SFTs)						0	0
9	Financial collateral comprehensive method (for SFTs)						4,217	233
10	VaR for SFTs						0	0
11	**Total**							**7,744**

EU CCR2: CVA (credit value adjustments) capital charge

		a	b
	€m	**Exposure value**	**RWAs**
1	Total portfolios subject to the advanced method	4,080	3,419
2	(i) VaR component (including the 3× multiplier)		849
3	(ii) SVaR component (including the 3× multiplier)		2,570
4	All portfolios subject to the standardised method	221	142
EU4	Based on the original exposure method	0	0
5	**Total subject to the CVA capital charge**	**4,301**	**3,561**

EU CCR8: Exposures to CCP (central counterparties)

		a	b
	€m	**EaD post CRM**	**RWAs**
1	**Exposures to QCCPs (total)**		**133.1**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	2,097	48.4
3	(i) OTC derivatives	709	16.9
4	(ii) Exchange-traded derivatives	753	15.1
5	(iii) SFTs	634	16.4
6	(iv) Netting sets where cross-product netting has been approved	0	0.0
7	Segregated initial margin	0	
8	Non-segregated initial margin	0	0.0
9	Prefunded default fund contributions	213	84.7
10	Alternative calculation of own funds requirements for exposures		0.0
11	**Exposures to non-QCCPs (total)**		**0.0**
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	0	0.0
13	(i) OTC derivatives	0	0.0
14	(ii) Exchange-traded derivatives	0	0.0
15	(iii) SFTs	0	0.0
16	(iv) Netting sets where cross-product netting has been approved	0	0.0
17	Segregated initial margin	0	
18	Non-segregated initial margin	0	0.0
19	Prefunded default fund contributions	0	0.0
20	Unfunded default fund contributions	0	0.0

Information by regulatory risk-weighting approach

EU CCR4: IRB approach – CCR exposures by portfolio and PD scale

		a	b	c	d	e	f	g
	PD scale	EaD post CRM €m	Average PD %	Number of obligors	Average LGD %	Average maturity[1] years	RWAs €m	RWA density %
Central governments or central banks	0.00 to < 0.15	317	0.07	21	80.87	1.7	131	41.4
	0.15 to < 0.25	31	0.22	5	34.47	1.0	8	27.1
	0.25 to < 0.50	28	0.32	10	59.33	0.7	17	59.8
	0.50 to < 0.75	0	0.72	1	100.00	1.5	0	162.0
	0.75 to < 2.50	17	1.14	7	100.00	1.6	33	198.7
	2.50 to < 10.00	6	3.19	10	100.00	1.2	15	268.7
	10.00 to < 100.00	2	40.73	7	100.00	1.0	8	416.6
	100.00 (Default)	0	0.00	0	0.00	0.0	0	0.0
	Subtotal	**401**	**0.39**	**61**	**76.97**	**1.6**	**214**	**53.4**
Institutions	0.00 to < 0.15	4,874	0.06	252	44.39	2.4	1,465	30.0
	0.15 to < 0.25	215	0.22	63	52.83	1.6	124	57.4
	0.25 to < 0.50	703	0.31	131	49.62	2.9	560	79.7
	0.50 to < 0.75	77	0.59	44	52.36	1.0	60	77.1
	0.75 to < 2.50	305	1.07	95	54.22	0.8	319	104.4
	2.50 to < 10.00	97	3.87	70	53.09	1.6	157	162.3
	10.00 to < 100.00	44	25.51	25	46.00	3.9	102	229.6
	100.00 (Default)	0	0.00	0	0.00	0.0	0	0.0
	Subtotal	**6,316**	**0.38**	**680**	**45.97**	**2.4**	**2,785**	**44.1**
Corporates TOTAL	0.00 to < 0.15	2,400	0.05	1,764	38.56	2.1	575	23.9
	0.15 to < 0.25	3,327	0.20	980	39.66	1.8	1,250	37.6
	0.25 to < 0.50	1,217	0.29	1,829	41.33	2.6	773	63.6
	0.50 to < 0.75	658	0.62	1,230	40.39	2.8	461	70.0
	0.75 to < 2.50	578	1.23	2,544	43.14	1.9	567	98.2
	2.50 to < 10.00	355	3.88	1,504	41.71	1.9	514	144.9
	10.00 to < 100.00	54	19.72	194	40.19	2.7	115	210.2
	100.00 (Default)	4	100.00	44	54.33	1.7	3	66.1
	Subtotal	**8,592**	**0.62**	**10,088**	**41.48**	**2.3**	**4,257**	**49.5**
Corporates, thereof SMEs	0.00 to < 0.15	311	0.05	1,003	55.81	4.2	91	29.1
	0.15 to < 0.25	133	0.23	225	56.66	4.5	81	60.9
	0.25 to < 0.50	178	0.29	553	62.87	4.4	135	75.7
	0.50 to < 0.75	41	0.64	459	51.09	2.8	27	66.4
	0.75 to < 2.50	69	1.23	1,529	54.76	3.0	66	95.3
	2.50 to < 10.00	23	3.94	1,130	51.82	1.9	25	111.2
	10.00 to < 100.00	5	29.31	112	47.89	2.7	9	178.7
	100.00 (Default)	0	100.00	9	59.73	4.1	0	62.5
	Subtotal	**761**	**0.65**	**5,020**	**57.09**	**4.0**	**434**	**57.1**
Corporates, thereof specialised lending	0.00 to < 0.15	0	0.00	0	0.00	0.0	0	0.0
	0.15 to < 0.25	0	0.00	0	0.00	0.0	0	0.0
	0.25 to < 0.50	0	0.00	0	0.00	0.0	0	0.0
	0.50 to < 0.75	0	0.00	0	0.00	0.0	0	0.0
	0.75 to < 2.50	0	0.00	0	0.00	0.0	0	0.0
	2.50 to < 10.00	0	0.00	0	0.00	0.0	0	0.0
	10.00 to < 100.00	0	0.00	0	0.00	0.0	0	0.0
	100.00 (Default)	0	0.00	0	0.00	0.0	0	0.0
	Subtotal	**0**	**0.00**	**0**	**0.00**	**0.0**	**0**	**0.0**

[1] Parameter is not subject to the RWA calculation for retail business. Hence, in compliance with EBA/GL/2016/11, no disclosure for retail business.

EU CCR4_cont.: IRB approach – CCR exposures by portfolio and PD scale

		a	b	c	d	e	f	g
	PD scale	EaD post CRM €m	Average PD %	Number of obligors	Average LGD %	Average maturity[1] years	RWAs €m	RWA density %
Corporates, thereof other	0.00 to < 0.15	2,089	0.09	761	38.56	2.1	484	23.2
	0.15 to < 0.25	3,194	0.20	755	39.66	1.8	1,169	36.6
	0.25 to < 0.50	1,038	0.35	1,276	41.33	2.6	639	61.5
	0.50 to < 0.75	616	0.62	771	40.39	2.9	433	70.3
	0.75 to < 2.50	509	1.30	1,015	43.14	1.9	502	98.6
	2.50 to < 10.00	332	3.88	374	41.71	2.7	489	147.1
	10.00 to < 100.00	49	19.72	82	40.19	3.4	105	213.5
	100.00 (Default)	4	100.00	35	54.33	1.7	3	66.5
	Subtotal	**7,832**	**0.62**	**5,068**	**39.97**	**2.1**	**3,823**	**48.8**
Retail	0.00 to < 0.15	53	0.04	808	47.12		4	7.2
	0.15 to < 0.25	8	0.19	234	51.72		2	21.4
	0.25 to < 0.50	11	0.35	376	52.34		3	30.8
	0.50 to < 0.75	5	0.55	238	50.39		2	38.6
	0.75 to < 2.50	10	0.99	468	52.08		6	58.2
	2.50 to < 10.00	8	3.85	318	53.22		6	76.3
	10.00 to < 100.00	1	15.66	45	54.78		1	120.8
	100.00 (Default)	0	100.00	19	31.87		0	62.5
	Subtotal	**95**	**0.83**	**2,506**	**51.74**		**24**	**24.7**
Total	**0.00 to < 0.15**	**7,644**	**0.04**	**2,845**	**38.56**	**1.1**	**2,174**	**28.4**
	0.15 to < 0.25	**3,581**	**0.19**	**1,282**	**34.47**	**1.0**	**1,383**	**38.6**
	0.25 to < 0.50	**1,959**	**0.29**	**2,346**	**41.33**	**0.7**	**1,354**	**69.1**
	0.50 to < 0.75	**740**	**0.55**	**1,513**	**40.39**	**1.0**	**522**	**70.6**
	0.75 to < 2.50	**909**	**0.99**	**3,114**	**43.14**	**0.8**	**925**	**101.7**
	2.50 to < 10.00	**465**	**3.19**	**1,902**	**41.71**	**1.0**	**692**	**148.8**
	10.00 to < 100.00	**101**	**15.66**	**271**	**40.19**	**1.0**	**225**	**222.2**
	100.00 (Default)	**4**	**100.00**	**63**	**31.87**	**1.7**	**3**	**66.0**
	Total (all portfolios)	**15,404**	**0.52**	**13,335**	**44.31**	**2.3**	**7,280**	**47.3**

[1] Parameter is not subject to the RWA calculation for retail business. Hence, in compliance with EBA/GL/2016/11, no disclosure for retail business.

EU CCR4_cont.: IRB approach – CCR exposures by retail sub-portfolio and PD scale

	PD scale	a EaD post CRM €m	b Average PD %	c Number of obligors	d Average LGD %	e Average maturity[1] years	f RWAs €m	g RWA density %
Retail	0.00 to < 0.15	53	0.04	808	47.12		4	7.2
Retail	0.15 to < 0.25	8	0.19	234	51.72		2	21.4
Retail	0.25 to < 0.50	11	0.35	376	52.34		3	30.8
Retail	0.50 to < 0.75	5	0.55	238	50.39		2	38.6
Retail	0.75 to < 2.50	10	0.99	468	52.08		6	58.2
Retail	2.50 to < 10.00	8	3.85	318	53.22		6	76.3
Retail	10.00 to < 100.00	1	15.66	45	54.78		1	120.8
Retail	100.00 (Default)	0	100.00	19	31.87		0	62.5
Retail	**Subtotal**	**95**	**0.83**	**2,506**	**51.74**		**24**	**24.7**
...secured by mortgages / SMEs	0.00 to < 0.15	0	0.00	0	0.00		0	0.0
...secured by mortgages / SMEs	0.15 to < 0.25	0	0.00	0	0.00		0	0.0
...secured by mortgages / SMEs	0.25 to < 0.50	0	0.00	0	0.00		0	0.0
...secured by mortgages / SMEs	0.50 to < 0.75	0	0.00	0	0.00		0	0.0
...secured by mortgages / SMEs	0.75 to < 2.50	0	0.00	0	0.00		0	0.0
...secured by mortgages / SMEs	2.50 to < 10.00	0	0.00	0	0.00		0	0.0
...secured by mortgages / SMEs	10.00 to < 100.00	0	0.00	0	0.00		0	0.0
...secured by mortgages / SMEs	100.00 (Default)	0	0.00	0	0.00		0	0.0
...secured by mortgages / SMEs	**Subtotal**	**0**	**0.00**	**0**	**0.00**		**0**	0.0
...secured by mortgages / non-SMEs	0.00 to < 0.15	0	0.00	0	0.00		0	0.0
...secured by mortgages / non-SMEs	0.15 to < 0.25	0	0.00	0	0.00		0	0.0
...secured by mortgages / non-SMEs	0.25 to < 0.50	0	0.00	0	0.00		0	0.0
...secured by mortgages / non-SMEs	0.50 to < 0.75	0	0.00	0	0.00		0	0.0
...secured by mortgages / non-SMEs	0.75 to < 2.50	0	0.00	0	0.00		0	0.0
...secured by mortgages / non-SMEs	2.50 to < 10.00	0	0.00	0	0.00		0	0.0
...secured by mortgages / non-SMEs	10.00 to < 100.00	0	0.00	0	0.00		0	0.0
...secured by mortgages / non-SMEs	100.00 (Default)	0	0.00	0	0.00		0	0.0
...secured by mortgages / non-SMEs	**Subtotal**	**0**	**0.00**	**0**	**0.00**		**0**	0.0
...qualified revolving	0.00 to < 0.15	0	0.00	0	0.00		0	0.0
...qualified revolving	0.15 to < 0.25	0	0.00	0	0.00		0	0.0
...qualified revolving	0.25 to < 0.50	0	0.00	0	0.00		0	0.0
...qualified revolving	0.50 to < 0.75	0	0.00	0	0.00		0	0.0
...qualified revolving	0.75 to < 2.50	0	0.00	0	0.00		0	0.0
...qualified revolving	2.50 to < 10.00	0	0.00	0	0.00		0	0.0
...qualified revolving	10.00 to < 100.00	0	0.00	0	0.00		0	0.0
...qualified revolving	100.00 (Default)	0	0.00	0	0.00		0	0.0
...qualified revolving	**Subtotal**	**0**	**0.00**	**0**	**0.00**		**0**	**0.0**
...other / SMEs	0.00 to < 0.15	12	0.06	143	47.12		1	6.4
...other / SMEs	0.15 to < 0.25	6	0.21	116	51.72		1	17.5
...other / SMEs	0.25 to < 0.50	10	0.35	201	52.34		2	24.2
...other / SMEs	0.50 to < 0.75	5	0.56	118	50.39		2	31.3
...other / SMEs	0.75 to < 2.50	9	1.15	245	52.40		4	44.5
...other / SMEs	2.50 to < 10.00	4	4.03	120	55.10		2	63.9
...other / SMEs	10.00 to < 100.00	0	15.66	16	54.82		0	87.4
...other / SMEs	100.00 (Default)	0	100.00	12	66.77		0	62.5
...other / SMEs	**Subtotal**	**46**	**0.92**	**971**	**50.98**		**12**	27.1
...other / non-SMEs	0.00 to < 0.15	41	0.04	607	52.40		3	6.7
...other / non-SMEs	0.15 to < 0.25	2	0.19	23	52.14		0	21.3
...other / non-SMEs	0.25 to < 0.50	1	0.37	12	52.66		0	33.8
...other / non-SMEs	0.50 to < 0.75	0	0.55	4	52.24		0	42.0
...other / non-SMEs	0.75 to < 2.50	1	0.99	7	52.08		1	56.0
...other / non-SMEs	2.50 to < 10.00	5	3.85	113	53.22		4	81.2
...other / non-SMEs	10.00 to < 100.00	0	52.08	9	54.78		0	147.9
...other / non-SMEs	100.00 (Default)	0	100.00	1	31.87		0	62.5
...other / non-SMEs	**Subtotal**	**49**	**0.75**	**776**	**52.44**		**8**	16.1

[1] Parameter is not subject to the RWA calculation for retail business. Hence, in compliance with EBA/GL/2016/11, no disclosure for retail business.

EU CCR7: RWA flow statements of CCR exposures under the IMM

	€m	a Risk weighted assets (RWAs)	b Capital requirements
1	**RWA at previous quarter end**	**5,887**	**471**
2	Asset size	−476	−38
3	Credit quality of counterparties	364	29
4	Model updates	29	2
5	Methodology and policy	0	0
6	Acquisitions and disposals	0	0
7	Foreign exchange movements	87	7
8	Other	0	0
9	**RWA at the end of the reporting period**	**5,891**	**471**

The RWA from counterparty risk/CCR remained nearly unchanged in the fourth quarter of 2020.

EU CCR3: Standardised approach – CCR exposures by regulatory portfolio and risk

	Exposure classes | €m	Risk weight											Total	Of which unrated
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Other		
1	Central governments or central banks	5,562	0	0	0	0	0	0	0	0	0	0	5,562	5,562
2	Regional governments or local authorities	927	0	0	0	0	0	0	0	0	0	0	927	927
3	Public sector entities	158	0	0	0	66	0	0	0	0	0	0	224	224
4	Multilateral development banks	0	0	0	0	0	0	0	0	0	0	0	0	0
5	International organisations	0	0	0	0	0	0	0	0	0	0	0	0	0
6	Institutions	2	925	138	0	211	139	0	0	22	0	0	1,437	1,143
7	Corporates	0	728	0	0	316	5	0	0	228	0	0	1,278	1,256
8	Retail	0	0	0	0	0	0	0	16	0	0	0	16	16
9	Durch Immobilien besichert	0	0	0	0	0	0	0	0	0	0	0	0	0
10	Exposures in default	0	0	0	0	0	0	0	0	0	1	0	1	1
11	Items associated with particularly high risk	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Covered bonds	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Collective investment undertakings	0	0	0	0	0	0	0	0	0	0	0	0	0
15	Equity exposure	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Other items	0	0	0	0	0	0	0	0	0	0	0	0	0
17	**Total**	**6,649**	**1,654**	**138**	**0**	**592**	**144**	**0**	**16**	**249**	**1**	**0**	**9,443**	**9,128**

Further information on counterparty credit risk

EU CCR5-A: Impact of netting and collateral held on exposure values

		a	b	c	d	e
	€m	Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
1	Derivatives	197,211	169,321	27,890	16,742	11,148
2	SFTs (securities financing transactions)	83,546	75,612	7,934	276	7,658
3	Cross-product netting	0	0	0	0	0
4	**Total**	**280,756**	**244,933**	**35,823**	**17,018**	**18,805**

EU CCR5-B: Composition of collateral for exposures to CCR

		a	b	c	d	e	f
		Collateral used in derivative transactions				Collateral used in SFTs	
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	€m	Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash	391	18,205	0	20,226	239	2,808
2	Sovereign Bonds	0	66	0	188	1	122
3	Other Bonds	0	2,346	0	2,600	3,227	1,321
4	Equities	0	0	0	0	1	983
5	Other collateral	0	0	0	0	0	0
6	**Total**	**391**	**20,616**	**0**	**23,014**	**3,467**	**5,235**

EU CCR6: Credit derivatives exposures

		a	b	c
		Credit derivative hedges		Other credit derivatives
	€m	Protection bought	Protection sold	
1	Notionals			
2	Single-name credit default swaps	2,167	331	8,230
3	Index credit default swaps	250	0	8,984
4	Total return swaps	0	0	2,573
5	Credit options	0	0	0
6	Other credit derivatives	0	0	0
7	**Total notionals**	**2,417**	**331**	**19,786**
8	**Fair values**			
9	**Positive fair value (asset)**	**63**	**42**	**214**
10	**Negative fair value (liability)**	**40**	**0**	**481**

Contractual agreements that oblige Commerzbank to provide additional collateral to its counterparties in the event of a downgrading of its own rating are governed in the Credit Support Annexes which are established as part of the netting master agreements for OTC derivative business.

The counterparty ratings (from Standard & Poor's, Moody's and Fitch Ratings) are automatically uploaded on a daily basis via interfaces with Reuters, Telerate or Bloomberg into the collateral management system, which can simulate downgrade scenarios if necessary. This makes it possible to carry out an advance analysis of the potential effects on the collateral amounts. Commerzbank regularly reviews these collateral amounts as part of its stress test assuming a simultaneous two-notch downgrade by the three big rating agencies.

addCCR1: Additional contractual obligations (in stress test)

Additional contractual obligations | €m	
Contractual derivative outflows and margin calls	350
thereof collateralised interest rate derivatives	150
thereof uncollateralised interest rate derivatives	200
Other contractual outflows and margin calls	70
Total 2020	**420**
Total 2019	240

C. Securitisations (SEC)

Securitisation process

In securitisation business Commerzbank performs the three roles provided for in regulatory legislation, namely originator, sponsor and investor.

› **Originator** Parts of the Bank's own loan portfolio are placed selectively on the capital markets through securitisation transactions. The transfer of the credit risk is mainly by means of synthetic securitisations where the portfolio is hedged through financial guarantee contracts. As at 31 December 2020, of the outstanding securitisations of Commerzbank, risk exposures of €12.2bn (securitised volume €10.2bn) were retained. By far the largest portion of these positions is accounted for by €10.0bn of senior tranches, which are nearly all rated good or very good. As at the reporting date, Commerzbank's securitisation transactions placed on the capital markets and used to free up regulatory capital were as follows:

SEC1: Securitisation transactions with regulatory capital relief

Securitisation programs[1]	Art[2]	Securitisation pool	Maturity	Issue currency	Current volume | €m
CoCo Finance II–3	S	Corporates	2031	EUR	6,660
CoCo Finance III–2	S	Corporates	2029	EUR	1,723
CoCo Finance III–3	S	Corporates	2030	EUR	1,716
CoCo Finance III–4	S	Corporates	2031	EUR	2,138
Total Commerzbank AG					**12,237**

[1] Securatisation of own customer receivables.
[2] S = synthetic, T = True sale

At the reporting date Commerzbank had placed the transaction CoCo Finance II-3 with a volume of €6bn and the transaction CoCo Finance III-4 with a volume of €1.875bn. The assets securitised by Commerzbank belong to the Bank and are derived from its European, mainly german lending business with small and medium-sized business customers. At the reporting date the transactions CoCo Finance III-1 with an initial volume of €1bn and CoSMO Finance III-2 with an initial volume of €2bn had been repaid according to contract.

As part of the overall management of the Bank, the Commerzbank Group constantly reviews opportunities to securitise its own assets. This process is primarily influenced by the market conditions prevailing at any one time. At the reporting date, no further placement of securitisation transactions was planned for the first half of 2021. In the reporting year, due to the structure of the transactions, Commerzbank did not hold any securitisation exposures for which additional capital was required as a result of an investor share to be taken into consideration by the originator under Article 246 (Regulation (EU) 2017/2401). In addition, during the reporting year Commerzbank provided no implicit support within the meaning of Article 248 (Regulation (EU) 2017/2401).

In the period under review, Commerzbank did not sell investment products resulting from its role as originator to companies that are managed or advised in investments by Commerzbank.

› **Sponsor** By securitising their own portfolios of receivables, i.e. selling their receivables on a non-recourse basis, Commerzbank's customers are able to tap alternative sources of funding on the capital markets. Structuring, arranging and securitising these receivables portfolios, particularly those of customers in the Corporate Clients segment, is a key component of the structured finance product range. Special purpose vehicles (purchasing entities) are typically established to manage these assets. The ABS conduit Silver Tower established by the bank regularly acts as the purchasing entity. Since 2019 the refinancing of the purchases is primarily done through the issuance of short-term registered notes. As sponsor, the Bank is responsible for structuring and, as a rule, purchasing and refinancing the transactions. Commerzbank provides the special purpose vehicles with note purchase agreements to enable access to short-term liquidity through the purchase of registered notes.

These note purchase agreements are counted in full when determining the risk-weighted exposures. The mainly high diversified portfolios of receivables generally derive from customers' working capital, such as trade receivables and car, machinery and equipment leases. The receivables portfolios therefore reflect the differing businesses of those selling the receivables. The volume in the sponsor securitisation positions remained stable at €3.1bn in 2020.

› **Investor** The Commerzbank Group invests under its regulatory banking book in securitisation positions. The Bank's internal credit risk strategy allows entering into new securitisation positions provided that the risk profile of each securitisation position is subjected to a differentiated analysis and documentation. This allows transaction risk drivers that may impact directly or indirectly on the securitised position's risk content to be taken into account. In the year under review Commerzbank invested in senior-ranking securitisation positions, mainly backed by pools of corporate loans and consumer loans.

Risk management

The internal processes for monitoring the risk profile of securitisation exposures are based on the provisions of Articles 5 (due diligence for institutional investors) and 7 (transparency requirements for originators, sponsors and SSPE) ((Regulation (2017/2402) amending Regulation (575/2013))and on the principles of the Minimum Requirements for Risk Management (MaRisk) as amended. They apply equally to all securitisation exposures, irrespective of whether they are part of the regulatory trading or banking book.

The processes put in place by the Bank take account of the individual risk profile of securitisation exposures on the basis of a wide range of information sources. They ensure that various risks directly and indirectly affecting the probability of default of the securitised positions are monitored in a continuous and timely manner. This also includes carrying out regular stress tests that take account of macroeconomic factors and the individual risk profile of the securitised positions.

› **Originator** The credit process for loans to customers does not distinguish between loans which the Bank will securitise at a later date and those for which it will continue to assume the risk. Transactions which allow reliefs in capital for regulatory purposes are subject to a monitoring process that ensures the continuous compliance with the regulations on significant risk transfer according to Articles 244 and 245 (Regulation (2017/2401)). The amount to be retained in securitisation transactions in accordance with Article 6 Regulation ((2017/2402) amending Regulation (575/2013)) is reviewed regularly and published in the Investor Report. A potential placement risk for Commerzbank's transactions is taken fully into account, as the receivables are included in full in the Bank's risk and capital management process up until the actual risk transfer by means of securitisation and placement.

› **Sponsor** The customer transactions funded via conduits are subject to an ongoing credit process. A risk analysis of the transactions is conducted when the transactions are structured and again in regular reviews which are carried out annually and as circumstances require. A rating is assigned using the ABS rating systems certified by the banking regulators (internal assessment approach). For this purpose we take into account all significant risk drivers of the securitised receivables portfolio (e.g. type of receivable, default rates, collateral provided, diversification, dilution risks, commingling risks) and of the securitisation structure (e.g. whether the creditor claims have a waterfall structure, credit enhancements). Qualitative risk drivers ascertained from regular on-site visits to the seller of receivables as well as the seller's financial position are also taken into account. For trade receivables, structure-inherent covers through credit insurance are taken into account in the rating model and credit analysis. Credit insurance is used in order to mitigate concentration risk. The main counterparties here are Euler Hermes Deutschland, the German branch of Euler Hermes SA and the German branch of Compagnie Française d'Assurance pour le Commerce Extérieur SA (Coface). Before any purchase of customer receivables, the minimum conditions agreed in the contract documentation are reviewed and any non-qualifying receivables are excluded. After the receivables have been bought, their quality is reviewed continuously. If any potential problems come to light another credit analysis of the structure is carried out.

› **Investor** Strict internal guidelines must be followed when acquiring a new securitisation position. Such positions are subject to a specific internal credit process that also ensures that the specific requirements for securitisation positions regarding due diligence and retention under Articles 5 and 6 ((Regulation(2017/2402) amending Regulation (575/2013)) are met. In the credit process applied to the Bank's securitisation portfolio, the risk profile of the securitisation positions is analysed quarterly or as circumstances require. In preparing a credit assessment, at the level of the individual tranche a securitisation-specific rating system is used which has been developed internally within the Bank, while external standard models are also applied. As with securitisation exposures, the ranking of the individual tranches contained in the pool within a securitisation structure are taken into account in this analysis, as are the specific features of the asset classes and of the different jurisdictions, in order to generate the expected aggregate cash flow. The results are then used to model the entire waterfall structure at the level of the resecuritisation.

› **Nature of other risks** Commerzbank takes into account not only the original default risk of the securitised receivables but also secondary risks such as market value risk, liquidity risk, legal risk and operational risk insofar as they are relevant with a direct or indirect impact on the default risk. This process looks, for example, at the performance reports for the securitised receivables, changes in external ratings and movements in the market value of the securitisation exposures.

When determining market price risk, changes relating to interest rates, foreign currency rates or credit spreads, among others, are taken into account for the risk assessment of each tranche. In addition, the combination of various conventional risk measures (e.g. VaR) ensures the appropriate management of market risk concentrations at Group level.

Liquidity risk refers in this context to the risk that Commerzbank will be unable to meet its payment obligations on a day-to-day basis. Liquidity risks from securitizations are modelled conservatively in the internal liquidity risk model. In the case of variable-use transactions, it is assumed that the purchase facilities provided to the special-purpose vehicles must be funded by Commerzbank for the duration of their term almost completely and until the maturity date of the last funded claim. Securitisations only qualify as liquid assets if they are eligible for rediscount at the European Central Bank. These positions are only included in the liquidity risk calculation after applying conservative discounts.

Legal risk in the context of securitisation transactions is the risk that the Bank might suffer losses as a result of flaws in legal transaction structures or as a result of missing or flawed legal documentation. Commerzbank's independent Legal department is responsible for examining legal structures and all transaction contracts. In terms of content, risks are divided into those arising from the sphere of the originator itself or those directly connected with the portfolio to be securitised. The subsequent refinancing and collateral structure is also a key element of legal structuring and risk assessment.

As well as being associated with legal risk as a risk type under the overall heading of operational risk, securitisation business is subject to the Group-wide management of operational risks. It therefore falls within the framework of the certified advanced measurement approach used by Commerzbank to measure operational risks.

Valuation methods and quantitative information

Regulatory valuation of securitisations

From 1 January 2019 the new EU securitisation regulation began to apply for securitisation positions. It comprises two regulations: the securitisation regulation (Regulation (EU)2017/2402) that for the first time creates a European framework for simple, transparent and standardised securitisations (STS) as well as regulation (EU) 2017/2401 where the necessary amendments regarding regulation (EU) No 575/2013 (Capital Requirements Regulation, CRR) are adapted.

The securitisation regulation regulates and harmonises the due diligence requirements for institutional investors, the transparency requirements and the specific requirements for the new STS-securitisations. STS-securitisations are considered to be of high quality and therefore receive a more benign capital treatment. During the course of this year, for synthetic securitisations the classification as a STS-securitisation is not intended.

The hierarchy foresees the internal based approach (SEC-IRBA) at the top of the hierarchy if at least 95% of the underlying exposure amounts can be calculated with the SEC-IRBA. If this is not the case the standardised approach (SEC-SA) is to be used. Only if the SEC-SA is not applicable the SEC ERBA which is based on eligible external ratings is relevant.

Securitisation positions in the banking book

› **Originator** Capital is held against synthetic securitisation tranches that have been placed on the market based on the risk weighting of the party providing the collateral. Counterparties to the hedging instruments used, e.g. financial guarantees, are institutional investors, whose deposits serve as collateral. For all transactions whose capital charge is calculated according to the CRR, the approach based on internal ratings (SEC-IRBA) is applied

› **Sponsor** The overwhelming majority of sponsor transactions have to be allocated to the conduit business. Only in a few cases does Commerzbank hold other sponsor positions. For capital requirements within the Conduit business the Standardised Approach according to the amendments to CRR (EU Regulation 2017/2401) applies. For purposes within the internal capital model, portfolio monitoring as well as setting limits (ICAAP-processes), Commerzbank's own rating systems (IAA) had been used for the receivables classes of trade receivables, car finance and leasing, equipment leasing and consumer lending. In addition, the internal assessment approach is subject to an annual validation by Commerzbank's risk function.

The approaches to modelling probability of default (PD) or expected loss (EL) for securitisation tranches differ depending on the type of the securitised asset class. They follow the guidelines of the rating agencies and include main risk drivers of the securitized portfolio as well as the special structural features of the securitization position. Other quantitative and qualitative risk components that are regarded as material by Commerzbank are also included in the assessment. These include, in particular, seller risks and qualitative risk drivers that are evaluated via structured qualitative questionnaires. The result of the rating process is a tranche-specific rating derived from the quantitative and qualitative results of the assessment approach. Depending on the specific approach used, this rating is based on the probability of default or expected loss of the securitised tranche.

For the asset classes trade receivables, car finance and leasing, equipment leasing and consumer lending, a range of different stress factors used by the rating agencies are applied, depending on the main risk drivers for the relevant transactions. These are, for example, stress factors on concentration risks, default risks, dilution risks and interest rate risks. Quantitative and qualitative modelling components devised by the Bank are also used. When calculating loss buffers, stress factors are determined individually for different securitised asset types on the basis of the risk profiles of the securitisation transactions.

For securitisation transactions within the strategic restructuring of the conduit business a gradual transfer of the previous Silver Tower Conduit business to the new Silver Tower Conduit in Luxemburg has taken place. Instead of Commercial Papers (CP) the new Silver Tower Conduit is directly refinanced through Commerzbank. Some transactions – in particular Co-purchase transactions – are reflected directly on the balance sheet instead of in Silver Tower.

› **Investor** For investor positions, external ratings are generally available and lead to the ratings-based approach (RBA) according the CRR being applied on a transitional basis as well as the SEC-ERBA according the new securitisation regulation. Commerzbank takes account of all available external ratings of securitisation positions issued by the rating agencies nominated by Commerzbank, namely Standard & Poor's, Moody's and FitchRatings. It does so irrespective of the type of receivables securitised and the type of securitisation exposure. A very small portion of investor positions is covered by guarantees from guarantors. The guarantee is taken into account in the calculation of RWAs by substituting the risk weighting of the guarantor for the risk weighting of the securitisation. The look-through approach is used to a limited extent. In just a few cases a capital deduction is used due to the lack of an applicable external rating.

Companies which are consolidated within the Commerzbank Group for regulatory purposes may, as part of the Group-wide business and risk strategy, act as investors in securitisation transactions in which the Bank is acting as sponsor or originator.

Commerzbank currently only holds securitisation exposures from transactions where it acts as sponsor or originator. All retentions or repurchases of securitisation exposures from the Bank's own transactions with recognised regulatory risk transfer and securitisation exposures from transactions where Commerzbank has acted as sponsor are taken into account when determining the regulatory capital requirement. In the case of transactions without recognised regulatory risk transfer, the regulatory capital requirement is determined for the securitised portfolio.

Securitisation exposures in the trading book

As at 31 December 2020, the majority of securitisation positions included in the trading book are hedged against performance-induced market price risks by means of credit default swaps with counterparties of good credit quality. In addition, further positions are allocated to the correlation trading book. The capital adequacy requirements are determined by application of the provisions of Articles 337 and 338 CRR relevant for securitisation exposures.

Valuation and accounting procedures

In true sale or synthetic securitisation transactions via special purpose vehicles, IFRS accounting regulations require the Bank to review whether or not the securitising special purpose vehicles need to be consolidated in accordance with IFRS 10. This review process is centralised in the Commerzbank Group in the accounting department. The central unit is informed of the establishment or restructuring of a special purpose vehicle. On the basis of the information submitted, it carries out a review to determine whether or not the special purpose vehicle needs to be consolidated.

› **Originator** If the special purpose vehicle is consolidated as part of the Commerzbank Group, no further derecognition test is carried out under IFRS 9. The asset is not derecognised in this case. If the special purpose vehicle does not have to be consolidated, in true sale securitisations the possible derecognition of the securitised receivables from the balance sheet is assessed. Following an assessment of the risks and rewards of ownership as the primary derecognition criterion and the control concept as the secondary derecognition criterion according to IFRS 9.3.2, a derecognition or partial derecognition is reported where appropriate. In the case of synthetic securitisations, the underlying receivables remain on the balance sheet. As with securitised receivables in true sale securitisations that are not derecognised, they are reported in their original IFRS category. These receivables continue to be accounted for in accordance with the rules for this IFRS category.

Where securitised receivables are derecognised, any resultant gains or losses are recognised in the income statement. In some cases, the derecognition of receivables may lead to the first-time recognition of new exposures, for example bonds issued by special purpose vehicles. Under IFRS these exposures are categorised on the basis of the intention with which the securities were acquired and the type of securities according to IFRS 9 (FVTPL, Amortised Cost and FVOCI). Please refer to the notes to the IFRS Group financial statements (Annual Report 2020, Notes to the balance sheet, from page 198 onwards) for a detailed explanation of the classification rules and the related valuation procedures.

No securitisation transactions leading to derecognition of receivables were carried out in the period under review. As a result, no gains or losses were realised from the sale of receivables in connection with securitisation transactions during the reporting period. The newly founded Coco Finance II–3 Ltd. is not yet consolidated in the year under review for accounting purposes due to a lack of materiality in relation to P&L. The listed company is also not consolidated for regulatory purposes.

If assets are earmarked for securitisation, this has no direct impact on their accounting treatment or measurement within the applicable IFRS categories.

› **Sponsor** Under the Silver Tower Conduit since March 2019 single compartments of Silver Tower S.A. are established for Silver Tower transactions instead of using purchasing entities. The Silver Tower S.A. and their compartments are not being consolidated.

› **Investor** Under IFRS, investor positions are categorised on the basis of the intention with which the securities were acquired and the type of securities according to IFRS 9 (FVTPL, Amortised Cost and FVOCI). For a detailed explanation, please refer to the notes to the IFRS Group financial statements (Annual Report 2020, Notes to the balance sheet, from page 198 onwards), which also explains the related valuation procedures. If the securitisation exposures are traded on liquid markets with observable pricing, they are valued on the basis of independent market prices. If direct measurement at market prices is not possible, the value of the securitisation exposure is determined using prices from external providers. In some cases, the value of the securitisation exposure is determined with the help of valuation models. This involves the application of a discounted cash flow approach, with the cash flows and other relevant parameters being based on data observable on the market. Moreover, the approach is calibrated with market data for application to similar securitisation structures. In many cases the prices estimated by external providers are used. There were no significant changes in the methods used to value securitisation positions in the period under review.

Quantitative information on securitisations

Securitisation positions in the banking book The following information relates to transactions for which risk-weighted exposures are determined in accordance with Articles 242–270 regulation amending CRR (EU Regulation 2017/2401). This also includes the Commerzbank Group's own securitisation transactions for which capital relief is available and made use of for regulatory purposes.

The total volume of all retained or acquired securitisation exposures (on- and off-balance-sheet) was €23.5bn as at the reporting date. This amount corresponds to the exposures after deducting eligible collateral.

A breakdown of retained or acquired securitisation exposures by exposure type and the regulatory role assumed by Commerzbank is given in the following table.

SEC2: Retained or acquired securitisation exposures in the banking book by type of exposure

€m	On-balance securitisation positions	Off-balance and derivative securitisation positions
Loans to companies/SMEs	15,735	4
Consumer loans	4,191	0
Trade receivables	1,740	712
Leasing receivables	1,169	30
Commercial real estate	0	0
Residential real estate	18	43
Total 2020	**22,852**	**789**
Total 2019	16,925	853

Based on the country of the securitised claim, the securitisation exposures originate predominantly from Germany at 60% (2019: 54%), the USA 23% (2019: 28%) and France 7% (2019: 7%).

The next table provides a breakdown of acquired or retained securitisation exposures by risk weighting bands. Risk weightings are ascertained by applying the risk approach applicable to each securitisation exposure as per Article 254 CRR of the regulation amending CRR (EU Regulation 2017/2401).

If a securitisation exposure has an external rating of B+ or worse, the exposure is deducted from CET1 capital. The capital requirements are determined by the exposure and its risk weighting after taking account of any impairments. In order to ensure the comparability with the figures of the previous year the securitisation positions that had to be treated according the old regulation requirements until year end 2019 and since 1.1.2020 completely have to be treated according to the new capital requirements are shown as follows:

Securitisation positions of the former IRBA Rating approach (IRBA-RBA) as well as the KSA-RBA Rating based Approach (KSA-RBA) have been allocated to the new Approach SEC-ERBA. Securitisation positions of the former Supervisory Formula Approach (IRBA-SFA) as well as the IAA have been allocated to the new SEC-SA. The two securitisation positions that had been calculated with the Look Through Approach (KSA-LTA) are calculated according the SEC-ERBA.

SEC3: Retained or acquired securitisation exposures in the banking book by risk weighting band according to amendments to CRR (Regulation (EU) No. 2017/2401)

	SEC-IRBA		SEC-ERBA		SEC-SA	
Risk weighting band €m	Position value	Capital requirement	Position value	Capital requirement	Position value	Capital requirement
≤ 10%	0	0	1,350	11	2,153	17
> 10% ≤ 20%	8,760	105	6,637	106	774	10
> 20% ≤ 50%	1,367	29	1,504	36	636	21
> 50% ≤ 100%	0	0	260	14	0	0
> 100% ≤ 650%	0	0	2	1	0	0
> 650% < 1,250%	22	19	0	0	0	0
Total 2020	**10,148**	**153**	**9,753**	**168**	**3,563**	**48**
Total 2019	4,991	86	9,064	110	3,533	72

As at 31 December 2020 the value of the securitisation exposures deducted from equity capital was €209m (2019: €201m). After taking account of impairments, the capital deduction amounted to €178m (2019: €171m).

In the year under review, Commerzbank no longer had any resecuritisation positions in its portfolio.

The table below shows the outstanding volumes of Commerzbank's securitisation transactions. These were originator transactions with recognised regulatory risk transfer or primary ABCP-funded sponsor transactions.

SEC4: Securitisation assets outstanding

	Originator Traditional		Originator Synthetic		Sponsor	
€m	2020	2019	2020	2019	2020	2019
Loans to companies/SMEs	59	59	11,248	4,746	155	169
Consumer loans	0	0	0	0	0	0
Securitised positions	0	0	0	0	0	0
Leasing receivables	0	0	0	0	831	766
Trade receivables	0	0	0	0	1,575	2,365
Commercial real estate	0	0	0	0	0	0
Residential real estate	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	**59**	**59**	**11,248**	**4,746**	**2,562**	**3,300**

On the reporting date, the securitised portfolios included non-performing or past due loans as shown below:

SEC5: Impaired / past-due assets securitised

	Non-performing loans		Past due loans	
€m	2020	2019	2020	2019
Loans to companies/SMEs	13	52	6	3
Commercial real estate	0	0	0	0
Residential real estate	0	0	0	0
Total	**13**	**52**	**6**	**3**

During the period under review, no portfolio losses occurred under the Commerzbank originator transactions. We have taken the information on portfolio losses and on impaired and past due claims from the investor reports for the respective underlying transactions.

Securitisation transactions in the trading book The information in this section relates to securitisation exposures in the trading book (excluding the correlation trading portfolio) for which risk-weighted exposure values are determined in accordance with Article 337 CRR. This comprises securitisation exposures where Commerzbank acts as sponsor, originator or investor.

The total net exposure of all retained or acquired securitisation positions was below €1m at the reporting date, including credit derivative hedges according to article 337 CRR. There are no further off-balance-sheet hedge positions.

The trading book's total retained or acquired securitisation position with a total net exposure below €1m as at 31 December 2020– as in the previous year – is subject to the SEC-ERBA approach.

Based on the country of the securitised claim most of these securitisation exposures originate from the Germany.

At year-end 2020 (as at year-end-2019) there were no retained or acquired resecuritisation exposures in the trading book.

As at the end of the reporting period, there were no trading book securitisation exposures that were not deducted from CET1. As at 31 December 2020 the value of the securitisation exposures to be deducted from equity capital (including resecuritisations) as well as the capital requirement was below €1m (2019: €<1m).

D. Market risk (MR)

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 generally reflected in the revaluation reserve or in hidden liabilities/reserves.

Risk management

Strategy and organisation

Commerzbank's market risk strategy is derived from its Group Risk Strategy and the business strategies of the individual segments. It sets targets for market risk management in relation to Commerzbank's main business activities. The core market risk management tasks are the identification of all material market risks and drivers of market risk for the Group and the independent measurement and evaluation of these. The results and estimates serve as the basis for risk/return-oriented management.

The Board of Managing Directors of Commerzbank is responsible for ensuring the effective management of market risk throughout the Commerzbank Group. Specific levels of authority and responsibility in relation to market risk management have been assigned to the appropriate market risk committees.

Various market risk committees have been established within the Bank. In these, segment representatives, along with representatives from the risk function and finance area, discuss current risk positioning issues and decide on appropriate action. Chaired by the risk function, the Group Market Risk Committee, which meets monthly, deals with the Commerzbank Group's market risk position. Discussions centre on the monthly market risk report, which is also presented to the Board of Managing Directors for their consideration. The report summarises the latest developments on financial markets, the Bank's positioning and related risk ratios. The Segment Market Risk Committee focuses on the Corporate Clients segment and the Group Treasury division.

The risk management process involves the identification, measurement, management and monitoring of risks and reporting on them. It is the responsibility in functional terms of market risk management, which is independent of trading activities. Central market risk management is complemented by decentralised market risk management units at segment level and for regional units and subsidiaries. The close integration of central and local risk management with the business units means that the risk management process starts in the trading areas themselves. The trading units are responsible in particular for the active management of market risk positions, e.g. reduction measures or hedging.

Risk management

Commerzbank uses a wide range of quantitative and qualitative tools to manage and monitor market risk. Quantitative limits for sensitivities, value at risk (VaR) figures, stress tests, scenario analyses and ratios on economic capital limit the market risk. Our comprehensive rulebook, in the form of market risk policies and guidelines as well as restrictions on portfolio structure, new products, maturities and minimum ratings, establishes the qualitative framework for market risk management. The market risk strategy lays down the weighting of figures in each segment by reference to their relevance. Thereby allowance is made for the varying impact of the parameters for the management of the segments in line with the business strategy.

Market risk is managed internally at Group level, segment level and in the segment's reporting units. A comprehensive internal limit system broken down to portfolio level is implemented and forms a core part of internal market risk management.

The quantitative and qualitative factors limiting market price risk are determined by the market risk committees by reference to the Group's management of economic capital. The utilisation of these limits, together with the relevant net income figures, is reported daily to the Board of Managing Directors and the responsible heads of the Group divisions. Based on qualitative analyses and quantitative ratios, the market risk function identifies potential future risks, anticipates potential financial losses in collaboration with the finance function, and draws up proposals for further action, which are discussed with the market units. Voting on the proposed measures or exposures takes place in the above-mentioned market risk committees and is subsequently submitted to the Board of Managing Directors for approval.

Risk concentrations are restricted directly with specific limits or are indirectly avoided, for example using stress test limits. In addition, the combination of various conventional risk measures (e.g. VaR, sensitivities) ensures the appropriate management of concentration risks. Furthermore, risk drivers are analysed on a regular basis in order to identify concentrations. The risk management of existing concentrations is also reviewed using situation-driven analyses and, where necessary, supplemented by targeted measures such as limits.

Any limits that are breached are handled in a separate escalation procedure. After a limit breach has been identified, the front office and risk units design adequate countermeasures. If the limit breach cannot be remedied within a reasonable period, it will be escalated by the market risk function to the next hierarchical level.

Regulatory risk measures that are not included in economic risk-bearing capacity are limited and managed separately. These include, for example, stressed VaR and incremental risk charge.

Tradability and measurement of financial instruments

The criteria applicable within the Bank for the allocation of transactions to the trading book or banking book are set as part of a Group-wide policy which implements the regulatory requirements for the allocation of transactions to the trading book with regard to the bank-specific circumstances, particularly also with regard to organisation and the focus of business policy.

Commerzbank has various control processes in place to identify illiquid markets and trading restrictions, which provide indications to determine the procedures to adopt in such cases. In addition to this, the ability to hedge trading book positions and the assessment of the reliability of measuring these trading book positions are subject to regular reviews.

IFRS 13 standardises the rules for measuring fair value. Under IFRS 13, the fair value of an asset is the amount for which it could be sold between knowledgeable, willing, independent parties in an arm's length transaction. The fair value therefore represents a realisable 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. Furthermore, for the valuation of a debt one's own default risk has to be considered.

The most suitable measure of fair value is the quoted price for an identical instrument in an active market (fair value hierarchy level I). In cases where no quoted prices are available, valuation is based on quoted prices for similar instruments in active markets. In all other cases, fair value is derived using an appropriate valuation model where the data inputs are obtained, as far as possible, from verifiable market sources (fair value hierarchy level II).

Most valuation methods are based on data from verifiable market sources. However, some valuation models use inputs for which sufficient verifiable current market data is not available, and which therefore inherently include a greater level of expert or management judgement. These unobservable inputs may include data that is extrapolated or interpolated, or may be derived by approximation to correlated or historical data. Here, to a maximum extent, these inputs are market or third-party inputs and rely as little as possible on expert estimates or company-specific inputs (fair value hierarchy level III).

Valuation models must be consistent with accepted economic methodologies for pricing financial instruments. They must incorporate all factors that market participants would consider appropriate in setting a price. In the Commerzbank Group, standards have been established in the form of internal controls and procedures for the independent verification and validation of all fair values including the creation of a valuation reserve. These controls and procedures are carried out by various units within the independent finance and risk functions, with a central supervisory function being exercised by the Independent Price Verification (IPV) Group within the risk function. The models, inputs and resulting fair values are reviewed regularly by senior management, the finance and the risk function.

The fair value itself is determined in a two-step process. As a first step, the individual fair value components are calculated in accordance with the relevant rules; the second step involves combining the components on a monthly basis in a consolidated fair value report for reporting at Group level.

The independent price verification (IPV) process ensures the correctness of the prices and parameters used in the fair value calculation as a central, independent process for determining and verifying the fair value. The IPV process is based on a risk-oriented approach which takes into account internal factors such as changes in business strategy, the expansion or downsizing of business activities as well as external factors such as developments in markets, products and valuation models. If a price is directly observable, e.g. the stock market price of a share, the products are valued at the bid or offer side, depending on whether they are a long or a short position. However, if a valuation model for determining fair value is applied, the respective input parameters at mid-market are used, e.g. interest rates and implied volatilities to value an interest rate option. This results in the positions affected being overvalued because their liquidation or hedging in the market would always be realised at a bid or offer price. Accordingly, "bid-offer reserves" - totalling ½ of the bid-offer spread in relation to the associated position - must be taken into account as liquidation or hedge costs for all positions valued at mid-market.

In the event of illiquid products or input parameters the availability of independent market data sources may be restricted. Where sufficient information is available for a solid independent estimate made by experts, a parameter uncertainty reserve is set up. Such estimates are usually based on comparable and available market data (mapping), so the corresponding reserve can be calculated on the basis of the standard deviation of this market data. However, if the applied valuation models use input parameters for which there is no market data or insufficient verifiable market data (see Level III above), a "Day-1 reserve" is set up on the day the transaction is executed. To this end, the profit or loss calculated by the valuation model on the first day of trading (Day1) is set aside and recognised on a pro-rata basis over the term of the transaction or the period during which the relevant market parameters are expected to be unobservable.

Should valuation models show theoretical deficits or be subject to certain restrictions in their practical application, it is necessary to set up model reserves that reflect these uncertainties. Here, a distinction is made between generic model reserves, which relate to all transactions measured using a specific model, and specific model reserves, which affect only individual transactions or particular model combinations. These reserves are usually estimated using a revaluation with alternative models.

In addition, valuation adjustments (summarised under the term xVA) for OTC derivatives have been taken into account. These valuation adjustments include the risk and funding profiles of counterparties and of the bank itself in the valuation. Thus the credit valuation adjustment (CVA) describes the valuation adjustment of OTC derivatives for the default risk of the counterparty while the debit valuation adjustment (DVA) depicts the adjustment for own default risk. The funding valuation adjustment (FVA) for its part offsets differences in funding costs on account of the incomplete collateralisation of derivative transactions.

Market risk model

Value at Risk

A standardised value at risk model incorporating all positions is used for the internal management of market risk. VaR quantifies the potential loss from financial instruments due to changed market conditions over a predefined time horizon and with a specific probability.

Our VaR market risk model is based on a historical simulation with a one-year interval of historical market data. The historical simulation determines the profit and loss distribution of the current portfolio by means of revaluation using historical changes in market prices and volatility. This is done on the basis of independent market data which is quality-assured on a daily basis and fed into a central market database at a standard defined time. Market data is provided for all relevant positions in the asset classes interest rates, credit spreads, equities, foreign currencies and commodities. This market data takes the form of prices quoted directly on the market or market data such as yield and credit spread curves derived using internal methods. A proxy concept is used if no market data is available for individual exposures. In this case, prices are derived from those for comparable instruments.

For internal management purposes, a confidence level of 97.5% and a holding period of one day are assumed. The value at risk concept makes it possible to compare risks over a variety of business areas. It enables many positions to be aggregated, taking account of correlations between different assets. This ensures a consolidated view of the market risk at all times. A comprehensive internal limit system broken down to portfolio level is implemented and represents an important part of internal market risk management.

The VaR market risk model described above is also used to calculate regulatory required capital. This regulatory capital backing is required for trading book risks and for currency and commodity price risks in the banking book. A confidence level of 99% and a ten-day holding period are used for the regulatory capital adequacy requirement. These assumptions meet the requirements of the Basel Committee and other international standards on the management of market risk. For certain evaluations, such as backtesting, the VaR is also calculated on the basis of a one-day holding period.

Stress test

As the VaR concept gives a prediction of potential losses on the assumption of normal market conditions, it is supplemented by the calculation of 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 steepness.

Extensive Group-wide stress tests and scenario analyses are carried out as part of risk monitoring. The Bank-wide stress test calculation is based on a combination of short-term stress test scenarios and scenarios based on macro-economic variables. The stress test framework is completed by portfolio-specific stress tests and ad-hoc scenario analyses.

Stress tests are intended to simulate the impact of crises and extreme market conditions on the Bank's overall market risk position. The impact on the respective components of capital and the income statement is also quantified in these tests.

In order to manage and monitor risks, short-term scenarios are calculated daily, compared against fixed limits and reported to the Board of Managing Directors. The longer-term scenarios are calculated on a monthly basis and discussed in the respective committees.

Model validation

The reliability of the internal model (historic simulation) is monitored in various ways, including by backtesting on a daily basis. The VaR calculated is set against actually occurring profits and losses. The VaR used in backtesting is based on the complete historic simulation and therefore represents all components of the internal model used in the market risk VaR calculation of capital adequacy requirements at Group level. The process draws a distinction between "clean P&L" and "dirty P&L" backtesting. In clean P&L backtesting, 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).

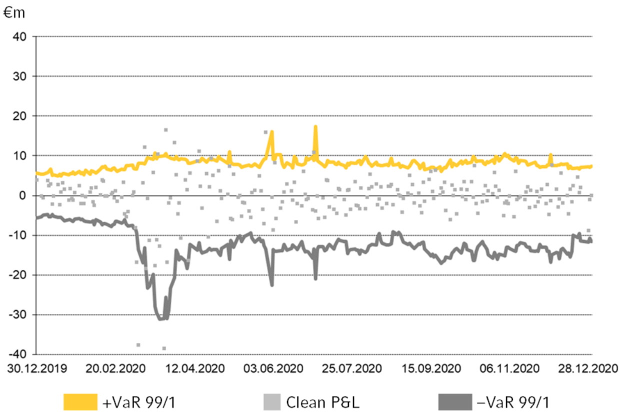
In dirty P&L backtesting, by contrast, profits and losses from newly concluded and expired transactions from the day under consideration are also included (actual profits and losses induced by portfolio value changes). Profits and losses from valuation adjustments and model reserves are factored into 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. The analysis of the results of backtesting is used to evaluate the appropriateness of the market risk model and provides an informative basis for checking parameters as well as for potential improvements. In 2019, we saw three negative clean P&L outlier and two negative dirty P&L outliers. The outliers are all related to exceptionally strong market movements in response to the Corona crisis, which by their nature could not be predicted by historically calibrated VaR models. The underlying market movements observed during these days exceeded the historical fluctuation range of the 1-year period underlying the historical simulation. The main factors for the outliers were extended credit spreads, cross-currency basis spreads and fluctuations in interest rates, stock and currency rates, as well as extended future-forward base spreads for precious metals.

It was verified that none of the observed backtesting outliers were caused by model weaknesses. 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 and may lead to additional factors in the capital calculation.

Since the above-mentioned exceedances were not due to inadequacies of the internal models, Commerzbank was granted permission to exclude the above-mentioned Corona-related three clean P&L and two dirty P&L outliers from the calculation of the surcharge factor of March 2020. Commerzbank's capital base is not currently affected by this. This is identical with and without exclusion of the backtesting outlier.

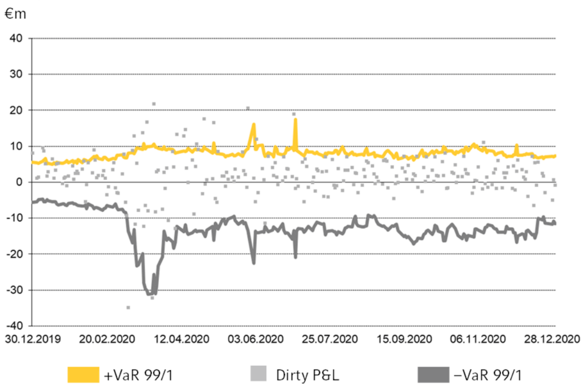
EU MR4: Comparison of VaR estimates with gains/losses (clean)

Clean P&L backtesting results



EU MR4: Comparison of VaR estimates with gains/losses (dirty)

Dirty P&L backtesting results



The individual components of the internal model are regularly validated for their appropriateness for risk measurement. These include the underlying model assumptions and parameters and the proxies used. Validation analyses are planned and carried out based on the validation concept. The scope and frequency of the validations are defined in the validation concept by means of a materiality and risk-oriented prioritisation. The validation planning and progress is regularly presented to the Validation Committee, which discusses and approves the validation results.

The validation results are also reported to the Group Market Risk Committee on a quarterly basis. The identification and elimination of model weaknesses are of particular importance.

Quantitative information on market risks

Pursuant to Article 92 (3) b) and c) CRR, adequate capital must be set aside for market risk positions. Commerzbank uses an internal market risk model to calculate the regulatory capital requirement. This affects both the equity price and interest rate-related risk positions in the trading book as well as the currency positions and commodity positions. The standardised approaches are applied for smaller units in the Commerzbank Group in accordance with the partial use option.

EU MR1: Market risk under the standardised approach

		a	b
	€m	**RWAs**	**Capital requirements**
	Outright products		
1	Interest rate risk (general and specific)	329	26
2	Equity risk (general and specific)	–	–
3	Foreign exchange risk	382	31
4	Commodity risk	–	–
	Options		
5	Simplified approach	–	–
6	Delta-plus method	2	0
7	Scenario approach	–	–
8	Securitisations (specific risk)	–	–
9	Collective investment undertakings	2	0
10	**Total**	**715**	**57**

Development of market risk assets in the standard approach

The standard approach is essentially used to include the market risk positions of investments/subsidiaries in the calculation of capital requirements. At 31 December 2020, the standard approach accounted for 8 % of all market risk assets. The risk-weighted assets for market risk positions in the standard approach declined by €291m to €715m in the year 2020 due to decreased foreign exchange risk. The dominant risk classes are foreign exchange and interest rate risks.

Market risk in the internal model approach

At 31 December 2020, the internal model approach accounted for 92% of all market risk assets. The risk-weighted assets for market risk positions in the internal model increased in the fourth quarter of 2020 by €1,228m to €8,057m. The main reason for this is changed regulatory requirements for the RWA calculation. For the full year, the internal model's RWA increased by €3,094m, mainly due to the high market volatility in the context of the Corona pandemic and the above-mentioned regulatory requirements for the RWA calculation.

EU MR2-A: MR under the Internal Model Approach (IMA)

		a	b
	€m	**RWAs**	**Capital requirements**
1	**VaR (higher of values a) and b))**	**2,817**	**225**
a)	Previous day's VaR (Article 365(1) of the CRR (VaRt-1))		43
b)	Average of the daily VaR (Article 365(1)) of the CRR on each of the preceding 60 business days (VaRavg) x multiplication factor (mc) in accordance with Article 366 of the CRR		225
2	**sVaR (higher of values a) and b))**	**4,845**	**388**
a)	Latest SVaR (Article 365(2) of the CRR (SVaRt-1))		92
b)	Average of the SVaR (Article 365(2) of the CRR) during the preceding 60 business days (SVaRavg) x multiplication factor (ms) (Article 366 of the CRR)		388
3	**IRC (higher of values a) and b))**	**396**	**32**
a)	Most recent IRC value (incremental default and migration risks calculated in accordance with Article 370 and Article 371 of the CRR)		32
b)	Average of the IRC number over the preceding 12 weeks		31
4	**Comprehensive risk measure (higher of values a), b) and c))**	**0**	**0**
a)	Most recent risk number for the correlation trading portfolio (Article 377 of the CRR)		0
b)	Average of the risk number for the correlation trading portfolio over the preceding 12 weeks		0
c)	8% of the own funds requirement in the standardised approach on the most recent risk number for the correlation trading portfolio (Article 338(4) of the CRR)		0
5	**Others**	**0**	**0**
6	**Total**	**8,057**	**645**

EU MR2-B: RWA flow statements of market risk exposures under the Internal Model Approach (IMA)

		a	b	c	d	e	f	g
	€m	VaR	SVaR	IRC	Comprehensive risk measure	Others	Total RWAs	Total capital requirement
1	**RWA at previous quarter end**	**2,357**	**4,050**	**422**	**0**	**0**	**6,829**	**546**
1a	Regulatory adjustment	0	0	0	0	0	0	0
1b	RWA at previous quarter end (end of day)	2,357	4,050	422	0	0	6,829	546
2	Movement in risk levels	−32	−68	−26	0	0	−126	−10
3	Model updates/changes	0	8	0	0	0	8	1
4	Methodology and policy	492	855	0	0	0	1,347	108
5	Acquisitions and disposals	0	0	0	0	0	0	0
6	Foreign exchange movements[1]	0	0	0	0	0	0	0
7	Others	0	0	0	0	0	0	0
8a	RWA at the end of the reporting period (end of day)	2,817	4,845	396	0	0	8,057	645
8b	Regulatory adjustment	0	0	0	0	0	0	0
8	**RWA at the end of the reporting period**	**2,817**	**4,845**	**396**	**0**	**0**	**8,057**	**645**

[1] Changes of RWA which are due to foreign exchange movements are reported under „Movement in risk levels“.

Market risk in the 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 Treasury division.

The value at risk (10 days 99%) increased in the course of the year from €18m at year-end 2019 to €38m as at 31 December 2020. The main reason for this is the increased market volatility in the context of the Corona crisis, which has led to new extreme scenarios in the VaR calculation.

The market risk profile is diversified across all asset classes, interest rate risk, foreign exchange risk as well as credit spread, commodity and inflation risks. The equity price risk has decreased significantly due to the sale of the equity business.

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 in the course of the year.

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. Equity event VaR is conceptually part of the historical simulation taking into account empirical equity events over long observation periods. It is a component in the regulatory VaR calculation and included in the values of the following table EU MR3. Commerzbank does not have an internal model for correlation trading activities.

The incremental risk charge is based on the credit VaR model with historical data for rating migration and default probabilities and for recovery factors. The model shows current gains and losses on positions in the event of rating changes. In addition, in calculating the incremental risk charge, assumptions are made regarding liquidity (average regrouping/liquidity horizon). These liquidity horizons are set on a portfolio-specific basis, taking into account market structure and activity and concentrations of positions.

Stressed VaR (10 days 99%) increased by €9m year-on-year to €90m, mainly due to exposure changes in the Treasury and corporate customers segment. The incremental risk charge increased by €6m to €20m. This was due to exposure changes in the Corporate Clients segment.

EU MR3: IMA values for trading portfolios

	€m	a
	VaR (10 day 99%)	
1	Maximum value	99
2	Average value	41
3	Minimum value	15
4	Period end	38
	sVaR (10 day 99%)	
5	Maximum value	115
6	Average value	89
7	Minimum value	65
8	Period end	90
	IRC (99.9%)	
9	Maximum value	59
10	Average value	23
11	Minimum value	13
12	Period end	20
	Comprehensive risk capital charge (99.9%)	
13	Maximum value	-
14	Average value	-
15	Minimum value	-
16	Period end	-

addMR1: Incremental Risk Charge by sub-portfolio

Sub-portfolio	**IRC**[1] €m	**Average regrouping horizon** | months
Corporate Customers	20	7
Treasury	0.8	12

[1] Excluding diversification effects between sub-portfolios.

Market liquidity risk

The 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.

Interest rate risk in the banking book

Interest rate risk is one of the most significant financial risks posed by banking operations. This includes in particular the risk of value adjustments as a result of interest rate fluctuations over time. The maturity of interest rate positions and their refinancing structure are fundamental factors in the management of interest rate risks. In commercial business, the modelling of interest rate risk includes assumptions on early repayments and on investor behaviour when deposits are open-ended. The risk of a flattening or steepening in the yield curve is also covered. Interest rate risks may also arise if positions are closed as a result of hedging transactions with a different pricing type to the underlying transaction (basis risks). Interest rate risks relate to Commerzbank's banking book and trading book. The combined position of both books results in Commerzbank's overall interest rate risk.

Strategy and organisation

The interest rate risk in the Commerzbank Group's banking book primarily results from commercial business. Interest rate risks arise here if interest rate positions in customer business are not hedged or are only partially hedged. Interest rate risks also arise from the investment models used by the central ALCO (Asset Liability Committee), which comprise in particular the investment and/or refinancing of products without contractually fixed interest rates, e.g. for equity capital, savings and sight deposits.

In the Commerzbank Group, interest rate risk in the banking book is the responsibility of Group Treasury within the scope of the business strategy. In addition to the positions of the central Group Treasury division, the treasury activities of branches and all subsidiaries are also taken into consideration.

Treasury's main tasks include the management of the balance sheet structure and of liquidity risks. The aim is to generate a positive interest margin from interest income and refinancing expenses. This gives rise to interest rate risks if positions are not refinanced with matching maturities and matching currencies.

Management

Commerzbank jointly manages interest rate risk from both the trading and banking book, as well as managing this risk separately for the trading book and banking book. This is done strategically by means of risk policies and operationally by means of appropriate limit systems. The risks are consolidated in central risk management. Central risk management is supplemented by a risk management unit for Treasury within the market risk function.

Interest rate risks in the banking book are managed in line with the business strategy by means of maturity- and currency-congruent refinancing and the use of interest rate derivatives. For example, interest rate swaps with sufficient market liquidity enable a prompt response to management measures. However, some products without fixed maturities, such as sight and savings deposits or equity capital, are available to the Bank in the long term. Here the Bank uses appropriate models to manage interest rate risks and stabilise earnings performance. Our models are regularly monitored.

Quantitative information on interest rate risks in the banking book

The measurement of interest rate risk is completely integrated into the Bank's daily measurement and monitoring of risk. As with the measurement of trading book risks, risks in the banking book are also quantified using the value at risk method. Stress tests and scenario analyses are also calculated on a daily and monthly basis. The stress test calculations as mentioned above are used for this purpose. This standardised procedure is intended to ensure transparency of interest rate risks in both the trading and banking book.

A further control variable for interest rate risks in the banking book is interest rate sensitivities. These indicate how interest income varies following a change in interest rates, for example of one basis point (bp). Interest rate sensitivities are also monitored on a daily and monthly basis. This monitoring takes place at both portfolio and segment level as well as for the Commerzbank Group. For management purposes, interest rate sensitivities are limited to the various maturity bands at both Group and segment level. The main focus is on interest rate sensitivities relating to long maturity periods.

To manage its commercial business Commerzbank uses interest rate risk models for the illustration of customer behavior risk on the asset side (early repayments of mortgage loans and consumer loans) and on the liabilities side (deposits without a fixed term).

Deposits are modeled using replication portfolios, depending on the product, segment and legal entity. The replication portfolios are intended to reflect the economic maturity of the deposit and ensure stable returns. An economically expected repayment profile is derived for fixed-interest mortgage loans and consumer loans. Interest rate risk management is then operated on this basis.

The impact of an interest rate shock on the economic value of the Group's banking books is simulated monthly in compliance with regulatory requirements. In accordance with the Banking Directive, the Federal Financial Supervisory Authority (BaFin) and the European Central Bank (ECB) have prescribed two 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.

On this basis, the interest rate shift of +200 basis points would give a potential loss of €2,776m, and the shift of –200 basis points a potential economic gain of €343m as at 31 December 2020. Commerzbank does therefore not need to be classified as a bank with higher interest rate risk as the negative changes in present value account for less than 20% of regulatory capital.

addMR2: Interest rate risk in the banking book by currency

€m	2020		2019	
Interest rate shock	**–200bp**	**+200bp**	**–200bp**	**+200bp**
EUR	220	–2,051	119	–2,050
USD	71	–235	75	–91
GBP	69	–365	322	–388
JPY	–39	14	0	48
CHF	–3	8	0	–13
Others	26	–148	97	–140
Total	**343**	**–2,776**	**614**	**–2,635**

E. Liquidity risk (LR)

We define liquidity risk in a 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

Strategy and organisation

The Board of Managing Directors adopts the business strategy and the Bank's risk tolerance, which is associated with it. Liquidity risk tolerance is then operationalised by defining the liquidity reserve period and the limit framework. In order to ensure an appropriate liquidity risk management process, the Board of Managing Directors delegates certain competences and responsibilities in connection with the Group-wide liquidity risk strategy to the risk and treasury functions.

The central Asset Liability Committee (ALCO) is responsible for limiting, analysing and monitoring liquidity risk and for strategic liquidity positioning. ALCO is supported by various sub-committees in this.

Risk management

Commerzbank uses a wide range of tools to manage and monitor liquidity risks on the basis of its internal 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 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.

Additional information on this subject can be found in the section "Funding and liquidity of the Commerzbank Group" in the Annual Report 2019 from page 79. 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.

This is also applicable for payment obligations in foreign currencies. In addition, the Bank also mitigates a concentration by continuously using broadly diversified sources of funding, particularly diverse customer deposits and capital market instruments.

Commerzbank also ensures that it monitors foreign exchange risks and fulfils the currency matching requirements for highly liquid assets and net liquidity outflows.

In the event of a liquidity crisis, the emergency plan provides for various measures for different types of crisis that can be launched by the central ALCO. The emergency plan forms an integral part of Commerzbank's recovery plan and is updated at least once a year, whereas the individual liquidity emergency measures are checked regularly during the year for plausibility. The emergency 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.

Information on the encumbrance of assets pursuant to Article 443 CRR can be found in the Annual Report 2020, pages 339-341.

Liquidity risk model

A key component of liquidity risk management is the daily calculation of the liquidity gap profile. The liquidity gap profile shows the deterministic or stochastic inflows and outflows expected in the future on a given reporting date and across all portfolios. This forms the basis for calculating liquidity requirements or excess liquidity per maturity band. This also includes modelling the proportion of customer deposits that will be permanently available, known as the core deposit base.

The liquidity gap profile is also used to set the issuance strategy of the Commerzbank Group, which is operationalised by the Group Treasury division. The Group Finance division is responsible for calculating and allocating liquidity costs on the basis of the liquidity gap profile, which are then incorporated in the management of the segments' business activities.

Based on the methodology of the liquidity gap profile, management mechanisms such as recovery and early warning indicators are limited and monitored accordingly. The liquidity gap profile is limited in all maturity bands. The Group limits are broken down into individual Group units and currencies. The internal liquidity risk model is complemented by the regular analysis of additional adverse, reverse and historic stress scenarios.

More information on the current developments triggered by the Corona pandemic can be found in the section "Funding and Liquidity of the Commerzbank Group" in the Management Report of the Annual Report 2020 on pages 100 et seq.

Quantification and stress testing

Commerzbank uses a wide range of tools to manage and monitor liquidity risks on the basis of its internal 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 full 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, extensions 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 of 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 after application of the respective stress scenarios for periods of one and three months. Significantly more liquidity flows out in a combined scenario compared with the individual scenarios. As at end-2020, in the one-month and three-month periods, the combined stress scenario leaves net liquidity of €14.7bn and €8.4bn respectively.

addLR1: Liquidity gap profile in the stress scenarios

Net liquidity in the stress scenario €bn		31.12.2020	31.12.2019
Idiosyncratic scenario	1 month	21.2	18.4
	3 months	16.8	20.1
Market-wide scenario	1 month	23.3	20.7
	3 months	17.0	20.2
Combined scenario	1 month	14.7	11.7
	3 months	8.4	11.2

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 in order to ensure that it is kept at the required size throughout the entire reserve period stipulated by the Board of Managing Directors.

As at end 2020, the Bank had a liquidity reserve of €94.8bn in the form of highly liquid assets. This 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. A 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 total value of this portfolio was €6.1bn as at year-end 2020.

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

addLR2: Liquidity reserves from highly liquid assets

Liquidity reserves from highly liquid assets | €bn	31.12.2020	31.12.2019
Highly liquid assets	94.8	72.4
of which level 1	85.6	59.6
of which level 2A	8.6	11.5
of which level 2B	0.6	1.3

Liquidity ratios

Throughout 2020, Commerzbank's internal liquidity ratios, including the regulatory liquidity coverage ratio (LCR), were at all times above the limits set by the Board of Managing Directors. The same is true of compliance with the survival period calculation set down by MaRisk.

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 2020, Commerzbank significantly exceeded the minimum ratio of 100% stipulated for that year on every reporting date. As at the end of 2020, the average month-end value of the LCR over the last twelve months was 135.68% (year-end 2019: 132.72%).

The Bank has established corresponding limits and early warning indicators to ensure the LCR minimum requirements are met. Further information on liquidity risk and the liquidity coverage ratio (LCR) according to the guideline on LCR disclosure – EBA/GL/2017/01 – can be found in the Annual Report 2020 in the section "Funding and liquidity of the Commerzbank Group" and in Note (65) (Liquidity Coverage Ratio) of the appendix.

F. Operational risk (OR)

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 legal risks; it does not cover strategic or reputational risks. In view of their increased economic significance, compliance risk and cyber risk are managed as separate risk types. In line with the CRR, however, losses from compliance and cyber risks are still incorporated into the model for determining the regulatory and economic capital required for operational risks.

Risk management

Strategy and organisation

Within Commerzbank, OpRisk and governance issues of the internal control system (ICS) are closely connected in terms of both organisational structure and methodology and are continuously being enhanced. This is because many OpRisk cases are closely linked with failures in the control mechanisms. A properly functioning ICS thereby helps to reduce or avoid losses from operational risks and thus to lower the amount of capital required to cover operational risks in the medium to long term. Conversely, the operational risk management systems enable the ICS to adapt itself consistently to them.

The further development of the ICS structure is an essential aspect of the pro-active reduction or prevention of operational risks. Accordingly, the governance of the ICS was reoriented in the course of the Campus 2.0 realignment through extended phases of risk identification, control inventory and control evaluation in order to enable the units an efficient execution. In addition, a new aggregated role bundle OpRisk & BCM Manager was created within Campus 2.0, which includes the role of the ICS manager. All new role owners were additionally trained with the help of information events.

Chaired by the CRO, the Group OpRisk Committee meets at least four times a year and deals with the management of operational risks within the Commerzbank Group. It also acts as the escalation and decision-making committee for key OpRisk topics that span all areas. The Management Boards and/or the Segment Committees with responsibility for operational risk deal with the management of operational risk in the relevant units. They analyse OpRisk issues that affect them, such as loss events, and define subsequent measures or recommend action.

Commerzbank's OpRisk strategy is approved on an annual basis by the full Board of Managing Directors after it has been discussed and voted upon in the Group OpRisk Committee. The OpRisk strategy describes the risk profile, key elements of the desired risk culture, its management framework and measures to be taken by Commerzbank to manage operational risk.

As such, OpRisk management is based on three consecutive levels (three lines of defence) which, when taken together, are crucial for reaching the given strategic aims.

Risk management

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 operational 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 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. External OpRisk events at competitors are also systematically evaluated.

A structured, centralised and decentralised reporting system ensures that the management of the Bank and its segments, members of the OpRisk Committee and the supervisory bodies are informed regularly, promptly and fully about operational risk. OpRisk reports are produced quarterly. They contain changes in OpRisk losses, the segments' main loss events, current risk analyses, changes in the capital requirement and the status of measures implemented. Operational risks are also part of the regular risk reporting process to the Board of Managing Directors and to the Risk Committee of the Supervisory Board.

OpRisk model

Commerzbank measures regulatory and economic capital for operational risk using the advanced measurement approach (AMA). The capital charge determined using quantitative methods is supplemented by qualitative components, in line with the requirements of CRR. The AMA is applied throughout the group.

Quantitative components

The AMA model's quantitative components include internal and external OpRisk loss data along with mathematical/statistical modelling.

Group-wide internal OpRisk loss data in line with regulatory requirements is collected mandatory from a starting threshold of €10,000 in a Group-wide loss database. As the internally calculated loss data history cannot always reflect extreme OpRisk events adequately, external OpRisk events are also be factored into the AMA model. For this purpose, we use relevant external loss data from the Operational Riskdata eXchange Association (ORX), Genf, an international data consortium. For mathematical/statistical modelling, the data is grouped by combinations of business line, event category and region. Loss frequency is modelled on the basis of internal loss data, while distribution is modelled on the basis of internal and external loss data.

Modelling of insurance and alternative OpRisk transfers does not currently take place.

Qualitative components

Qualitative methods (risk scenario assessment and business environment and control system) are used to complement the information from the quantitative model components.

The risk scenario assessment is an ex-ante risk assessment of operational risks. Based on expert opinions and in accordance with the requirements of the Capital Requirement Regulation (CRR), they serve to identify exceptional but plausibly possible risk events which could jeopardise the Bank's existence or severely affect its results and incorporate these into modelling.

The business environment and control (BEC) system provides incentives to reduce operational risk and improve risk management. Business environment and internal control factors are shown in the OpRisk model in the form of add-ons and reductions to regulatory and economic OpRisk capital requirements. The BEC system takes into account the following qualitative OpRisk elements:

- Internal control system (ICS): As part of the annual ICS review, the company-wide ICS control mechanism is evaluated in terms of its functionality. To ensure that the internal control system factors are properly represented, the ICS as a BEC subject area consists of three components: ICS self-assessment (assessment by the units carrying out the controls), ICS testing (independent review by internal audit) and ICS documentation (modelling status in the Bank's process model).
- Human resources risk: The human resources risk report prepared by the Group Human Resources division takes into account current areas of human resources activity and presents risk information on the basis of set criteria.
- IT risk: The IT risk report prepared by the Cyber Risk and Information Security division brings together data relating to IT risk in the areas of IT security and incidents. The data cover the four IT security targets: confidentiality, integrity, availability and transparency. In addition, an assessment of the adequacy and implementation of emergency plans will be included in the BEC.
- Key risk indicators (KRIs): KRIs are used to manage operational risk proactively by means of early warning signals.
- OpRisk management: The OpRisk & ICS area evaluates the active OpRisk management of the material units on the basis of a uniform list of criteria. Information on the progress made towards processing audit findings is also included in the BEC system.
- Top-level adjustments (TLAs): TLAs are only used in well-founded exceptional cases to establish a risk buffer for extraordinary changes in the OpRisk environment and include this in the OpRisk capital requirement calculation at short notice. No TLAs are currently applied.

Stress testing and validation

As an integral part of risk management and the risk-bearing capacity concept, stress tests for operational risk are carried out on a regular basis. As a basis for the stress methodology, the AMA model is consistently used to determine the capital requirement, with suitable increases in the relevant influencing factors (such as losses).

To ensure that the AMA model remains appropriate, the measurement approach is validated on a regular basis. The validation covers assessments of both quantitative and qualitative components and the interaction between them. The validation of all AMA components conducted in 2018 confirmed the appropriateness of the model. As part of the ongoing development of the AMA measurement system, not-significant changes are planned or have already been implemented. No need for material additions or changes was identified.

Outlook

The Commerzbank framework for operational risk management is continuously reviewed and further developed. At present, the focus is on supporting the strategic measures of Commerzbank.

The bank takes account of the increasing regulatory requirements relating to sustainability (Environmental, Social & Governance risks, ESG) through active consultation of relevant regulatory proposals and close follow-up of new ESG regulations as well as an anticipative analysis of the associated implementation needs. In 2021, the planned integration of comdirect Bank and the associated inclusion of OpRisk and IKS-related topics in the methodology and applications of Commerzbank AG will be implemented.

The IT applications for recording the internal loss data (OpRisk Suite) as well as the ICS tool as a central management tool for the inventory of IKS information, as well as the corresponding AMA methods, are being further developed in both the central functions and the delivery organization.

In the regulatory environment the implementation plan of the Basel Committee provides for the introduction of the standardised approach for calculating operational risk (OpRisk) regulatory capital requirements from 1 January 2023.

G. Other risks

Beyond the risk types explicitly mentioned in the CRR and presented in the previous chapters, the following risk types were classified as material in the risk inventory for 2020 and are subject to active management within the Commerzbank Group:

- Compliance risk
- Cyber risk
- Physical asset risk
- Business risk
- Reputational risk
- Model risk.

Information on taking into account the physical asset risk, investment portfolio risk and business risk can be found in the chapter on risk-bearing capacity and stress testing in this report. Details on the other risks, particularly on the reputational risk and human resources risk (a sub-category of operational risk) can be found in the risk report of the Annual Report 2020 from page 155 onwards.

Appendix

Appendix 1: Outline of the differences in the scopes of consolidation (entity by entity)

Appendix 2: Calculation of the institution-specific countercyclical capital buffer

Appendix 3: Supplement to equity structure (CAP1)

Appendix 4: Material geographical regions or countries

Appendix 5: Credit risk parameters by geographical location

Appendix 6: Overview – Compliance with the CRR requirements

List of abbreviations

Disclaimer

Appendix 1: Outline of the differences in the scopes of consolidation (entity by entity)

While for Commerzbank Group's Annual Report pursuant to the German Commercial Code the consolidation is based on IFRS, the information in the Disclosure Report is based on the group of companies consolidated for regulatory purposes.

Subsidiaries or companies controlled by the ultimate parent company according to IFRS, which do not belong to the financial sector are not part of the regulatory consolidation, but they are included in the consolidated accounts according to IFRS.

In applying article 436 (b) CRR the differences in the scopes of consolidation for financial accounting and regulatory purposes, respectively, have to be disclosed by the institutions. For this purpose, EBA/GL/2016/11 (Guidelines on disclosure requirements under Part Eight of regulation (EU) No 575/2013 (CRR)) provides the table EU LI3.

All entities for which the method of the accounting consolidation is different from the method of the regulatory consolidation have to be included in the disclosure. On an entity-by-entity level the method of accounting consolidation has to be disclosed and whether and how – under the regulatory scope of consolidation – the entity is recognised, supplemented by a short description of the entity.

Commerzbank complies with these requirements through the table EU LI3 given on the following pages.

EU LI3: Outline of the differences in the scopes of consolidation (entity by entity)

a	b	c	d	e	f	g
	Accounting	Regulatory consolidation				Description
Name of the entity	consolidation	full	pro rata	neither… nor (1)	deducted	of the entity
1. CR Fonds-Verwaltungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
10. CR Fonds-Verwaltungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
11. CR Fonds-Verwaltungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
12. CR Fonds-Verwaltungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
13. CR Fonds-Verwaltungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
14. CR Fonds-Verwaltungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
2. CR Fonds-Verwaltungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
3. CR Fonds-Verwaltungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
4. CR Fonds-Verwaltungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
5. CR Fonds-Verwaltungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
6. CR Fonds-Verwaltungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
7. CR Fonds-Verwaltungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
8. CR Fonds-Verwaltungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
9. CR Fonds-Verwaltungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ABANTITIM Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ABANTUM Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ABELASSA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ABELASSA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Witt Weiden KG	not included (2)				x	Financial institution (financial firm)
ABODA Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ABORONUM Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ABORONUM Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin KG	not included (2)				x	Financial institution (financial firm)
ACARINA Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ACCESSA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ACCOMO Hotel HafenCity GmbH & Co. KG	not included (2)				x	Financial institution (financial firm)
ACILIA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ACINA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ACONITA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ACRONA Photovoltaik-Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ACTOSA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ADAMANTA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ADENARA Flugzeug-Leasinggesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ADMEO Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ADMERA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ADRUGA Verwaltungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ADURAMA Verwaltung und Treuhand GmbH	not included (2)				x	Financial institution (financial firm)
AGARBA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
AGASILA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
AGUSTO Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
AHOIH Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
AJOLA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
AKA Ausfuhrkredit-Gesellschaft mbH	at equity				x	Credit institution
AKERA Verwaltung und Treuhand GmbH	not included (2)				x	Financial institution (financial firm)
ALACRITAS Verwaltungs- und Treuhand GmbH	not included (2)				x	Financial institution (financial firm)
ALBELLA Verwaltung und Treuhand GmbH	not included (2)				x	Financial institution (financial firm)
ALBOLA Verwaltung und Treuhand GmbH	not included (2)				x	Financial institution (financial firm)
ALCARDA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Tübingen KG	not included (2)				x	Financial institution (financial firm)
ALDINGA Verwaltung und Treuhand GmbH	not included (2)				x	Financial institution (financial firm)
ALDULA Verwaltung und Treuhand GmbH	not included (2)				x	Financial institution (financial firm)
ALEMONA Verwaltung und Treuhand GmbH	not included (2)				x	Financial institution (financial firm)
ALFUTURA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ALIVERA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)

a	b	c	d	e	f	g
	Accounting	Regulatory consolidation				Description
Name of the entity	consolidation	full	pro rata	neither… nor (1)	deducted	of the entity
ALLATA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ALLORUM Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ALSENNA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ALUBRA Verwaltung und Treuhand GmbH	not included (2)				x	Financial institution (financial firm)
ALVARA Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
AMALIA Verwaltung und Treuhand GmbH	not included (2)				x	Financial institution (financial firm)
AMERA Verwaltung und Treuhand GmbH	not included (2)				x	Financial institution (financial firm)
AMONEUS Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ANBANA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ANCAVA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ANDINO Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ANDINO Dritte Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ANDINO Vierte Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ANDINO Zweite Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ANET Verwaltungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ARAFINA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ARAUNA Verwaltung und Treuhand GmbH	not included (2)				x	Financial institution (financial firm)
AREBA Verwaltung und Treuhand GmbH	not included (2)				x	Financial institution (financial firm)
ARINGO Verwaltungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ARVINA Verwaltung und Treuhand GmbH	not included (2)				x	Financial institution (financial firm)
ASCETO Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ASERTUNA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ASERTUNA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Schülke-Mayr KG	not included (2)				x	Financial institution (financial firm)
ASKIBA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ASSANDRA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ASSENTO Photovoltaik-Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ASSERTA Flugzeug-Leasinggesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ASTIRA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ASTRADA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ASTUTIA Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ATUNO Verwaltung und Treuhand GmbH	not included (2)				x	Financial institution (financial firm)
AURESTA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
AVENTIMOLA Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
AVIO Verwaltung und Treuhand GmbH	not included (2)				x	Financial institution (financial firm)
AVOLO Flugzeugleasinggesellschaft mbH	not included (2)				x	Financial institution (financial firm)
Actium Leasobjekt Gesellschaft mbH	not included (2)				x	Financial institution (financial firm)
Alma Atlas Investments Limited	not included (2)				x	Financial institution (financial firm)
Apolline Bail S.A.S.	not included (2)	x				Financial institution (financial firm)
Arvilla Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
Asekum Sp. z o.o.	full (3)			x		Special purpose entity
BENE Verwaltung und Treuhand GmbH	not included (2)				x	Financial institution (financial firm)
BERGFÜRST Service GmbH	not included (2)				x	Financial institution (financial firm)
BONITAS Mobilien-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
BONITAS Mobilien-Vermietungsgesellschaft mbH & Co. Objekt Friedrichshafen KG	not included (2)				x	Financial institution (financial firm)
BTG Beteiligungsgesellschaft Hamburg mbH	not included (2)				x	Financial institution (financial firm)
Blue Amber Fund Management S.A.	not included (2)				x	Asset management company (Fin. Investment mgmt. company)
Bosphorus Capital DAC	full (3)			x		Special purpose entity
Bosphorus Investments DAC	full (3)			x		Special purpose entity
BÜRGSCHAFTSBANK BRANDENBURG GmbH	not included (2)				x	Other financial institution
Bürgschaftsbank Mecklenburg-Vorpommern GmbH	not included (2)				x	Other financial institution
Bürgschaftsbank Sachsen GmbH	not included (2)				x	Other financial institution
Bürgschaftsbank Sachsen-Anhalt GmbH	not included (2)				x	Other financial institution
Bürgschaftsbank Thüringen GmbH	not included (2)				x	Other financial institution

a	b	c	d	e	f	g
	Accounting	Regulatory consolidation				Description
Name of the entity	consolidation	full	pro rata	neither… nor (1)	deducted	of the entity
Bürgschaftsgemeinschaft Hamburg GmbH	not included (2)				x	Other financial institution
CENULA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
CERVISIA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
CFB-Fonds Transfair GmbH	not included (2)				x	Financial institution (financial firm)
CIMONUSA Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
CR Hotel Target Pty Ltd	at equity			x		Special purpose entity
Citi Bank Custodian Platform (TCR)	full (3)			x		Special purpose entity
Commerz Immobilien Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
Commerz Real Asset Verwaltungsgesellschaft mbH	not included (2)				x	Other financial institution
Commerz Real Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
Commerz Real Fund Management S.à r.l.	not included (2)				x	Asset management company (Fin. Investment mgmt. company)
Commerzbank Finance 3 S.à r.l.	full (3)			x		Special purpose entity
Coubag Unternehmensbeteiligungsgesellschaft mbH	at equity			x		Special purpose entity
DECIMA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
DIGITUS Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
DRABELA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
DRABELA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Stade KG	not included (2)				x	Financial institution (financial firm)
DREBOSTA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
DREBOSTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Schwerin KG	not included (2)				x	Financial institution (financial firm)
DREDOLA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
DRELARA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
DRELARA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Freiburg KG	not included (2)				x	Financial institution (financial firm)
DRELOSINA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
DRENITA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
DRESANA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
DTE Energy Center, LLC	at equity			x		Special purpose entity
Deutsche Börse Commodities GmbH	not included (2)				x	Investment firm
Dr. Gubelt Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
Dr. Gubelt Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
Dr. Gubelt Immobilien Vermietungs-Gesellschaft mbH	not included (2)				x	Financial institution (financial firm)
EHY Real Estate Fund I, LLC	not included (2)				x	Financial institution (financial firm)
ELEGANTIA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
EURO Kartensysteme GmbH	not included (2)				x	Payment Institution
EVIDENTIA Immobilien-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
FACO Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
FORNAX Kraftwerk-Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
FRAST Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
FRAST Beteiligungsgesellschaft mbH & Co. Objekt Kokerei KG	not included (2)				x	Financial institution (financial firm)
FUCATUS Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
FUGA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
FUNGOR Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
FV Holding S.A.	at equity			x		Special purpose entity
FXSpotStream Asia GK	not included (2)				x	None-core services provider included in an institution's consolidated financial assets
FXSpotStream Europe Ltd.	not included (2)				x	None-core services provider included in an institution's consolidated financial assets
FXSpotStream LLC	not included (2)				x	None-core services provider included in an institution's consolidated financial assets
Fernwärmenetz Leipzig GmbH	not included (2)				x	Financial institution (financial firm)
GRADARA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)

a	b	c	d	e	f	g
	Accounting	**Regulatory consolidation**				**Description**
Name of the entity	**consolidation**	**full**	**pro rata**	**neither… nor (1)**	**deducted**	**of the entity**
GRADARA Vermietungsgesellschaft mbH & Co. Objekt Neu-Ulm KG	not included (2)				x	Financial institution (financial firm)
GRAFINO Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
GRALANA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
GRAMINA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
GRAMOLDISCUS Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
GRAMOLINDA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
GRANA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
GRASSANO Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
GRATIA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
GRATNOMA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
GRENADO Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
GRETANA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
GRONDOLA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
GROSINA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
GROTEGA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
GRUMENTO Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
GRUMOSA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
GRUNATA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
GUSTO Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
Garbary Sp. z o.o.	full (3)			x		Special purpose entity
Gesellschaft für Kreditsicherung mbH	not included (2)				x	Financial institution (financial firm)
HAJOBANTA GmbH	not included (2)				x	Financial institution (financial firm)
HAJOBURGA Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
HAJOGA-US Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
HAJOLENA Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
HAJOLINDA Beteiligungsgesellschaft GmbH	not included (2)				x	Financial institution (financial firm)
HAJOLUCA Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
HAJOMA Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
HAJOMINA Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
HAJORALDIA Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
HAJOSINTA Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
HAJOSOLA Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
HAJOTARA Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
HDW Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
HESTA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
HORA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ILV DRITTE Fonds-Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ILV Immobilien Vermietungsgesellschaft mbH Objekte 1990	not included (2)				x	Financial institution (financial firm)
ILV Immobilien-Leasing Verwaltungsgesellschaft Düsseldorf mbH	at equity				x	Financial institution (financial firm)
ILV ZWEITE Fonds-Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ILV-Fonds-Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
Immobilien-Vermietungsgesellschaft Dr. Rühl GmbH & Co. Objekt Stutensee KG	not included (2)				x	Financial institution (financial firm)
Kommanditgesellschaft MS "CPO ALICANTE" Offen Reederei GmbH & Co.	full (3)			x		Special purpose entity
Kommanditgesellschaft MS "CPO ANCONA" Offen Reederei GmbH & Co.	full (3)			x		Special purpose entity
Kommanditgesellschaft MS "CPO BILBAO" Offen Reederei GmbH & Co.	full (3)			x		Special purpose entity
Kommanditgesellschaft MS "CPO MARSEILLE" Offen Reederei GmbH & Co.	full (3)			x		Special purpose entity
Kommanditgesellschaft MS "CPO PALERMO" Offen Reederei GmbH & Co.	full (3)			x		Special purpose entity
Kommanditgesellschaft MS "CPO TOULON" Offen Reederei GmbH & Co.	full (3)			x		Special purpose entity

a	b	c	d	e	f	g
Name of the entity	Accounting consolidation	Regulatory consolidation full	pro rata	neither… nor (1)	deducted	Description of the entity
Kommanditgesellschaft MS "CPO VALENCIA" Offen Reederei GmbH & Co.	full (3)			x		Special purpose entity
LARIX Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
LENIS Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
LIRIS Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
LIVIDA MOLARIS Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
LUTEA MOLARIS Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
LiquidityMatch LLC	not included (2)				x	Financial institution (financial firm)
MALEA Grundstücks-Vermietungsgesellschaft mbH i.L.	not included (2)				x	Financial institution (financial firm)
MARBINO Vermietungsgesellschaft mbH & Co. Objekt BBS Stade KG	not included (2)				x	Financial institution (financial firm)
MARBREVA Vermietungsgesellschaft mbH & Co. Objekt AOK Rheinland-Pfalz KG	not included (2)				x	Financial institution (financial firm)
MARIUS Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MAXIMA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MBG Mittelständische Beteiligungsgesellschaft Rheinland-Pfalz mbH	not included (2)				x	Financial institution (financial firm)
MILES Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MINERVA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MIRABILIS Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLANA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLANA Vermietungsgesellschaft mbH & Co. Objekt Gymnasium Harsefeld KG	not included (2)				x	Financial institution (financial firm)
MOLANCONA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLANDA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLANGA Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLANZIO Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLAREZZO Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLARGA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLARIS Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLARIS Geschäftsführungs GmbH	not included (2)				x	Financial institution (financial firm)
MOLARIS Grundstücksverwaltung GmbH	not included (2)				x	Financial institution (financial firm)
MOLARIS Immobilienverwaltung GmbH	not included (2)				x	Financial institution (financial firm)
MOLARIS Managementgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLARIS Objektverwaltung GmbH	not included (2)				x	Financial institution (financial firm)
MOLARISSA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLAROSA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLASSA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLASSA Vermietungsgesellschaft mbH & Co. Objekt Herten KG	not included (2)				x	Financial institution (financial firm)
MOLATHINA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLBAKKA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLBARVA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLBERA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLBERNO Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLBOLLA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLBONA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLBONA Vermietungsgesellschaft mbH & Co. Objekt Schulgebäude Stade KG	not included (2)				x	Financial institution (financial firm)
MOLBRIENZA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLBURGA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLCAMPO Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLCENTO Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLCORA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLDEO Mobilien-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLDEO Mobilien-Vermietungsgesellschaft mbH & Co. Objekt Lünen KG	not included (2)				x	Financial institution (financial firm)

a	b	c	d	e	f	g
	Accounting	Regulatory consolidation				Description
Name of the entity	consolidation	full	pro rata	neither… nor (1)	deducted	of the entity
MOLDOMA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLDORA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLEMPA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLETUM Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLFOKKA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLGABA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLGEDI Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLGERO Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLIGELA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLIGELA Vermietungsgesellschaft mbH & Co. Objekt Celle KG	not included (2)				x	Financial institution (financial firm)
MOLIGO Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLIGO Vermietungsgesellschaft mbH & Co. Objekte Schulsanierungen Rostock KG	not included (2)				x	Financial institution (financial firm)
MOLISTA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLISTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Gesamtschule Peine KG	not included (2)				x	Financial institution (financial firm)
MOLITA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLITA Vermietungsgesellschaft mbH & Co. Objekt Klinikum Barmbek KG	not included (2)				x	Financial institution (financial firm)
MOLITA Vermietungsgesellschaft mbH & Co. Objekt TPFZ Hannover KG	not included (2)				x	Financial institution (financial firm)
MOLKANDIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Kaltenkichen KG	not included (2)				x	Financial institution (financial firm)
MOLMARTA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLMIRA Vermietungsgesellschft mbH	not included (2)				x	Financial institution (financial firm)
MOLOTA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLPANA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLPERA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLPETTO Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLPETTO Vermietungsgesellschaft mbH & Co. Objekt Bracht KG	not included (2)				x	Financial institution (financial firm)
MOLPIKA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLPIREAS Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLPURA Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLRANO Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLRATUS Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLRATUS Vermietungsgesellschaft mbH & Co. Objekt Loxstedt KG	not included (2)				x	Financial institution (financial firm)
MOLRISTA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLRONDA Vermietungsgesellschaft mbH & Co. Objekt Nürnberg KG	not included (2)				x	Financial institution (financial firm)
MOLSCHORA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLSOLA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Geminus KG	not included (2)				x	None-core services provider included in an institution's consolidated financial assets
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Halle Markt 11 KG	not included (2)				x	None-core services provider included in an institution's consolidated financial assets
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Halle Riegel KG	not included (2)				x	None-core services provider included in an institution's consolidated financial assets
MOLSTEFFA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLSTINA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLSURA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLTANDO Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLTANDO Vermietungsgesellschaft mbH & Co. Objekt Kassel KG	not included (2)				x	Financial institution (financial firm)

a	b	c	d	e	f	g
Name of the entity	Accounting consolidation	Regulatory consolidation full	pro rata	neither… nor (1)	deducted	Description of the entity
MOLTARA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLTIVOLA Vermietungsgesellschaft mbH & Co. Objekt Gladbeck KG	not included (2)				x	Financial institution (financial firm)
MOLUGA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLVANI Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLWALLA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLWANKUM Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MOLWORUM Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
MONEA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
Marie Lease S.à r.l.	not included (2)				x	Financial institution (financial firm)
Mittelständische Beteiligungsgesellschaft Berlin-Brandenburg GmbH	not included (2)				x	Financial institution (financial firm)
Mittelständische Beteiligungsgesellschaft Mecklenburg-Vorpommern mbH	not included (2)				x	Financial institution (financial firm)
Mittelständische Beteiligungsgesellschaft Niedersachsen (MBG) mit beschränkter Haftung	not included (2)				x	Financial institution (financial firm)
Mittelständische Beteiligungsgesellschaft Sachsen mbH	not included (2)				x	Financial institution (financial firm)
Mittelständische Beteiligungsgesellschaft Sachsen-Anhalt (MBG) mbH	not included (2)				x	Financial institution (financial firm)
Mittelständische Beteiligungsgesellschaft Thüringen mbH	not included (2)				x	Financial institution (financial firm)
NACOLO Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NACONA Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NACONGA Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAFARI Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAFIRINA Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NASIRO Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NASTO Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAUCULA Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAULUMO Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAURANTO Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAURATA Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAUSOLA Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAUTARO Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAUTESSA Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAUTIS Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAUTLUS Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAUTO Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAUTORIA Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAUTUGO Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAVALIS Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAVIBOLA Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAVIBOTO Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAVIFIORI Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAVIGA Schiffsbeteiligung GmbH	not included (2)				x	Financial institution (financial firm)
NAVIGATO Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAVIGOLO Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAVILO Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAVINA Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAVIRENA Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAVIROSSA Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAVITA Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAVITARIA Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAVITONI Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAVITOSA Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NAVITURA Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NEPTANA Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)

a	b	c	d	e	f	g
	Accounting	Regulatory consolidation				Description
Name of the entity	consolidation	full	pro rata	neither… nor (1)	deducted	of the entity
NEPTILA Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NEPTORA Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NEPTUGA Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NEPTUNO Schiffsbetriebsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NERVUS Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NESTOR Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NOLICA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NORA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Castrop-Rauxel KG	not included (2)				x	Financial institution (financial firm)
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Koblenz-Kesselheim KG	not included (2)				x	Financial institution (financial firm)
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekte Plön und Preetz KG	not included (2)				x	Financial institution (financial firm)
NOTITIA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
NURUS Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
OPTIONA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
OSKAR Medienbeteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
Octopus Investment Sp. z o.o.	not included (2)				x	Financial institution (financial firm)
PAREO Kraftwerk-Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
PATELLA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
PATELLA Vermietungsgesellschaft mbH & Co. Objekt Bibliothek Berlin KG	not included (2)				x	Financial institution (financial firm)
PATELLA Vermietungsgesellschaft mbH & Co. Objekt Collegium Hungaricum KG	not included (2)				x	Financial institution (financial firm)
PATELLA Vermietungsgesellschaft mbH & Co. Objekt Pulvermühle KG	not included (2)				x	Financial institution (financial firm)
PATELLA Vermietungsgesellschaft mbH & Co. Objekt Technikmuseum KG	not included (2)				x	Financial institution (financial firm)
RALTO Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
RAMONIA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
RAMONIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Friedrichshafen KG	not included (2)				x	Financial institution (financial firm)
RAMONIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Lichtenau KG	not included (2)				x	Financial institution (financial firm)
RAMONIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt München-Haar KG	not included (2)				x	Financial institution (financial firm)
RANA Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
RAPIDA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
RAYMO Vierte Portfolio GmbH	not included (2)				x	Financial institution (financial firm)
RECURSA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
RESIDO Flugzeug-Leasinggesellschaft mbH	not included (2)				x	Financial institution (financial firm)
RIPA Medien-Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ROSARIA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Dettingen KG	not included (2)				x	Financial institution (financial firm)
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Frechen KG	not included (2)				x	Financial institution (financial firm)
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Gymnasium Buchholz KG	not included (2)				x	Financial institution (financial firm)
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Kahl KG	not included (2)				x	Financial institution (financial firm)
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Ochsenfurt KG	not included (2)				x	Financial institution (financial firm)
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Singen KG	not included (2)				x	Financial institution (financial firm)
ROSATA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)

a	b	c	d	e	f	g
	Accounting	**Regulatory consolidation**				**Description**
Name of the entity	**consolidation**	**full**	**pro rata**	**neither… nor (1)**	**deducted**	**of the entity**
ROSATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Garching KG	not included (2)				x	Financial institution (financial firm)
ROSATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Neustadt-Schwaig KG	not included (2)				x	Financial institution (financial firm)
ROSEA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Essen KG	not included (2)				x	Financial institution (financial firm)
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Ettlingen KG	not included (2)				x	Financial institution (financial firm)
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Oelkinghausen KG	not included (2)				x	Financial institution (financial firm)
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekte TANK & RAST KG	not included (2)				x	Financial institution (financial firm)
ROSINTA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ROSOLA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
ROSOLA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Lünen/Soest KG	not included (2)				x	Financial institution (financial firm)
ROSOLA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Wetzlar KG	not included (2)				x	Financial institution (financial firm)
SENATORSKA Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
SOLTRX Transaction Services GmbH	not included (2)	x				None-core services provider included in an institution's consolidated financial assets
TALORA Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
TIGNARIS Beteiligungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
TIGNARIS Beteiligungsgesellschaft mbH & Co. Objekt Burscheid KG	not included (2)				x	Financial institution (financial firm)
TIGNARIS Beteiligungsgesellschaft mbH & Co. Objekt Heidelberg KG	not included (2)				x	Financial institution (financial firm)
TIGNARIS Beteiligungsgesellschaft mbH & Co. Objekt Kleve KG	not included (2)				x	Financial institution (financial firm)
TIGNARIS Beteiligungsgesellschaft mbH & Co. Objekt Ostfildern KG	not included (2)				x	Financial institution (financial firm)
TIGNARIS Verwaltungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
Windpark Karche 2 Verwaltungs GmbH	not included (2)				x	Financial institution (financial firm)
Windpark Ottweiler-Bexbach Verwaltungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
Windsor Canada Verwaltungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)
comdirect Versicherungsmakler AG	full (3)			x		Special purpose entity
mInvestment Banking S.A.	not included (2)				x	Financial institution (financial firm)
onvista media GmbH	full (3)			x		Special purpose entity
paydirekt GmbH	not included (2)				x	None-core services provider included in an institution's consolidated financial assets
quatron Grundstücks-Vermietungsgesellschaft mbH	not included (2)				x	Financial institution (financial firm)

(1) neither consolidated nor deducted.
(2) not included due to subordinated importance.
(3) fully consolidated.

Appendix 2: Calculation of the institution-specific countercyclical capital buffer

APP2: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

	General credit exposures		Trading book exposure		Securitisation exposure	Capital requirements					
Countries €m	Exposure value	Exposure value (IRB)	Sum of long and short position of trading book	Value of trading book exposure (internal models)	Exposure value	Of which: General credit exposures	Of which: Trading book exposures	Of which: Securitisation exposures	Total	Own funds requirements weights	Countercyclical capital buffer rate | %
(DE) Germany	10,625	198,146	0	63	14,792	4,826	1	198	5,615	0.548	0.00
(PL) Poland	4.210	23,163	0	0	0	1,152	0	0	1,152	0.112	0.00
(GB) Great Britain and Northern Ireland	2,811	11,830	0	53	1,987	838	2	31	871	0.085	0.00
(US) United States of America (the)	796	11,154	0	47	5,430	533	2	108	643	0.063	0.00
(FR) France	13	6,359	0	116	1,633	334	4	26	364	0.036	0.00
(NL) Netherlands (the)	78	4,619	0	50	151	208	0	1	210	0.020	0.00
(LU) Luxembourg	146	3,783	0	8	147	161	1	2	164	0.016	0.25
(CH) Switzerland	10	4,638	0	26	0	153	0	0	153	0.015	0.00
(CZ) Czechia	1,170	1,054	0	0	0	95	0	0	95	0.009	0.50
(ES) Spain	1	2,177	0	25	0	90	1	0	91	0.009	0.00
(IT) Italy	0	1,854	0	5	43	81	0	2	84	0.008	0.00
(CN) China	1	2,125	0	0	0	70	2	0	71	0.007	0.00
(AT) Austria	20	1,913	0	6	0	69	0	0	69	0.007	0.00
(BE) Belgium	7	1,389	0	158	111	61	2	1	64	0.006	0.00
(IE) Ireland	82	1,172	0	1	0	63	0	0	63	0.006	0.00
(RU) Russian Federation (the)	71	1,085	0	1	0	44	4	0	47	0.005	0.00
(CA) Canada	623	1,663	0	2	0	45	0	0	45	0.004	0.00
(SK) Slovakia	448	380	0	0	0	44	0	0	44	0.004	1.00
(SG) Singapore	22	990	0	0	0	40	0	0	40	0.004	0.00
(SE) Sweden	4	1,055	0	21	0	39	1	0	40	0.004	0.00
(HK) Hong Kong	11	751	0	0	0	33	0	0	33	0.003	1.00
(KY) Cayman Islands (the)	147	227	0	0	0	27	0	0	27	0.003	0.00
(HU) Hungary	14	846	0	0	0	26	0	0	26	0.003	0.00
(DK) Denmark	0	462	0	6	0	24	0	0	24	0.002	0.00
(BR) Brazil	87	284	0	0	0	22	0	0	22	0.002	0.00
(FI) Finland	0	450	0	12	0	17	0	0	17	0.002	0.00
(JE) Jersey	0	217	0	8	0	8	8	0	16	0.002	0.00
(PT) Portugal	110	257	0	6	0	15	0	0	15	0.001	0.00
(JP) Japan	2	298	0	1	0	14	0	0	14	0.001	0.00
(RO) Romania	0	140	0	0	0	13	0	0	13	0.001	0.00
(AU) Australia	4	406	0	11	0	10	0	0	11	0.001	0.00
(CY) Cyprus	0	460	0	0	0	9	0	0	9	0.001	0.00
(NO) Norway	0	228	0	12	0	9	0	0	9	0.001	1.00
(IN) India	2	356	0	0	0	8	0	0	8	0.001	0.00
(VG) Virgin Islands, British	24	55	0	0	0	6	0	0	6	0.001	0.00
(TR) Turkey	27	535	0	0	0	6	0	0	6	0.001	0.00
(BM) Bermuda	0	279	0	0	0	6	0	0	6	0.001	0.00

APP2_cont.: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

	General credit exposures		Trading book exposure		Securitisation exposure	Capital requirements					
Countries €m	Exposure value	Exposure value (IRB)	Sum of long and short position of trading book	Value of trading book exposure (internal models)	Exposure value	Of which: General credit exposures	Of which: Trading book exposures	Of which: Securitisation exposures	Total	Own funds requirements weights	Countercyclical capital buffer rate | %
(CL) Chile	0	102	0	0	0	6	0	0	6	0.001	0.00
(MX) Mexico	0	121	0	0	0	5	0	0	5	0.001	0.00
(PE) Peru	0	160	0	0	0	5	0	0	5	0.001	0.00
(IS) Iceland	0	185	0	0	0	4	0	0	4	0.000	0.00
(VN) Viet Nam	0	162	0	0	0	4	0	0	4	0.000	0.00
(TW) Taiwan (Province of China)	4	73	0	0	0	4	0	0	4	0.000	0.00
(KR) Korea, (the) Republic of (former South Korea)	0	103	0	90	0	4	0	0	4	0,000	0.00
(SA) Saudi-Arabia	0	83	0	0	0	3	0	0	3	0.000	0.00
(CW) Curacao Island	0	83	0	0	0	3	0	0	3	0.000	0.00
(LI) Liechtenstein	0	153	0	0	0	3	0	0	3	0.000	0.00
(IL) Israel	8	86	0	0	0	2	0	0	2	0.000	0.00
(AE) United Arab Emirates (the)	1	143	0	0	0	2	0	0	2	0.000	0.00
(KN) Saint Kitts und Nevis	0	48	0	0	0	2	0	0	2	0.000	0.00
(GL) Greenland	0	56	0	0	0	2	0	0	2	0.000	0.00
(SI) Slovenia	0	42	0	0	2	1	0	0	1	0.000	0.00
(BH) Bahrain	0	183	0	0	0	1	0	0	1	0.000	0.00
(ZA) South Africa	0	36	0	4	0	1	0	0	1	0.000	0.00
(MU) Mauritius	0	34	0	0	0	1	0	0	1	0.000	0.00
(KW) Kuwait	0	78	0	0	0	1	0	0	1	0.000	0.00
(MT) Malta	0	29	0	0	0	1	0	0	1	0.000	0.00
(MY) Malaysia	3	11	0	0	0	1	0	0	1	0.000	0.00
(ID) Indonesia	0	142	0	1	0	0	1	0	1	0.000	0.00
(NZ) New Zealand	0	39	0	0	0	1	0	0	1	0.000	0.00
(GH) Ghana	0	31	0	0	0	1	0	0	1	0.000	0.00
(GR) Greece	0	113	0	4	0	0	0	0	1	0.000	0.00
(EG) Egypt	0	32	0	0	0	1	0	0	1	0.000	0.00
Others	1	402	0	0	0	3	0	0	3	0.000	
Total	**21,583**	**289,529**	**0**	**736**	**24,296**	**9,265**	**29**	**370**	**10,253**	**1.000**	

APP2: Amount of institution-specific countercyclical capital buffer

€m	**31.12.2020**
Total risk exposure amount	178,581
Institution specific countercyclical buffer rate (%)	0.017
Institution specific countercyclical buffer requirement	30.47

Appendix 3: Supplement to equity structure (CAP1)

APP3: Supplemetary information to table CAP1

Line	(B) Reference to article in the regulation (EU) Nr. 575/2013
1	26 (1), 27, 28, 29
1a	EBA list 26 (3)
1b	EBA list 26 (3)
2	26 (1) (c)
3	26 (1)
3a	26 (1) (f)
4	486 (2)
5	84
5a	26 (2)
6	
7	34, 105
8	36 (1) (b), 37
10	36 (1) (c), 38
11	33 (1) (a)
12	36 (1) (d), 40, 159
13	32 (1)
14	33 (1) (b)
15	36 (1) (e), 41
16	36 (1) (f), 42
17	36 (1) (g), 44
18	36 (1) (h), 43, 45, 46, 49 (2) & (3), 79
19	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) - (3), 79
20a	36 (1) (k)
20b	36 (1) (k) (i), 89 - 91
20c	36 (1) (k) (ii), 243 (1) (b), 244 (1) (b), 258
20d	36 (1) (k) (iii), 379 (3)
21	36 (1) (c), 38, 48 (1) (a)
22	48 (1)
23	36 (1) (i), 48 (1) (b)
25	36 (1) (c), 38, 48 (1) (a)
25a	36 (1) (a)
25b	36 (1) (l)
27	36 (1) (j)
28	
29	
30	51, 52
31	
32	
33	486 (3)
34	85, 86
35	486 (3)
36	
37	52 (1) (b), 56 (a), 57
38	56 (b), 58
39	56 (c), 59, 60, 79
40	56 (d), 59, 79
42	56 (e)
43	
44	
45	
46	62, 63
47	486 (4)
48	87, 88
49	486 (4)
50	62 (c) & (d)
51	
52	63 (b) (i), 66 (a), 67
53	66 (b), 68
54	66 (c), 69, 70, 79
55	66 (d), 69, 79
57	
58	
59	
60	
61	92 (2) (a)
62	92 (2) (b)
63	92 (2) (c)
64	CRD 128, 129, 130, 131, 133
65	
66	
67	
67a	
68	CRD 128
72	36 (1) (h), 45, 46, 56 (c), 59, 60, 66 (c), 69, 70
73	36 (1) (i), 45, 48
75	36 (1) (c), 38, 48
76	62
77	62
78	62
79	62
80	484 (3), 486 (2) & (5)
81	484 (3), 486 (2) & (5)
82	484 (4), 486 (3) & (5)
83	484 (4), 486 (3) & (5)
84	484 (5), 486 (4) & (5)
85	484 (5), 486 (4) & (5)

Appendix 4:
Material geographical regions or countries

The following threshold of materiality was taken as a basis for the representation in tables EU CRB-C and EU CR1-C: all countries with a net exposure share of the total exposure of at least 1 %, are disclosed individually within their region, all other countries within that region are summarised under „other countries". All regions with a net exposure share of the total exposure of at least 1 % are disclosed as individual regions, all remaining regions are summarised as „other regions". For information purposes only, the following table displays all countries / regions on a single basis with a share in net total exposure of ≥ 0.1%.

APP4: Material geographical regions or countries

Region/Country		Share of total exposure
Region: Western Europe		**78.85%**
1	Germany	60.36%
2	UK	4.36%
3	France	2.81%
4	Italy	2.40%
5	Switzerland	1.63%
6	Netherlands	1.40%
7	Spain	1.36%
8	Austria	0.77%
9	Luxemburg	0.74%
10	Belgium	0.59%
11	Sweden	0.43%
12	Ireland	0.34%
13	Portugal	0.33%
14	Turkey	0.26%
15	Finland	0.22%
16	Norway	0.20%
17	Greece	0.20%
18	Denmark	0.16%
19	Cypress	0.10%
	other countries, each with a share of less than 0.1% of the total exposure	in total about 0.2%
Region: Eastern Europe		**9.39%**
1	Poland	7.37%
2	Czech. Republic	0.89%
3	Russia	0.47%
4	Hungary	0.28%
5	Slovakia	0.21%
	other countries, each with a share of less than 0.1% of the total exposure	in total about 0.2%
Region: North America		**5.51%**
1	USA	4.52%
2	Canada	0.98%
3	Greenland	0.01%
Region: Asia		**4.28%**
1	Japan	1.55%
2	China	0.73%
3	Singapore	0.30%
4	Hongkong	0.20%
5	South Korea	0.17%
6	Bangladesh	0.15%
7	India	0.15%
8	United Arabian Emirates	0.12%
	other countries, each with a share of less than 0.1% of the total exposure	insgesamt ca. 0.9%
Region: Latin America		**1.04%**
1	Brazil	0.41%
2	Cayman Islands (GBR)	0.17%
	other countries, each with a share of less than 0.1% of the total exposure	in total about 0.5%
Region: Africa		**0.46%**
1	Egypt	0.09%
	other countries, each with a share of less than 0.1% of the total exposure	in total about 0.4%
Other regions:		**0.47%**
1	International organisations	0.32%
2	Oceania (Australia 0.1%)	0.11%
3	Others	0.05%

Appendix 5: Credit risk parameters by geographical location

Commerzbank uses its own estimates of LGD for the calculation of risk-weighted exposure amounts. Hence, according to Art. 452 j) (i) CRR, the credit risk parameters (position-weighted average LGD and PD in percent) for each geographical location and each asset class has to be disclosed. This information is given in the following table APP5.

APP5: Credit risk parameters by geographical location (incl. default portfolio, i.e. for default positions PD=1)

	in %	Belgium	Brazil	China	Germany	France	UK	Hongkong	Italy	Japan	Luxembourg	Netherlands
Central governments or central banks	Ø LGD	0.00	42.16	60.25	21.42	0.00	0.00	43.28	55.62	30.00	0.00	0.00
	Ø PD	0.00	0.18	0.22	0.02	0.00	0.00	0.14	0.56	0.11	0.00	0.00
Institutions	Ø LGD	25.44	38.77	47.76	30.99	19.85	43.55	53.19	51.84	47.97	39.10	25.34
	Ø PD	0.44	0.49	0.38	0.17	0.31	0.16	0.18	0.96	0.07	0.06	0.14
Corporates	Ø LGD	43.51	40.82	38.50	37.31	45.67	55.56	39.49	42.19	40.07	38.85	40.05
	Ø PD	0.82	0.91	0.38	3.77	1.30	0.61	5.48	1.17	0.46	2.41	3.05
thereof specialised lending	Ø LGD	41.40	0.00	47.61	34.30	54.51	51.69	14.60	57.00	0.00	33.96	28.96
	Ø PD	6.00	0.00	1.14	5.87	4.45	1.97	2.70	8.63	0.00	5.96	7.69
thereof SMEs	Ø LGD	75.93	45.45	43.88	39.32	40.22	64.86	40.17	54.99	0.00	80.14	42.82
	Ø PD	0.55	1.78	0.29	6.72	2.23	0.20	0.55	14.35	0.00	0.27	0.80
Retail	Ø LGD	24.48	30.93	21.62	27.90	29.26	21.80	21.95	29.70	31.95	32.03	26.34
	Ø PD	0.90	0.82	2.29	1.09	1.70	1.15	0.42	1.66	0.51	0.37	0.78
Secured by mortg. on immov. property, SMEs	Ø LGD	14.41	0.00	11.04	16.62	16.48	11.68	13.99	14.79	11.00	13.03	18.17
	Ø PD	0.38	0.00	0.20	1.10	3.49	0.18	0.12	3.13	0.46	0.27	0.24
Sec. by mortg.on immov. property, excl. SMEs	Ø LGD	16.31	11.56	14.54	16.97	15.89	13.45	15.11	16.44	15.45	16.11	16.07
	Ø PD	0.68	0.66	0.25	0.68	0.43	0.86	0.40	1.08	0.24	0.43	0.65
Qualifying revolving	Ø LGD	65.70	65.89	61.30	65.39	65.76	65.03	61.59	67.15	67.23	64.34	66.34
	Ø PD	0.30	0.70	0.09	0.48	0.57	0.67	0.11	0.52	0.63	0.79	0.88
Other, SMEs	Ø LGD	42.20	40.74	40.10	42.17	37.56	43.95	49.59	42.40	41.37	39.58	40.87
	Ø PD	0.47	0.22	25.38	2.69	1.73	1.16	0.78	2.23	1.23	0.25	1.10
Other, excluding SMEs	Ø LGD	30.63	34.36	30.16	40.87	41.51	27.69	28.27	42.18	15.00	41.84	32.38
	Ø PD	2.37	5.18	0.45	1.43	3.69	3.19	0.41	3.36	0.54	0.34	1.11
Total	**Ø LGD**	**37.71**	**39.39**	**42.62**	**30.97**	**35.89**	**51.97**	**41.59**	**46.90**	**30.83**	**38.79**	**38.47**
	Ø PD	**0.71**	**0.53**	**0.42**	**1.91**	**0.94**	**0.49**	**3.72**	**1.03**	**0.12**	**2.12**	**2.75**

APP5_cont.: Credit risk parameters by geographical location (incl. default portfolio, e.g. for default positions PD=1)

in %		Austria	Poland	Russia	Switzerland	Singapore	Slovakia	Spain	Czech Republic	Hungary	Unit. Arab Emirates	USA
Central governments or central banks	Ø LGD		60,49	62,83	10,00	22,81			100,00	100,00	74,35	19,99
	Ø PD		0,15	0,21	0,01	0,04			0,07	0,25	0,13	
Institutions	Ø LGD	19,07	40,77	37,89	25,89	46,34	7,58	30,14	42,56	41,95	45,51	49,18
	Ø PD	0,17	0,45	1,17	0,06	0,03	0,31	0,23	0,07	0,09	0,39	0,13
Corporates	Ø LGD	40,13	41,07	40,19	38,68	36,74	38,52	39,92	40,74	38,93	27,14	44,77
	Ø PD	0,70	4,97	0,51	2,50	3,90	2,52	1,16	5,52	1,40	0,70	0,64
thereof specialised lending	Ø LGD	23,23	84,26		12,04	14,60		45,69	2,70	74,55		62,89
	Ø PD	2,76	0,28		0,40	2,70		1,00	51,02	0,31		0,11
thereof SMEs	Ø LGD	30,46	40,75		37,97	41,34	25,87	45,41	74,90	51,28		61,15
	Ø PD	0,78	4,24		4,86	1,17	0,57	0,07	68,02	1,72		0,69
Retail	Ø LGD	29,67	36,18	18,32	25,92	23,57	46,19	16,79	40,12	40,33	21,28	23,44
	Ø PD	1,72	5,33	1,54	0,77	0,25	2,34	0,56	1,71	7,55	0,80	0,74
Secured by mortg. on immov. property, SMEs	Ø LGD	13,86	35,93	11,03	13,94	12,05		13,61	18,68		14,26	11,44
	Ø PD	6,22	6,37	0,10	1,16	0,06		0,49	1,17		0,89	0,19
Sec. by mortg.on immov. property, excl. SMEs	Ø LGD	16,16	28,24	12,93	16,44	15,57	43,78	15,36	15,48	14,67	15,73	14,08
	Ø PD	1,18	2,90	2,77	0,66	0,22	1,99	0,33	1,42	1,48	1,12	0,40
Qualifying revolving	Ø LGD	64,65	67,65	65,05	64,97	61,88	69,50	66,36	68,10	67,49	62,61	65,76
	Ø PD	0,39	2,27	0,21	0,52	0,44	0,37	0,61	2,32	0,63	0,92	0,88
Other, SMEs	Ø LGD	41,18	37,43	14,29	29,60	44,62	45,55	40,64	41,76	45,12	25,67	33,11
	Ø PD	3,59	8,27	0,18	1,00	0,65	2,48	2,35	0,72	9,65	0,35	2,03
Other, excluding SMEs	Ø LGD	34,96	51,31	28,35	40,14	37,87	41,78	9,73	52,70	50,21	29,11	35,22
	Ø PD	0,67	7,61	0,53	0,88	0,27	22,79	0,58	6,18	6,12	0,32	1,21
Total	**Ø LGD**	**35,02**	**38,01**	**41,95**	**32,26**	**32,88**	**34,02**	**36,10**	**47,51**	**41,87**	**43,27**	**44,02**
	Ø PD	**0,64**	**5,11**	**0,70**	**1,48**	**2,55**	**2,19**	**0,83**	**4,80**	**1,21**	**0,45**	**0,46**

Appendix 6: Overview – Compliance with the CRR requirements

Commerzbank Group's compliance with the CRR requirements as at 31 December 2020 is given in detail in the following overview APP6.

APP6: Overview – Compliance with the CRR requirements

Article CRR	Topic	Reference to disclosure (Chapter of Disclosure Report or reference to separate document)	Tables
431 - 434	Scope of disclosure requirements Non-material, proprietary or confidential information Frequency and means of disclosures	Introduction > Objective of the Disclosure Report Introduction > Scope Introduction > Waiver rule pursuant to Article 7 CRR	–
435(1) a)-d)	Risk management objectives and policies	Risk-oriented overall bank management > Risk management organisation > Risk strategy and risk management > Risk-bearing capacity and stress testing	–
		Specific risk management > A. Credit risk (CR) > Risk management > B. Counterparty credit risk (CCR) > Risk management > D. Market risk (MR) > Risk management > E. Liquidity risk (LR) > F. Operational risk (OR) > Risk management	–
		Annual Report 2020: > Economic report > Funding and liquidity of the Commerzbank Group	–
		Annual Report 2020: >Notes (65) Liquidity Coverage Ratio	–
435(1) e), f)	Risk management objectives and policies	Risk-oriented overall bank management > Risk statement	–
		Annual Report 2020: > Economic report > Funding and liquidity of the Commerzbank Group	–
		Annual Report 2020: > Notes (65) Liquidity Coverage Ratio	–
435(2) a) - d)	Governance arrangements	Annual Report 2020: Corporate governance report, chapters Board of Managing Directors, Supervisory Board and Diversity Homepage: https://www.commerzbank.de/en/hauptnavigation/aktionaere/governan ce_/corporate_governace_1.html	–
435(2) e)	Governance arrangements	Risk-oriented overall bank management > Risk management organisation > Risk strategy and risk management	–
436 a)	Scope of application	Introduction > Scope	–
436 b)	Scope of application	Total capital, capital requirement and RWA > Connection between balance-sheet and regulatory positions	EU LI1 EU LI2
		Appendix > Appendix 1	EU LI3
436 c), d)	Scope of application	Total capital, capital requirement and RWA > Connection between balance-sheet and regulatory positions	–
436 e)	Scope of application	Introduction > Waiver rule pursuant to Article 7 CRR	–
437(1) a) 437(2)	Own funds	Total capital, capital requirement and RWA > Connection between balance-sheet and regulatory positions	CAP2
437(1) b)-c)	Own funds	Homepage: https://www.commerzbank.de/en/hauptnavigation/aktionaere/informatio nen_f_r_fremdkapitalgeber/kapitalinstrumente/CapitalInstruments.html	–
437(1) d)-f) 437(2)	Own funds	Total capital, capital requirement and RWA > Capital structure Appendix > Appendix 3	CAP1 APP3
438 a), b)	Capital requirements	Risk-oriented overall bank management > Risk-bearing capacity and stress testing	RBC1
438 c)-f)	Capital requirements	Total capital, capital requirement and RWA > Capital requirement and RWA	EU OV1
438 d)	Capital requirements	Specific risk management > A.Credit risk (CR) > Credit risk and credit risk mitigation in the IRBA	EU CR8
		Specific risk management > B. Counterparty credit risk (CCR) > Information by regulatory risk-weighting approach	EU CCR7
438 last paragraph	Capital requirements	Specific risk management > A.Credit risk (CR) > Credit risk and credit risk mitigation in the IRBA	EU CR10

Article CRR	Topic	Reference to disclosure (Chapter of Disclosure Report or reference to separate document)	Tables
439 a)-c), i)	Counterparty credit risk	Specific risk management > B. Counterparty credit risk (CCR) > Risk management	–
439 d), e), g), h)	Counterparty credit risk	Specific risk management > B. Counterparty credit risk (CCR) > Further information on counterparty credit risk	EU CCR5-A EU CCR5-B EU CCR6 addCCR1
439 e), f), i)	Counterparty credit risk	Specific risk management > B. Counterparty credit risk (CCR) > Information on regulatory methods	EU CCR1 EU CCR2 EU CCR8
440	Capital buffers	Appendix > Appendix 2	APP2
441	Indicators of global systemic importance	Homepage: https://www.commerzbank.de/en/hauptnavigation/aktionaere/informationen_f_r_fremdkapitalgeber/deckungsregister/transparenzangaben.html	–
442 a)-b)	Credit risk adjustments	Specific risk management > A. Credit risk (CR) > Loan loss provisions for default risks	–
442 c)-f)	Credit risk adjustments	Specific risk management > A. Credit risk (CR) > Overarching portfolio analyses	EU CRB-B EU CRB-C EU CRB-D EU CRB-E
		Appendix > Appendix 4	APP4
442 g)-i)	Credit risk adjustments	Specific risk management > A. Credit risk (CR) > Loan loss provisions for default risks	EU CR1-A EU CR1-B EU CR1-C EU CR1-D EU CR1-E EU CR1-F EU CR2-A EU CR2-B
443	Unencumbered assets	Annual Report 2020: > Information on the encumbrance of assets	–
444 a)-e)	Use of ECAIs	Specific risk management >A. Credit risk (CR) > Credit risk and credit risk mitigation in the SACR	EU CR4 EU CR5
444 e)	Use of ECAIs	Specific risk management > B. Counterparty credit risk (CCR) > Information by regulatory risk-weighting approach	EU CCR3
445	Market risk	Specific risk management > D. Market risk (MR) > Quantitative information on market risk	EU MR1
446	Operational risk	Specific risk management > F. Operational risk (OR)	–
447 a) - e)	Exposures in equities not included in the trading book	Specific risk management > A. Credit risk (CR) > Investments in the banking book	INV1 INV2
448 a), b)	Exposure to interest rate risk on positions not included in the trading book	Specific risk management > D. Market risk (MR) > Interest rate risk in the banking book	addMR2
449 a)-r)	Exposure to securitisation positions	Specific risk management > C. Securitisations (SEC)	SEC1 SEC2 SEC3 SEC4 SEC5
450	Remuneration policy	Annual Report 2020: > Remuneration Report Remuneration Report on the homepage: https://www.commerzbank.de/en/hauptnavigation/aktionaere/publikationen_und_veranstaltungen/unternehmensberichterstattung_1/index.html	–
451	Leverage	Annual Report 2020: > Notes (63) Regulatory capital requirements > Notes (64) Leverage ratio	–
452 a)-c)	Use of the IRB Approach to credit risk	Specific risk management > A. Credit risk (CR)	VAL-A VAL-B

Article CRR	Topic	Reference to disclosure (Chapter of Disclosure Report or reference to separate document)	Tables
452 d)-f)	Use of the IRB Approach to credit risk	Specific risk management > A. Credit risk (CR) > Credit risk and credit risk mitigation in the IRBA	EU CR6
		Spezifisches Risikomanagement > B. Counterparty credit risk (CCR) > Information by regulatory risk-weighting approach	EU CCR4
452 g), i)	Use of the IRB Approach to credit risk	Specific risk management >A. Credit risk (CR) > Loan loss provisions for default risks	addCR1 addCR2
452 i), h)	Use of the IRB Approach to credit risk	Specific risk management > A. Credit risk (CR) > Credit risk model > Validation	VAL1 VAL2 EU CR9
452 j)	Use of the IRB Approach to credit risk	Appendix > Appendix 5	APP5
453 a)	Use of credit risk mitigation techniques	Specific risk management > A. Credit risk (CR) > Credit risk mitigation > B. Counterparty credit risk (CCR) > Risk management	–
453 a)-e)	Use of credit risk mitigation techniques	Specific risk management > A. Credit risk (CR) > Credit risk mitigation	CRM1 CRM2
453 g)	Use of credit risk mitigation techniques	Specific risk management > A. Credit risk (CR) > Credit risk and credit risk mitigation in the IRBA	EU CR7
453 f), g)	Use of credit risk mitigation techniques	Specific risk management > A. Credit risk (CR) > Credit risk mitigation	EU CR3
454	Use of the Advanced Measurement Approaches to operational risk	Specific risk management > F. Operational risk (OR)	–
455 a), b)	Use of Internal Market Risk Models	Specific risk management > D. Market risk (MR) > Risk management > D. Market risk (MR) > Market risk model	–
455 c)	Use of Internal Market Risk Models	Specific risk management > D. Market risk (MR) > Risk management > Tradability and measurement of financial instruments	–
455 d)-f)	Use of Internal Market Risk Models	Specific risk management > D. Market risk (MR) > Quantitative information on market risk	EU MR2-A EU MR2-B EU MR3 addMR1
455 g)	Use of Internal Market Risk Models	Specific risk management > D. Market risk (MR) > Market risk model	EU MR4

List of abbreviations

ABCP	Asset-backed Commercial Paper
ABS	Asset-backed Securities
AC	Amortised Cost
ACR	Asset & Capital Recovery
ALCO	Asset Liability Committee
AMA	Advanced Measurement Approach
AUC	Area under the curve
BaFin	Federal Financial Supervisory Authority
BEC	Business Environment and Control System
CCF	Credit Conversion Factor
CCR	Counterparty Credit Risk
CMBS	Commercial Mortgage-backed Securities
COREP	Common solvency ratio reporting
CP	Commercial Paper
CR	Credit Risk
CRD	Capital Requirements Directive
CRM	Credit Risk Mitigation
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation
CVA	Credit Valuation Adjustment
CVaR	Credit Value at Risk
EaD	Exposure at Default
EBA	European Banking Authority
ECB	European Central Bank
EEPE	Effected Expected Positive Exposure
EL	Expected Loss
ErC	Economically required Capital
FINREP	Financial Reporting
FVOCI	Fair Value through Other Comprehensive Income
FVPL	Fair Value through P&L
GL	Guideline
G-SII	Global Systemically Important Institution
HGB	German Commercial Code
IAA	Internal Assessment Approach
IAS	International Accounting Standards
ICAAP	Internal Capital Adequacy Assessment Process
ICS	Internal Control System
IFRS	International Financial Reporting Standards
IMA	Internal Model Approach
IMM	Internal Model Method
IPV	Independent Price Verification
IRBA	Internal Ratings Based Approach
IRC	Incremental Risk Charge
ISDA	International Swaps and Derivatives Association
ISIN	International Securities Identification Number
ITS	Implementing Technical Standards
KRI	Key Risk Indicators
KWG	German Banking Act
LaD	Loss at Default
LCR	Liquidity Coverage Ratio
LECL	Lifetime Expected Credit Loss
LGD	Loss Given Default
LR	Liquidity Risk
LTA	Look-through Approach
MaRisk	Minimum Requirements for Risk Management
MR	Market Risk
OpRisk	Operational Risk
OR	Operational Risk
ORX	Operational Riskdata eXchange Association, Geneva
O-SII	Other Sytemically Important Institution
P&L	Profit & Loss
PD	Probability of Default
PPU	Permanent Partial Use
RBC ratio	Risk-bearing capacity ratio
RMBS	Residential Mortgage-backed Securities
RTS	Regulatory Technical Standards
RW	Risk weight
RWA	Risk-weighted Assets
SACR	Standardised Approach to Credit Risk
SEC	Securitizations
SFA	Supervisory Formula Approach
SFT	Securities Financing Transactions
SME	Small and medium-sized enterprises
SolvV	German Solvency Regulation
SPV	Special Purpose Vehicles
SPPI	Solely Payment of Principal and Interest
SREP	Supervisory Review and Evaluation Process
sVaR	stressed Value-at-Risk
TLA	Top Level Adjustment
TRIM	Targeted Review of the Internal Models
VaR	Value-at-Risk

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 control and internal audit, external auditors and the German and European supervisory authorities. Despite being carefully developed and regularly monitored, models cannot cover all the influencing factors that have an impact in reality or illustrate their complex behaviour and interactions. These limits to risk modelling apply particularly in extreme situations. Supplementary stress tests and scenario analyses can only show examples of the risks to which a portfolio may be exposed in extreme market situations. However, stress testing all imaginable scenarios is not feasible. Stress tests cannot offer a final estimate of the maximum loss should an extreme event occur.

The interpretations with regard to CRR/CRD IV rules are still ongoing. Therefore requirements for adjustment may occure due, for example, to modified interpretations in the course of the Q&A-process with EBA or due to new binding Technical Standards or guidelines. Against this background we will continue to refine our methods and models in line with the interpretation of the rules. Thus, our measures may not be comparable with previously published measures and our competitors' measures published may differ from ours.

This Annual 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.

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