S&P Global
Ratings

RatingsDirect®

Commerzbank AG

Primary Credit Analyst:
Benjamin Heinrich, CFA, FRM, Frankfurt + 49 693 399 9167; benjamin.heinrich@spglobal.com

Secondary Contact:
Harm Semder, Frankfurt + 49 693 399 9158; harm.semder@spglobal.com

Table Of Contents

Table Of Contents (cont.)

Commerzbank AG

Rating Score Snapshot

Global Scale Ratings
Issuer Credit Rating
A-/Positive/A-2
Resolution Counterparty Rating
A/--/A-1

SACP: bbb → **Support: +2** → **Additional factors: 0**

SACP: bbb		
Anchor	bbb+	
Business position	Moderate	-1
Capital and earnings	Adequate	0
Risk position	Adequate	0
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment		0

Support: +2	
ALAC support	+2
GRE support	0
Group support	0
Sovereign support	0

Additional factors: 0
Issuer credit rating
A-/Positive/A-2
Resolution counterparty rating
A/A-1

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths	Key risks
Solid market position in domestic corporate banking.	Improved profitability but lack of evidence that earnings can be strengthened absent cyclical interest rate support.
Sizeable bail-in capital buffers to protect senior creditors in the event of a resolution.	Ongoing sizeable costs at Polish subsidiary mBank from mainly litigation-related risks.
Robust balance sheet and solid risk-adjusted capital (RAC) buffers.	Significant domestic corporate lending exposure more vulnerable to the weak economic outlook and geopolitical risks.

We believe Commerzbank's improving profitability is strengthening its resilience. We revised the outlook on our long-term ratings on Commerzbank to positive in November 2023 (see: Commerzbank Outlook Revised To Positive On Improving Resilience From Strengthening Earnings; 'A-/A-2' Affirmed Nov. 10, 2023). This reflects our view that it has reached key milestones in the multiyear transformation and realignment of its business model, primarily focused on deep cost and efficiency measures, and now shows improving profitability. We think the bank now has a solid foundation to further improve its structural profitability under its ambitious revised strategic agenda announced Nov. 8, 2023. This would provide additional capacity to absorb potential risks that may materialize and to fund ongoing investment needs related to its business model.

The bank's financial goals are ambitious, and are partly sensitive to factors outside the bank's control. Commerzbank aims to lift its return on tangible equity (ROTE) to about 11.5% by 2027, compared to a reported ROTE of 8.6% in the first nine months in 2023. The higher ROTE targets are essentially based on moderate growth in interest income mainly from its replicating portfolio and fee income, effective cost control measures, and optimization of the capital base. We particularly consider the future revenue targets at risk after fee income had already fallen in 2023, and because interest margins are expected to already have reached their cyclical peak.

Increasing capital distributions are putting pressure on strong capital buffers. We forecast a decrease in our risk-adjusted capital (RAC) ratio to just below 10% from 2025, mainly because of meaningful and increasing capital distributions until 2027, in line with management's guidance (see "Commerzbank's New Capital Policy Underpins Expectations And Higher Profit Targets May Add Support In The Medium Term," published Sept. 29, 2023).

A solid balance sheet and high liquidity buffers are important mitigants to ongoing economic and geopolitical risks. Commerzbank has sizable lending exposure to domestic corporate sectors that are somewhat sensitive to Germany's weak economic outlook, high energy costs, increased costs of corporate financing, and ongoing geopolitical risks. However, we forecast a limited increase in credit losses given previous solid underwriting standards. We view as positive the past reduction in legacy and higher risk exposures and we believe the remaining overlays in loan loss provisions will provide an additional buffer to absorb some potential future losses.

Outlook

The positive outlook reflects our view that better earnings generation could strengthen the bank's resilience. We could raise the ratings in the next 12 months if management executes on its strategic measures and improves the bank's structural profitability. A positive rating action would also depend on the bank maintaining a robust balance sheet, solid capital buffers, and liquidity metrics.

Upside scenario

If we see Commerzbank strengthening its business position by establishing a track record of stronger and more consistent profitability, we could revise its SACP to 'bbb+' and raise our long- and short-term ratings on the bank and its debt instruments.

Alternatively, we could raise the ratings if we have greater confidence that the RAC ratio would remain solidly above 10% while the bank maintained strong asset quality.

Downside scenario

We could revise the outlook to stable if management seemed unable to improve the bank's structural profitability, or if our economic forecasts weakened sharply, implying pressure on fee income and materially higher credit losses than currently anticipated.

Key Metrics

Commerzbank AG--Key ratios and forecasts					
	--Fiscal year ended Dec. 31--				
(%)	**2021a**	**2022a**	**2023f**	**2024f**	**2025f**
Growth in operating revenue	3.3	11.8	11-14	2-4	1-3
Growth in customer loans	2.2	1.6	0.5-1.5	2-3	2-3
Net interest income/average earning assets (NIM)	1.3	1.6	1.9-2.0	1.8-1.9	1.8-1.9
Cost to income ratio	76.9	68.6	59-62	58-61	58-61
Return on average common equity	1.7	5.5	7-8	7-8	7.5-8.5
New loan loss provisions/average customer loans	0.2	0.3	0.25-0.35	0.3-0.4	0.25-0.35
Gross nonperforming assets/customer loans	1.6	2.1	2.1-2.4	2.2-2.4	2.2-2.4
Risk-adjusted capital ratio	10.4	11.2	10.1-10.6	10.1-10.6	9.7-10.2

All figures are S&P Global Ratings-adjusted. a--Actual. f--Forecast. NIM--Net interest margin.

Anchor: 'bbb+' For Banks Operating Mainly In Germany

The geographic distribution of Commerzbank's lending leads to a weighted-average economic risk score of slightly above 2.5, which is higher than the score for a solely domestically-focused German bank but not to the extent that it would negatively affect the anchor. The industry risk score of '4' is based solely on Commerzbank's home market, Germany. Both trends are stable.

Our economic risk assessment considers that the German economy has a demonstrated ability to absorb large economic and financial shocks based on its wealth and the government's ample flexibility for countercyclical measures, including substantial fiscal stimulus and additional wide-ranging support. We think German households, corporates, and public finances should be largely cushioned from the fallout related to geopolitical stresses.

Our industry risk assessment for Germany factors in high competition weighing on the sector's longer-term profitability. We believe German banks operate in a highly competitive and structurally overbanked market. While pressure on net interest margins has abated for now, we believe German banks still lag peers structurally in terms of cost efficiency and digitalization.

Business Position: Commerzbank Is Focusing On Growth Again

Our assessment balances Commerzbank's solid domestic market position and diversification against a still-weak track record of solid profitability. Commerzbank is the second-largest commercial bank in Germany and its solid franchise benefits from broad diversification among sectors and regions in Germany. Commerzbank is a market leader in German corporate banking, particularly among large and midsize enterprises ("Mittelstand") and in trade finance. The retail segment is well diversified across Germany and, based on a two-brand strategy including its digital arm comdirect, focuses primarily on mortgage financing, the securities business and, increasingly, on wealth management.

Commerzbank owns about 69% of mbank (BBB/Stable/A-2), a digitally advanced bank with a sound domestic franchise in Poland, an efficient operating cost structure, and strong earnings absent any extraordinary costs.

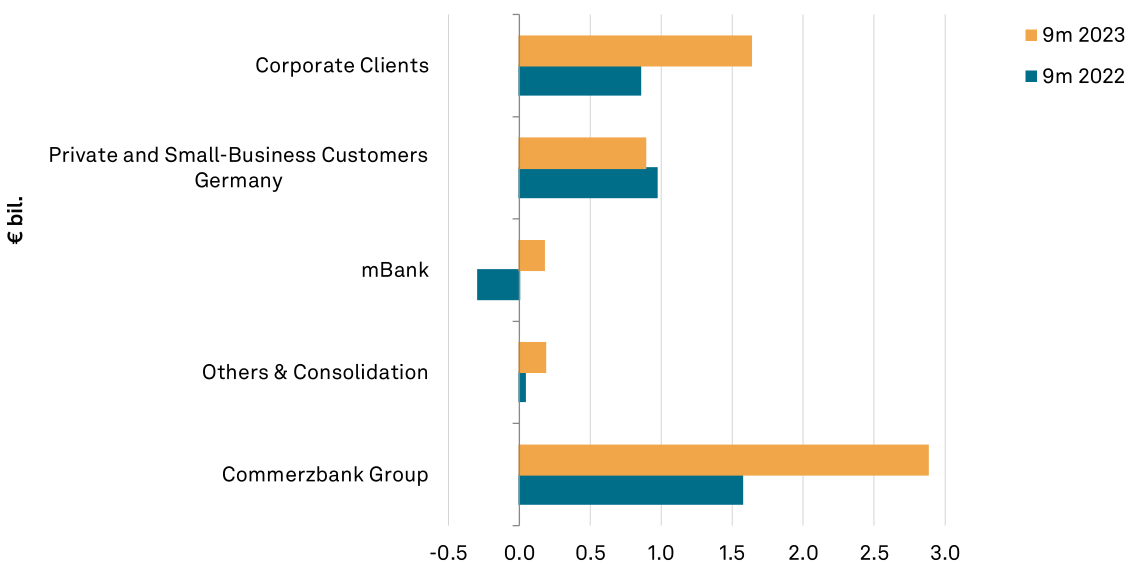
We compare Commerzbank's business position with other universal banks located in countries with similar BICRA industry risk scores. We focus particularly on larger banks with diversified revenue bases, including Deutsche Bank, UniCredit Bank AG, ABN Amro, Raiffeisen Bank International, NatWest, and Société Générale.

Commerzbank has achieved key milestones in the multiyear transformation and realignment of its business model, begun in early 2021 and focusing primarily on deep cost and efficiency measures. The bank has benefited greatly from rising interest rates and we think the successful turnaround will lay a base for improved profitability. We think better earnings generation would strengthen Commerzbank's resilience because it would provide additional capacity to absorb potential risks and fund ongoing business investments. Most of the peer banks show a better track record of solid profitability than Commerzbank.

Chart 1

Corporate bank and mBank contributed to improved profitability in 2023, while the German retail segment is the main lever for further improvement toward 2027

Operating result (€bn) in the first 9 months in 2022 and 2023.



Source: Commerzbank AG.

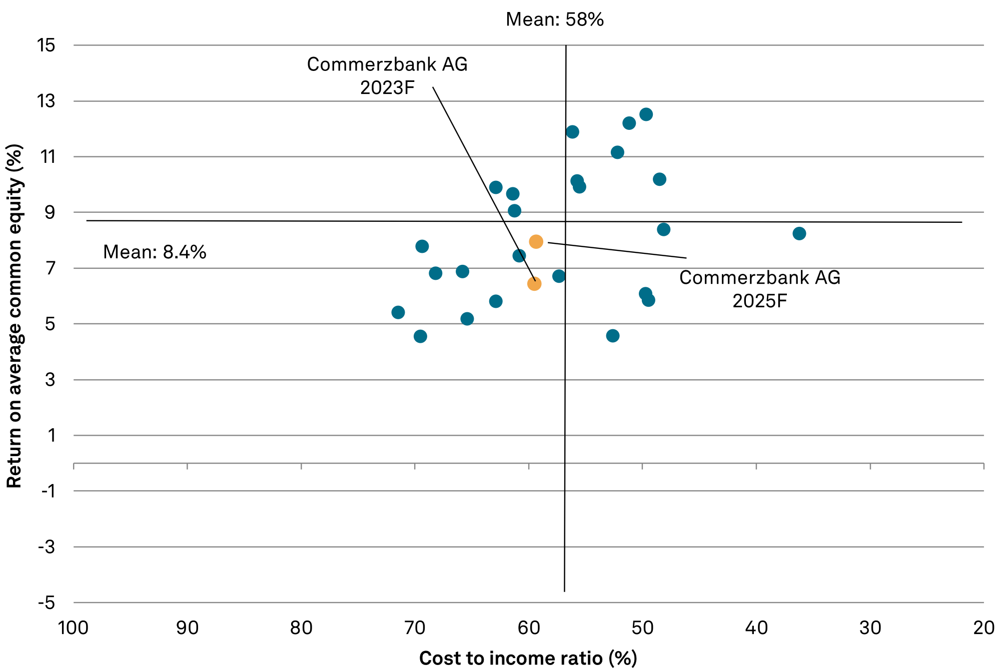
However, Commerzbank's management team targets a material increase in profitability under its revised strategic plan and to reach a ROTE of about 11.5% by 2027 and an efficiency ratio of 55%. Increasing less-cyclical and capital-light fee income through various product initiatives, and repricing banking services, are intended to fuel higher earnings. Moreover, interest income is expected to continue to climb further through to 2027 mainly through additional income from modelling its excess deposits, despite an expected cyclical peak in 2023.

We believe achieving these ambitious goals remain somewhat sensitive to market conditions beyond management's control.

Chart 2

Commerzbank's profitability metrics are improving but remain slightly behind its competitors in 2025

Cost-to-income ratio and Return on Average Common Equity for selected peers



Grey lines show average values. Source: S&P Global Ratings.

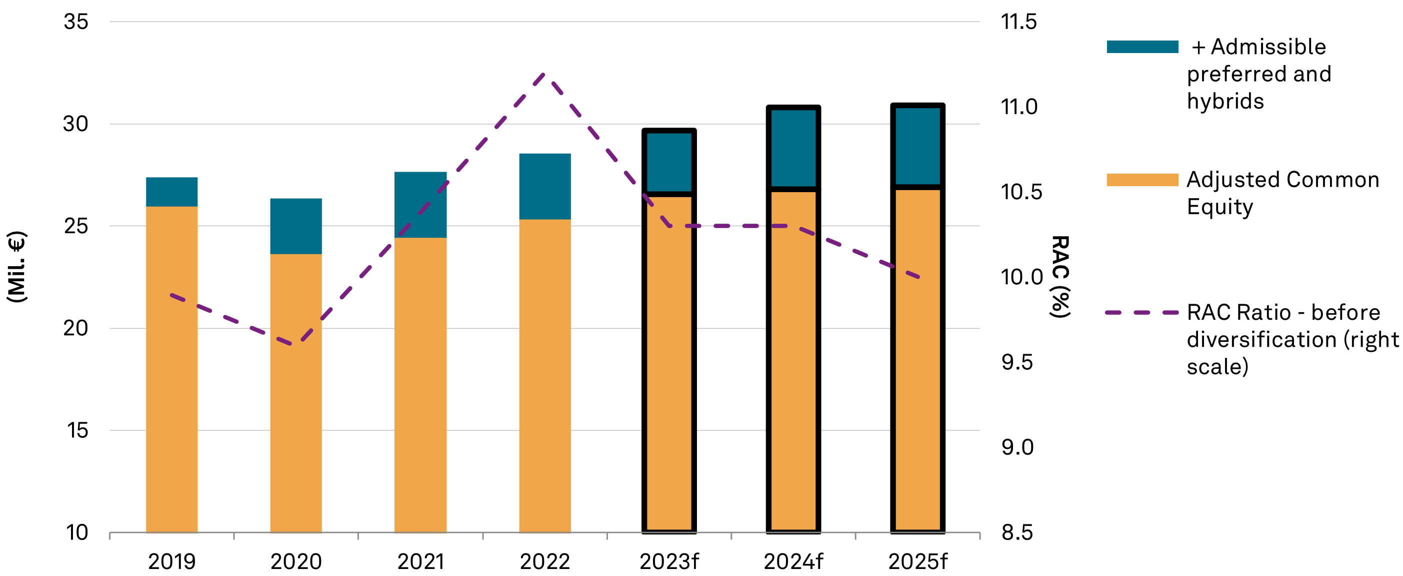
Capital And Earnings: The Commitment To Distribute Excess Capital Is Pressuring RAC Buffers

We anticipate Commerzbank will stay adequately capitalized for the risks it faces and we expect its capital and earnings position will remain a neutral rating factor. Commerzbank's RAC ratio stood at a high 10.8% as of Dec. 31, 2022, which already factors in the downward revision we made to economic risk under our German BICRA in early 2023. We project that the bank's RAC ratio (our main measure of a bank's capital adequacy), before diversification, will drop to below 10% from 2025. Even if the ratio remained marginally above the 10% threshold, we would likely not consider it supportive of a stronger outcome.

Chart 3

Commitment to distribute excess capital puts pressure on its strong risk-adjusted capital buffers

Commerzbank's Risk Adjusted Capital Trajectory 2019-2025f



TAC--Total adjusted capital. RAC--Risk-adjusted capital. f--Forecast. Source: S&P Global Ratings.

We forecast sizable and increasing capital distributions in line with management guidance. The bank's revised capital return policy until 2027 guides for a capital return for 2024 of at least 70% (generally after deducting additional tier 1 coupons) of net income, well above 50% but not more than the net result between 2025 and 2027. We think the bank's improving profitability and excess capital buffers put the bank in a solid position to distribute more capital to shareholders. Our forecast also assumes a return to more significant business growth.

We think the bank's regulatory buffers remain solid given that its CET1 ratio was at 14.6% on Sept. 30, 2023, which was 434 bps above the 2024 maximum distributable amount (MDA). All distributions remain subject to a minimum common equity tier 1 (CET1) of 13.5% and a minimum 250-basis-point (bps) buffer against the MDA threshold.

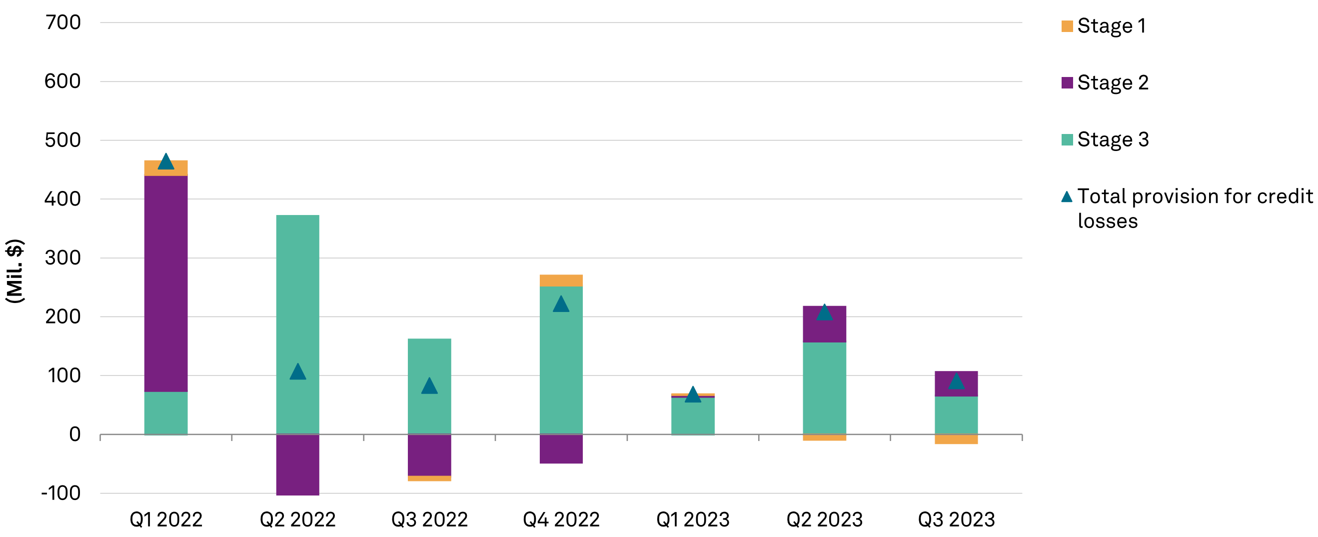
Commerzbank's track record of earnings is still weak and somewhat constrains our assessment. We believe that Commerzbank's management has established credibility by delivering a positive earnings trajectory since 2021. However, the bank is just beginning to build a track record of significant profitability after years of very poor results that led to multiple strategy changes.

Risk Position: Robust Balance Sheet And Abating Risks From Mbank

Our neutral assessment reflects Commerzbank's overall robust balance sheet. Commerzbank's asset quality will remain sensitive to a subdued economic outlook in Germany amid geopolitical conflicts, waning but still material inflation,high energy costs, and pressures from increasing corporate financing costs. This is only partly mitigated by a remaining management overlay of €435 million (about 16 bps of customer loans) in reserve at end-September 2023. Our forecast includes annual net credit losses of 25-35 bps of customer loans between 2023 and 2025. Our estimate of gross nonperforming loans was a still relatively low 1.7% at Sept. 30, 2023, and we anticipate only a moderate increase to about 2.3% by 2025 under our economic base-case scenario.

Chart 4

Credit losses remain moderate despite economic headwinds
Quarterly provisions for credit losses



Stage 2 provisioning in Q1 2022 mainly refer to a management overlay. POCI – Purchased or originated credit-impaired related credit losses are added to stage 3. Source: Commerzbank AG.

We think Commerzbank's corporate portfolio is particularly sensitive to the worsening economic outlook in Germany. Commerzbank has sizable exposures to energy and utilities (€9.4 billion), automotive (€13.7 billion), mechanical engineering (€11.4 billion), chemicals and plastic (€6.7 billion), construction and paper (€7.2 billion), and metals (€4.6 billion) at Sept. 30, 2023. These exposures account for about 20% of the customer lending portfolio. Exposure to commercial real estate amount to a manageable €9.2 billion, which we see as solidly collateralized and diversified across property types, with non-material development risk and largely domestic after the rundown of foreign commercial real estate finance.

Retail portfolio quality remains supported by the dominance of longer-term fixed mortgages. This reduces risks to debt-servicing capacity from rising rates but also limits improvements in revenues. Portfolio quality would be highly sensitive to a potential sharp house price correction, which we consider unlikely because it would likely require a steep rise in unemployment in Germany.

We expect costs from mbank's Swiss franc retail mortgage portfolio to moderate compared to the highs of 2023. However, we still forecast annual costs of about €250 million-€350 million for 2024 and 2025 from its exposure to legacy foreign-currency-denominated mortgage loans because the associated litigation risk remains significant. We view this primarily as a risk to the group's earnings, rather than capital, since mbank delivers strong operational performance absent any exceptional costs.

We also see risks from increased cyber-attacks on outsourcing service providers (see: Cyber Risk Insights: Attack On Vulnerable Software Highlights Outsourcing Risk For Banks, July 21, 2023), which recently also led to manageable losses at Commerzbank. Due to its deep restructuring, which included a more comprehensive digital transformation of the operating model, we believe effective management of third-party risk is particularly relevant for Commerzbank and poorly managed cyber risks could expose structural weaknesses in its risk management practices.

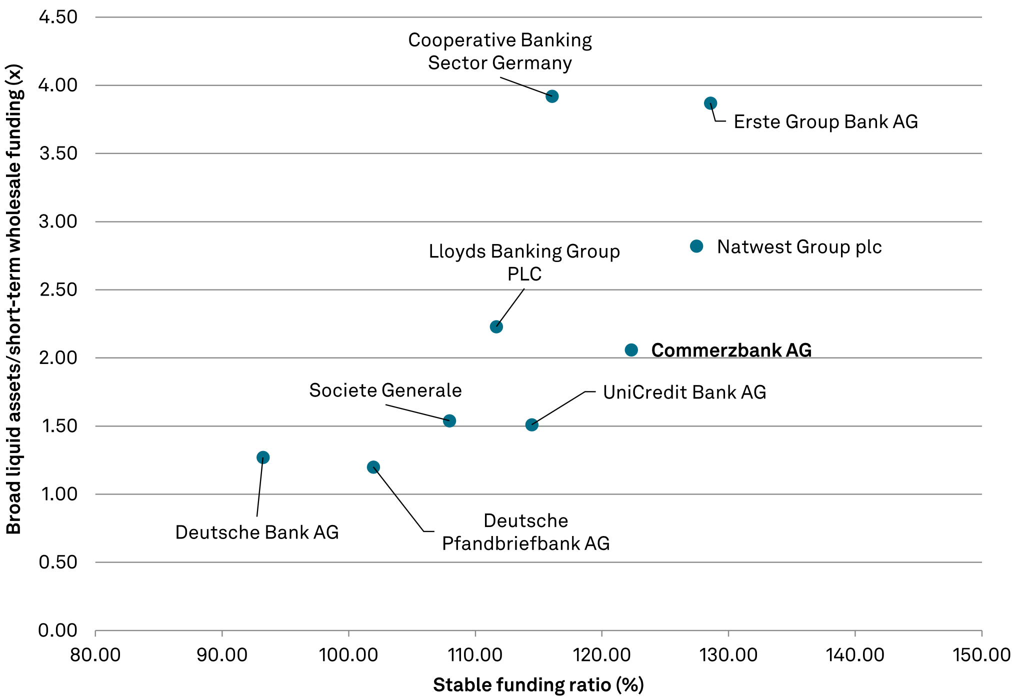
Funding And Liquidity: Balanced Funding Profile And Sound Metrics

Commerzbank's funding and liquidity profile remains consistent with its balance sheet profile. We consider its profile and related metrics as a neutral rating factor and comparable with peers. Our stable funding ratio remains comfortably above 100%, indicating appropriate matching of assets and liabilities. Furthermore, broad liquid assets covered short-term wholesale funding 2.1x at year-end 2022. We anticipate that Commerzbank will maintain prudent management buffers comfortably above regulatory requirements.

Chart 5

Commerzbank well placed within its peer group

Key funding and liquity metrics, year end 2022



Source: S&P Global Ratings.

Commerzbank's funding franchise builds on its branch network and established relationships with domestic retail and corporate clients that supports funding stability. This provides it with access to a stable core deposit base to meet its funding needs. We do not expect a material negative impact from the cut in the branch network from about 800 in 2020 to 400 in 2023, reflecting the accelerated systemwide trend toward digital channels. Deposit funding costs have been below management's expectation so far, supporting the bank's earnings, but should increase systemwide as customers adapt to the higher rates environment and competition in Germany remains intense.

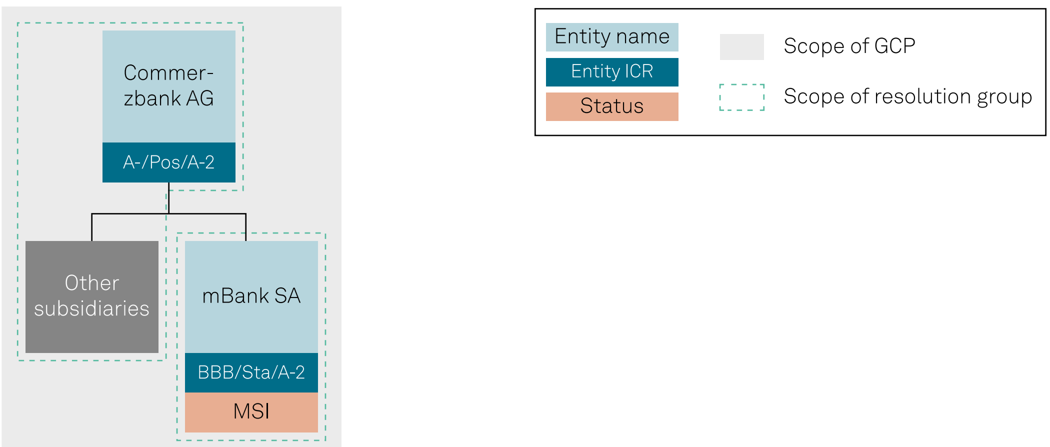
We see access to the covered bonds market as supporting funding stability. Commerzbank's long-term covered bonds (Pfandbriefe) refinance predominately its real estate exposures. As of Sept. 30, 2023, about half of the bank's long-term capital market funding was sourced from stable covered bonds. The bonds' collateralized nature and the more favorable treatment of covered bond assets in banks' regulatory liquidity metrics makes it an attractive funding tool. We anticipate that Commerzbank has sufficient unused collateral for further issuances and these instruments will benefit from reliable investor demand and favorable funding costs in a stressed environment compared to unsecured bonds.

We do not incorporate material benefits from the partial government ownership. We consider its 16% ownership to be temporary and assume that the government would be open to a sale if the price came sufficiently close to the purchase price. We think that liquidity contingency plans and stress testing are adequate. Commerzbank could operate for more than six months without access to market funding in an adverse scenario, in our view.

Support: Commerzbank's Bail-In Buffer Is Consistent With Two ALAC Support Notches

Commerzbank is operating under a multiple point of entry resolution strategy with Polish mBank being the principal entity that sits outside the German resolution group. We therefore include only the German subgroup's bail-in-able instruments and risk-weighted assets, which represent about 90% of group risk-weighted assets, in our ALAC measure for Commerzbank.

Our analytical approach for Commerzbank AG and its rated subsidiaries



Note: Group status reflects the relationship to its subgroup parent. Status can be either moderately strategic, strategically important, or highly strategic. ICR--Issuer credit rating. MSI--Moderately strategic.
Source: S&P Global Ratings.

Commerzbank's ALAC buffer consists mainly of Tier 2 and senior nonpreferred instruments, and to a decreasing extent certain long-term vanilla senior unsecured bonds that turned into subordinated instruments in resolution and liquidation, considering a German law change in 2017. We exclude subordinated instruments that were issued under U.S. law, which does not explicitly refer to bail-in, given the risk that bail-in by the European regulator could be challenged by investors holding these instruments.

We upgraded Commerzbank to 'A-' in March 2023 on its stronger ALAC buffer (see "Commerzbank AG Upgraded To 'A-/A-2' On Stronger Bail-In-Able Debt Buffer; Outlook Stable") as we believed the buffer sustainably exceeded our 6% threshold required for a two-notch rating uplift. This will provide further protection to senior creditors in a resolution scenario. Based on full-year 2022 data, our ALAC ratio was 6.5% and we think the bank is committed to maintain it above 6.0%. We forecast positive net issuance for bail-in-able instruments throughout 2025, supporting the ALAC ratio close to current levels.

Environmental, Social, And Governance

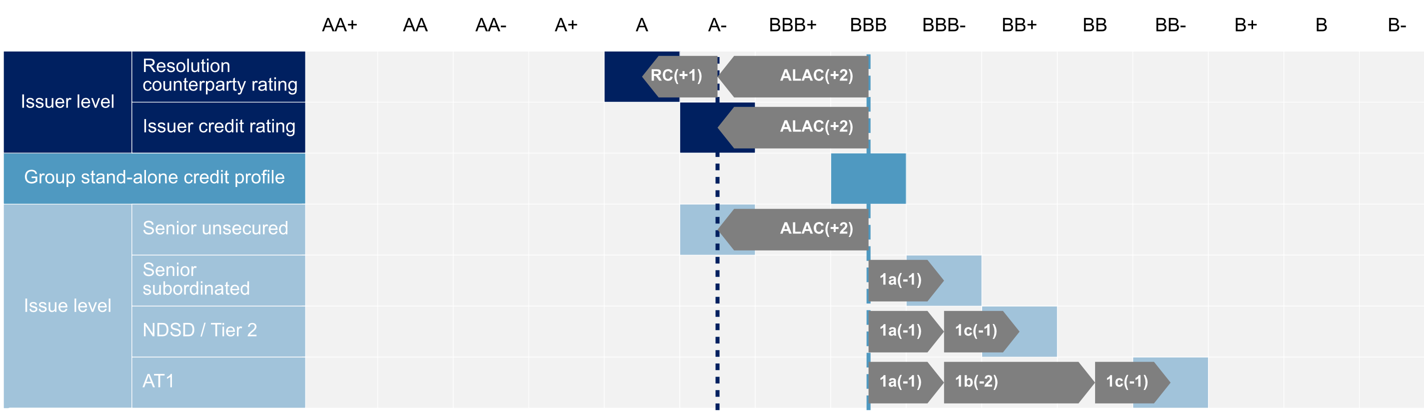
Overall, we see environmental, social, and governance factors for Commerzbank as in line with those of the industry, including German peers, and not a differentiating factor. We think management has executed the transformation prudently and made tangible progress in improving structural profitability and resilience.

Commerzbank aims to significantly increase sales of sustainable products and reached €247 billion of such sales in 2022, compared to the targeted €300 billion by 2025. We also consider transition risks in the lending portfolio to become important to business prospects and asset quality.

Group Structure, Rated Subsidiaries, And Hybrids

We consider mBank as moderately strategically important for Commerzbank. We do not rule out another attempt to sell the bank when market conditions improve, and once the remaining litigation risk from Swiss franc exposures have been sharply reduced. However, we also acknowledge in our assessment that mBank demonstrates solid operational performance absent extraordinary cost, contributing to the group's mid-term financial targets.

Commerzbank AG: Notching



Key to notching

- Group stand-alone credit profile
- Issuer credit rating

RC	Resolution counterparty liabilities (senior secured debt)
ALAC	Additional loss-absorbing capacity buffer
1a	Contractual subordination
1b	Discretionary or mandatory nonpayment clause and whether the regulator classifies it as regulatory capital
1c	Mandatory contingent capital clause or equivalent

Note: The number-letter labels in the table above are in reference to the notching steps we apply to hybrid capital instruments, as detailed in table 2 of our “Hybrid Capital: Methodology And Assumptions” criteria, published on March 2, 2022.
AT1--Additional Tier 1. NDSD--Non-deferrable subordinated debt.

Resolution Counterparty Ratings (RCRs)

We assigned 'A/A-1' RCRs, one notch above the long-term ICRs, to Commerzbank that relate to certain senior liabilities that are explicitly protected from default in an effective bail-in resolution process.

Key Statistics

Table 1

Commerzbank AG--Key figures

	--Year ended Dec. 31--				
(Mil. €)	**2023***	**2022**	**2021**	**2020**	**2019**
Adjusted assets	500,251.0	476,149.0	471,801.0	505,496.0	460,583.0
Customer loans (gross)	272,143.7	264,430.0	260,144.0	254,607.0	250,770.0
Adjusted common equity	27,031.0	25,377.3	24,484.4	23,688.5	26,010.1
Operating revenues	5,296.0	9,461.0	8,459.0	8,186.0	8,645.0
Noninterest expenses	3,256.0	6,486.0	6,506.0	6,672.0	6,766.0
Core earnings	1,144.2	1,458.3	1,631.0	(498.0)	843.1

*Data as of June 30.

Table 2

Commerzbank AG--Business position

	--Year ended Dec. 31--				
(%)	**2023***	**2022**	**2021**	**2020**	**2019**
Total revenues from business line (currency in millions)	5,296.0	9,461.0	8,459.0	8,215.0	8,645.0
Commercial & retail banking/total revenues from business line	53.8	51.5	51.7	51.3	53.9
Trading and sales income/total revenues from business line	27.8	35.4	35.7	24.8	33.5
Other revenues/total revenues from business line	18.5	13.1	12.6	23.8	12.5
Return on average common equity	8.4	5.5	1.7	(10.8)	2.3

*Data as of June 30.

Table 3

Commerzbank AG--Capital and earnings

	--Year-ended Dec. 31--				
(%)	**2023***	**2022**	**2021**	**2020**	**2019**
Tier 1 capital ratio	16.3	16.0	15.5	15.0	14.3
S&P Global Ratings' RAC ratio before diversification	N/A	11.2	10.4	9.6	9.9
S&P Global Ratings' RAC ratio after diversification	N/A	12.5	11.4	10.6	10.6
Adjusted common equity/total adjusted capital	89.7	89.1	88.7	90.0	95.2
Net interest income/operating revenues	77.0	68.3	57.3	60.8	58.7
Fee income/operating revenues	33.2	37.2	42.7	40.5	35.3
Market-sensitive income/operating revenues	(1.2)	0.7	10.9	2.8	4.4
Cost to income ratio	61.5	68.6	76.9	81.5	78.3
Preprovision operating income/average assets	0.8	0.6	0.4	0.3	0.4

Table 3

Commerzbank AG--Capital and earnings (cont.)

	--Year-ended Dec. 31--				
(%)	**2023***	**2022**	**2021**	**2020**	**2019**
Core earnings/average managed assets	0.5	0.3	0.3	(0.1)	0.2

N/A--Not applicable. RAC--Risk-adjusted capital. *Data as of June 30.

Table 4

Commerzbank AG RACF [Risk-Adjusted Capital Framework] Data

(Mil. €)	**Exposure***	**Basel III RWA**	**Average Basel III RW(%)**	**S&P Global RWA**	**Average S&P Global RW (%)**
Credit risk					
Government & central banks	135,655	5,204	4	8,591	6
Of which regional governments and local authorities	22,637	1,611	7	1,299	6
Institutions and CCPs	42,097	10,566	25	17,831	42
Corporate	146,971	74,189	50	101,478	69
Retail	162,397	27,600	17	60,443	37
Of which mortgage	108,466	12,434	11	22,928	21
Securitization§	26,229	4,527	17	7,558	29
Other assets†	8,435	9,237	110	16,036	190
Total credit risk	521,784	131,322	25	211,936	41
Credit valuation adjustment					
Total credit valuation adjustment	--	1,994	--	7,501	--
Market Risk					
Equity in the banking book	4,248	3,017	71	12,088	285
Trading book market risk	--	5,066	--	7,961	--
Total market risk	--	8,083	--	20,050	--
Operational risk					
Total operational risk	--	21,199	--	14,941	--
(Mil. €)	**Exposure**	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global RWA**	**% of S&P Global RWA**
Diversification adjustments					
RWA before diversification	--	168,720	--	254,427	100
Total Diversification/ Concentration Adjustments	--	--	--	-26,018	-10
RWA after diversification	--	168,720	--	228,410	90
(Mil. €)		**Tier 1 capital**	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global RAC ratio (%)**
Capital ratio		Standard & Poor's RWA	Standard & Poor's RWA	Standard & Poor's RWA	Standard & Poor's RWA
Capital ratio before adjustments		27,074	16.0	28,491	11.2
Capital ratio after adjustments‡		27,074	16.0	28,491	12.5

Table 4

Commerzbank AG RACF [Risk-Adjusted Capital Framework] Data (cont.)

*Exposure at default. §Securitization Exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. Sources: Company data as of 'Dec. 31 2022', S&P Global Ratings.

Table 5

Commerzbank AG--Risk position

	--Year ended Dec. 31--				
(%)	**2023***	**2022**	**2021**	**2020**	**2019**
Growth in customer loans	5.8	1.6	2.2	1.5	8.3
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	(10.2)	(9.2)	(9.7)	(7.0)
Total managed assets/adjusted common equity (x)	18.6	18.8	19.3	21.4	17.8
New loan loss provisions/average customer loans	0.2	0.3	0.2	0.7	0.3
Gross nonperforming assets/customer loans + other real estate owned	2.0	2.1	1.6	1.9	1.5
Loan loss reserves/gross nonperforming assets	58.1	53.9	68.1	63.7	57.1

N/A--Not applicable. RWA--Risk-weighted assets. *Data as of June 30.

Table 5

Commerzbank AG--Funding and liquidity

	--Year ended Dec. 31--				
(%)	**2023***	**2022**	**2021**	**2020**	**2019**
Core deposits/funding base	73.7	74.7	68.6	70.1	74.6
Customer loans (net)/customer deposits	81.5	83.6	94.5	85.8	89.5
Long-term funding ratio	82.8	83.5	78.3	79.1	83.8
Stable funding ratio	125.0	122.3	109.4	118.9	113.6
Short-term wholesale funding/funding base	18.4	17.6	23.3	22.3	17.4
Regulatory net stable funding ratio	125.4	128.3	128.8	N/A	N/A
Broad liquid assets/short-term wholesale funding (x)	2.1	2.1	1.5	1.8	2.0
Broad liquid assets/total assets	34.4	31.9	29.1	32.8	27.8
Broad liquid assets/customer deposits	52.3	48.7	50.5	56.8	46.3
Net broad liquid assets/short-term customer deposits	34.2	31.4	20.6	31.3	28.7
Regulatory liquidity coverage ratio (LCR) (x)	138.8	141.1	145.1	N/A	N/A
Short-term wholesale funding/total wholesale funding	68.2	67.6	72.4	73.0	67.6

N/A--Not applicable. *Data as of June 30.

Commerzbank AG--Rating component scores

Issuer Credit Rating	**A-/Positive/A-2**
SACP	bbb
Anchor	bbb+
Economic risk	3
Industry risk	4
Business position	Moderate
Capital and earnings	Adequate

Commerzbank AG--Rating component scores (cont.)	
Issuer Credit Rating	**A-/Positive/A-2**
Risk position	Adequate
Funding	Adequate
Liquidity	Adequate
Comparable ratings analysis	0
Support	+2
ALAC support	+2
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0

ALAC--Additional loss-absorbing capacity. GRE--Government-related entity. SACP--Stand-alone credit profile.

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Commerzbank Outlook Revised To Positive On Improving Resilience From Strengthening Earnings; 'A-/A-2' Affirmed, Nov. 10, 2023
- Commerzbank's New Capital Policy Underpins Expectations And Higher Profit Targets May Add Support In The Medium Term, Sept. 29, 2023
- Cyber Risk Insights: Attack On Vulnerable Software Highlights Outsourcing Risk For Banks, July 21, 2023
- Rating Actions On Three Polish Banks Reflect Differing Provisioning Needs Following ECJ Ruling, June 27, 2023
- Banking Industry Country Risk Assessment: Germany, June 6, 2023
- mBank S.A., May 26, 2023
- Commerzbank AG Upgraded To 'A-/A-2' On Stronger Bail-In-Able Debt Buffer; Outlook Stable, March 23, 2023

- German Banks In 2023: Well Placed To Withstand Economic Challenges, Feb. 21, 2023

Ratings Detail (As Of December 18, 2023)*	
Commerzbank AG	
Issuer Credit Rating	A-/Positive/A-2
Resolution Counterparty Rating	A/--/A-1
Commercial Paper	
Local Currency	A-2
Junior Subordinated	BB-
Senior Subordinated	BBB-
Senior Unsecured	A-
Short-Term Debt	A-2
Subordinated	BB+
Issuer Credit Ratings History	
10-Nov-2023	A-/Positive/A-2
23-Mar-2023	A-/Stable/A-2
23-May-2022	BBB+/Stable/A-2
23-Apr-2020	BBB+/Negative/A-2
Sovereign Rating	
Germany	AAA/Stable/A-1+
Related Entities	
Dresdner Funding Trust I	
Junior Subordinated	BB-
mBank S.A.	
Issuer Credit Rating	BBB/Stable/A-2
Resolution Counterparty Rating	BBB+/--/A-2
Senior Subordinated	BB+
Senior Unsecured	A-2
Senior Unsecured	BBB

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.