COMMERZBANK

Disclosure Report as at 31 March

2022

in accordance with the Capital Requirements Regulation (CRR)

The bank at your side

Contents

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 the German Mittelstand and a strong partner for around 28,000 corporate client groups and around 11 million private and small-business customers in Germany. The Bank's two Business Segments – Private and Small-Business Customers and Corporate Clients – offer a comprehensive portfolio of financial services.

Commerzbank transacts approximately 30% of Germany's foreign trade and is present internationally in almost 40 countries in the corporate clients' business. The Bank focusses on the German Mittelstand, large corporates, and institutional clients. As part of its international business, Commerzbank supports clients with German connectivity and companies operating in selected future-oriented industries. Its Polish subsidiary mBank S.A. is an innovative digital bank that serves approximately 5.6 million private and corporate customers, predominantly in Poland, but also in the Czech Republic and Slovakia.

A detailed description of Commerzbank Group is given in the Annual Report 2021.

Objective of the Disclosure Report

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) 2019/876 (CRR) of the European parliament and of the Council of 20 May 2019 amending the Regulation (EU) No. 575/2013 (CRR I) as at 31 March 2022. The regulation is supplemented by the final draft implementing technical standards EBA EBA/ITS/2020/04 from 24 June 2020, which specify the tables integrated in the report. The names of the predefined tables are indicated by the table names provided with the prefix EU.

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.

Commerzbank is a large institution in accordance with Article 4 (1) Nr 146 CRR, thus implementing the frequency requirements of Article 433a CRR.

Equity capital, capital requirements and RWA

Key metrics

In order to facilitate market participants' access to the most important equity and liquidity ratios of the institutions, Table KM1 with key metrics will be introduced from June 2021.

The table shows the information required by Articles 447(a) to (g) and 438 (b) CRR. In particular, these include the available own funds, risk-weighted exposure amounts, capital ratios, combined capital buffers, leverage ratio and liquidity ratios, as well as some additional own funds requirements in order to obtain an overall overview of Commerzbank.

The Common Equity Tier 1 (CET1) capital fell slightly by €49m compared to 31 December 2021. On the one hand, there was a capital increasing impact due to a good quarterly result and a positive effect from the pension funds. On the other hand, there was a negative development in the other comprehensive income and an increase in the regulatory capital deduction from the prudent valuation of positions accounted for at fair value. With risk-weighted assets virtually unchanged, the Common Equity Tier 1 capital ratio fell by 2 basis points versus 31 December 2021.

The changes in Tier 1 capital were attributable to a slight decrease in CET1 capital and in particular to the fact that AT1 instruments of €226m could no longer be taken into account under the CRR transitional provisions. Tier 2 capital was reduced by €341m due to the cancellation of a Tier 2 bond and the elimination of Tier 2 from temporary grandfathering.

The leverage ratio shows the ratio of Tier 1 capital to leverage ratio 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 (with transitional provisions and fully loaded) decreased to 4.7% as of 31 March 2022. The decrease is mainly due to higher leverage ratio exposure, which was caused by increased cash reserve and security financing transactions (SFT) balance sheet volume.

At 143.1% (average of the last 12 month-end values), Commerzbank was well above the minimum 100% level required for the liquidity coverage ratio (LCR). Commerzbank's liquidity situation as at the end of the quarter was therefore comfortable given its conservative and forward-looking funding strategy.

The Net Stable Funding Ratio (NSFR) as of 31 March 2022 underlines the solid funding position of Commerzbank Group. It reflects the customer-focused business model of Commerzbank Group with a high contribution to the available stable funding (ASF) from customer deposits. The main share of the required stable funding (RSF) results from the loan business, and the main share of the ASF results from customer deposits.

The NSFR increased from 128.8% to 132.2% in the first quarter of 2022, mainly because the ASF has increased again. This is due both to the increase in liabilities due on demand and to the increase in receivables due on demand between December 2021 and March 2022, following the decline at the end of the year caused by the balance sheet management at year-end.

Details of the issued capital instruments of Commerzbank Group according to Article 437 b) and c) CRR and using the EU CCA table in Annex VII of the Regulation of Implementation (EU) 2021/637 are given in Annex 5 of the disclosure report as of 31 December 2021 and on the Commerzbank website in the section debt holder information/capital instruments. For the Commerzbank Group, the transitional provisions laid down in Article 473a CRR shall not apply.

For the Commerzbank Group, the transitional provisions laid down in Article 468 and Article 473a CRR 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 at 31 March 2022.

EU KM1 : Key metrics

		a	b	c	d
Line	€m | %	31.03.2022	31.12.2021	30.09.2021	30.06.2021
Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	23,715	23,765	23,666	23,709
2	Tier 1 capital	26,949	27,215	27,141	27,187
3	Total capital	31,574	32,182	32,174	31,806
Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	175,106	175,188	175,217	177,588
Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	13.54	13.57	13.51	13.35
6	Tier 1 ratio (%)	15.39	15.54	15.49	15.31
7	Total capital ratio (%)	18.03	18.37	18.36	17.91
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.00	2.00	2.00	2.00
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.13	1.13	1.13	1.13
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.50	1.50	1.50	1.50
EU 7d	Total SREP own funds requirements (%)	10.00	10.00	10.00	10.00
Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50	2.50	2.50	2.50
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	–	–	–	–
9	Institution specific countercyclical capital buffer (%)	0.02	0.02	0.02	0.02
EU 9a	Systemic risk buffer (%)	–	–	–	–
10	Global Systemically Important Institution buffer (%)	–	–	–	–
EU 10a	Other Systemically Important Institution buffer (%)	1.25	1.25	1.25	1.25
11	Combined buffer requirement (%)	3.77	3.77	3.77	3.77
EU 11a	Overall capital requirements (%)	13.77	13.77	13.77	13.77
12	CET1 available after meeting the total SREP own funds requirements (%)	7.89	7.94	7.88	7.73
Leverage ratio[1]					
13	Total exposure measure	577,634	520,528	589,100	589,160
14	Leverage Ratio fully loaded (%)	4.67	5.19	4.57	4.58
14	Leverage ratio with transitional provisions (%)	4.67	5.23	4.61	4.61
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	–	–	–	–
EU 14b	of which: to be made up of CET1 capital (percentage points)	–	–	–	–
EU 14c	Total SREP leverage ratio requirements (%)	3.00	3.00	3.00	3.00
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	–	–	–	–
EU 14e	Overall leverage ratio requirements (%)	3.00	3.00	3.00	3.00
Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	105,654	108,997	112,055	108,733
EU 16a	Cash outflows - Total weighted value	96,370	97,086	97,317	97,655
EU 16b	Cash inflows - Total weighted value	22,955	22,354	21,368	21,384
16	Total net cash outflows (adjusted value)	73,415	74,732	75,949	76,229
17	Liquidity Coverage Ratio (%)	143.1	145.1	147.6	142.8

Line	€m | %	31.03.2022	31.12.2021	30.09.2021	30.06.2021
Net Stable Funding Ratio[2]					
18	Total available stable funding	339,837	331,377	343,367	348,133
19	Total required stable funding	257,016	257,361	254,470	257,341
20	NSFR ratio (%)	132.2	128.8	134.9	135.3

1) Differences between LR fully loaded and LR with transitional provisions until 12/2021; transitional agreements for Tier 1 capital expired.
2) The Net Stable Funding Ratio (NSFR) improved slightly retrospectively due to an adjustment of the total required stable funding as at 30 June 2021.

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

As required by Article 438 (d) CRR, Table EU OV1 shows an overview of risk-weighted assets (RWA) and the associated capital requirements by risk type.

Of the overall capital requirement 74.4% relates to credit 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.

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.

Of the overall capital requirement 7.2% 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 overall capital requirement). Commerzbank treats these positions in accordance with the recognition hierarchy according 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 March 2022, capital requirements here are 4.5% 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 standardized approaches are applied for smaller units in Commerzbank Group in accordance with the partial use option.

Since the fourth quarter of 2021, Commerzbank has used the standard approach (SA) to calculate the capital adequacy for operational risks. As of 31 March, 2022 11.4% of the total capital requirement is attributable to this risk category.

EU OV1: Overview of risk-weighted exposure amounts

		a	b	c
		Risk-weighted exposure amounts		Total own funds requirements
	€m	31.03.2022	31.12.2021	31.03.2022
1	Credit risk (excluding CCR)	130,195	130,702	10,416
2	thereof: standard approach	20,423	21,004	1,634
3	thereof: the foundation IRB (FIRB) approach	0	0	0
4	thereof: slotting approach	907	841	73
EU 4a	thereof: equities under the simple risk weighted approach	0	0	0
5	thereof: the advanced IRB (AIRB) approach	108,865	108,857	8,709
6	Counterparty credit risk - CCR	12,601	12,786	1,008
7	thereof: standard approach	1,412	1,417	113
8	thereof: internal model method (IMM)	7,625	7,657	610
EU 8a	thereof: exposures to a CCP	253	261	20
EU 8b	thereof: credit valuation adjustment - CVA	2,558	2,663	205
9	thereof: other CCR	754	788	60
15	Settlement risk	0	1	0
16	Securitisation exposures in the non-trading book (after the cap)	4,545	4,382	364
17	thereof: SEC-IRBA	1,764	1,639	141
18	thereof SEC-ERBA (incl. IAA)	2,252	2,278	180
19	thereof: SEC-SA	529	465	42
EU 19a	thereof: 1,250% / deduction (for information)	2,191	2,284	175
20	Position, foreign exchange and commodities risks (Market risk)	7,874	7,517	630
21	thereof: standard approach	414	390	33
22	thereof: IMA	7,461	7,128	597
EU 22a	Large exposures	0	0	0
23	Operational risk	19,891	19,799	1,591
EU 23a	thereof: basic indicator approach	0	0	0
EU 23b	thereof: standard approach	19,891	19,799	1,591
EU 23c	thereof: advanced measurement approach	0	0	0
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (for information)	6,633	7,097	531
29	**Total**	**175,106**	**175,188**	**14,008**

Risk-weighted assets were €175.1bn as at 31 March 2022. Compared to the previous quarter, there was a slight decline of almost €0.1bn. RWA from credit risks and counterparty credit risks (CCR) decreased slightly. There were small increases in RWA from securitisation positions and operational risks. The RWA experienced a larger increase due to market risks, mainly due to new extreme scenarios as a result of the strong market movements in the context of the Russia-Ukraine war.

Detailed overviews of the development of risk-weighted assets 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

Table EU CR8 below shows the changes in the RWA of credit risk exposures in the IRBA portfolio of Commerzbank Group between 31 December 2021 and 31 March 2022. The credit risk remained almost stable in the first quarter of 2022, as RWA-reducing effects from a new securitisation transaction at mBank ("Asset Size") and RWA increases from changes in asset quality (mainly Russia-related rating changes) as well as volume effects ("Asset Size") largely offset.

Table EU CR8 shows the information according to Article 438 (h) CRR as at 31 March 2022:

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

		a
	€m	Risk-weighted exposure amount (RWA)
1	**RWA as at the end of the previous reporting period**	**109,698**
2	Asset size	–1,177
3	Asset quality	1,321
4	Model updates	0
5	Methodology and policy	0
6	Acquisitions and disposals	0
7	Foreign exchange movements	49
8	Other	–118
9	**RWA as at the end of the current reporting period**	**109,772**

The following table EU CCR7 shows the development of RWA by main driver of counterparty credit risk according to the internal model method (IMM) in the first quarter of 2022 in accordance with Article 438 (h) CRR. The slight decrease in RWA despite increases in asset size is mainly due to rating improvements of the counterparties and exchange rate movements mainly due to the strong US Dollar.

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

		a
	€m	Risk-weighted assets (RWA)
1	**RWA as at the end of the previous reporting period**	**7,657**
2	Asset size	645
3	Credit quality of counterparties	–342
4	Model updates (IMM only)	–148
5	Methodology and policy (IMM only)	0
6	Acquisitions and disposals	0
7	Foreign exchange movements	–188
8	Other	0
9	**RWA as at the end of the current reporting period**	**7,625**

The table EU MR2-B below shows the development of RWA by main market risk drivers according to the internal model-based approach (IMA) in the first quarter of 2022 according to Article 438(h) CRR.

The increase in total RWA in the first quarter of 2022 mainly results from new extreme scenarios caused by the strong market movements in the context of the Russia-Ukraine war. The slight decrease in Stressed VaR (sVaR) is due to changes of positions of the corporate clients business unit.

EU MR2-B: RWA flow statements of market risk exposures under the IMA

		a	b	c	d	e	f	g
	€m	VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWA	Total capital requirements
1	**RWA as at the end of the previous reporting period**	**862**	**5,663**	**603**	**0**	**0**	**7,128**	**570**
1a	Regulatory adjustment	0	0	0	0	0	0	0
1b	RWA as at the end of the previous reporting period (end of the day)	862	5,663	603	0	0	7,128	570
2	Movement in risk levels	503	−143	20	0	0	380	30
3	Model updates/changes	0	0	−48	0	0	−48	−4
4	Methodology and policy	0	0	0	0	0	0	0
5	Acquisitions and disposals	0	0	0	0	0	0	0
6	Foreign exchange movements[1]	–	–	–	–	–	–	–
7	Other	0	0	0	0	0	0	0
8a	RWA at the end of the reporting period (end of the day)	1,365	5,520	576	0	0	7,461	597
8b	Regulatory adjustment	0	0	0	0	0	0	0
8	**RWA as at the end of the current reporting period**	**1,365**	**5,520**	**576**	**0**	**0**	**7,461**	**597**

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

Liquidity risk

The liquidity coverage ratio (LCR) is the regulatory minimum liquidity ratio. It is a measure of the near-term solvency of the Bank under a predetermined stress scenario. Based on the requirements of the Basel Committee, the EU Commission set out the legal foundation for the LCR in the Capital Requirements Regulation (CRR), Regulation (EU) No. 575/2013, in conjunction with Delegated Regulation EU/2015/61 (D-REG).

The ratio itself is defined as the relationship between high quality liquid assets (HQLA) and net liquidity outflows (NLOs) within a 30-day period. Commerzbank monitors the LCR as part of its daily liquidity risk calculation.

The Bank has established internal 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. 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 also applies to payment obligations in foreign currencies. The Bank also mitigates concentrations through the continuous use of the broadly diversified sources of funding available to it, particularly in the form of diverse customer deposits and capital market instruments.

Commerzbank manages its global liquidity centrally using cash pooling. This approach ensures liquidity resources are used efficiently across all time zones, as Commerzbank Treasury units are located in Frankfurt, London, New York and Singapore.

Further information can be found in the Management Report of the Annual Report 2021 in the chapter “Funding and liquidity of the Commerzbank Group” from page 79.

The calculation of the LCR for the last reporting year is shown below. The averages of the 12 previous month-end values are calculated for each quarter. The resulting values are shown in the table below. The values are rounded to a full-million amount in euros and are presented on a consolidated basis for the Commerzbank Group.

As required by Article 451a (2) CRR, Table EU LIQ1 shows the liquid assets and their cash inflows and outflows and finally the liquidity buffer and the liquidity coverage ratio as at 31 March 2022.

EU LIQ1 Quantitative information of LCR – unweighted

		a	b	c	d
	€m | %	Total unweighted value (average)			
EU 1a	**Quarter ending on**	**30.06.2021**	**30.09.2021**	**31.12.2021**	**31.03.2022**
EU 1b	Number of data points used in the calculation of averages	12	12	12	12
High-quality liquid assets					
1	Total high-quality liquid assets (HQLA), after application of haircuts in line with Article 9 of regulation (EU) 2015/61				
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	157,407	158,578	158,604	157,813
3	Stable deposits	107,002	109,240	111,688	112,320
4	Less stable deposits	42,795	41,645	39,210	37,800
5	Unsecured wholesale funding	122,762	125,937	126,575	126,623
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	41,133	42,096	41,807	42,095
7	Non-operational deposits (all counterparties)	81,052	83,429	84,339	84,184
8	Unsecured debt	577	412	428	344
9	Secured wholesale funding				
10	Additional requirements	91,319	90,717	89,822	88,277
11	Outflows related to derivative exposures and other collateral requirements	7,105	6,575	6,351	6,114
12	Outflows related to loss of funding on debt products	180	114	202	153
13	Credit and liquidity facilities	84,034	84,028	83,269	82,010
14	Other contractual funding obligations	3,626	3,586	3,482	2,341
15	Other contingent funding obligations	100,948	101,814	101,412	101,668
16	Total cash outflows				
Cash Inflows					
17	Secured lending (e.g. reverse repos)	36,707	36,779	37,410	37,305
18	Inflows from fully performing exposures	20,615	20,147	19,812	19,950
19	Other cash inflows	5,069	4,824	6,082	6,728
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)				
EU-19b	(Excess inflows from a related specialised credit institution)				
20	Total cash inflows	62,391	61,750	63,304	63,984
EU-20a	Fully exempt inflows	0	0	0	0
EU-20b	Inflows subject to 90% cap	0	0	0	0
EU-20c	Inflows subject to 75% cap	60,207	59,309	60,768	61,384
Total Adjusted Value					
EU-21	Liquidity buffer				
22	Total net cash outflows				
23	Liquidity coverage ratio (%)				

EU LIQ1 Quantitative information of LCR – weighted

		a	b	c	d
	€m | %	Total weighted value (average)			
EU 1a	**Quarter ending on**	**30.06.2021**	**30.09.2021**	**31.12.2021**	**31.03.2022**
EU 1b	Number of data points used in the calculation of averages	12	12	12	12
High-quality liquid assets					
1	Total high-quality liquid assets (HQLA), after application of haircuts in line with Article 9 of regulation (EU) 2015/61	108,733	112,055	108,997	105,654
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	9,925	9,921	9,799	9,694
3	Stable deposits	5,350	5,462	5,584	5,616
4	Less stable deposits	4,575	4,459	4,215	4,078
5	Unsecured wholesale funding	58,162	59,299	59,721	59,926
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	10,260	10,500	10,426	10,498
7	Non-operational deposits (all counterparties)	47,325	48,387	48,867	49,084
8	Unsecured debt	577	412	428	344
9	Secured wholesale funding	4,203	3,967	4,004	4,311
10	Additional requirements	19,096	17,940	17,363	16,860
11	Outflows related to derivative exposures and other collateral requirements	6,914	6,351	6,058	5,756
12	Outflows related to loss of funding on debt products	180	114	202	153
13	Credit and liquidity facilities	12,002	11,475	11,103	10,952
14	Other contractual funding obligations	2,942	2,913	2,802	1,646
15	Other contingent funding obligations	3,328	3,277	3,396	3,932
16	Total cash outflows	97,655	97,317	97,086	96,370
Cash Inflows					
17	Secured lending (e.g. reverse repos)	1,829	2,129	1,996	1,839
18	Inflows from fully performing exposures	14,582	14,548	14,432	14,540
19	Other cash inflows	4,973	4,691	5,926	6,576
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)	0	0	0	0
EU-19b	(Excess inflows from a related specialised credit institution)	0	0	0	0
20	Total cash inflows	21,384	21,368	22,354	22,955
EU-20a	Fully exempt inflows	0	0	0	0
EU-20b	Inflows subject to 90% cap	0	0	0	0
EU-20c	Inflows subject to 75% cap	21,426	21,368	22,354	22,955
Total Adjusted Value					
EU-21	Liquidity buffer	108,733	112,055	108,997	105,654
22	Total net cash outflows	76,229	75,949	74,732	73,415
23	Liquidity coverage ratio (%)	142.8%	147.6%	145.1%	143.1%

The average quarterly LCR values have been consistently high. As at each of the reporting dates, Commerzbank considerably surpassed the required minimum ratio of 100%. The composition of the highly liquid assets available to cover the liquidity outflows in the reporting period is set out below:

EU addLIQ: Highly liquid assets in accordance with EU/2015/61

Average of the last 12 month-end values €m	**30.06.2021**	**30.09.2021**	**31.12.2021**	**31.03.2022**
Total	**108,733**	**112,055**	**108,997**	**105,654**
thereof: Level 1	97,319	102,873	101,912	99,811
thereof: Level 2A	10,639	8,291	6,158	5,073
thereof: Level 2B	774	892	927	770

Commerzbank also reports the LCR in US dollars and Polish zloty (PLN), as these are deemed to be significant foreign currencies under the CRR. In addition, the Bank ensures that foreign-exchange risk is monitored as well as limited and managed using an internal model.

When calculating the LCR, the Bank takes into account the liquidity inflows and outflows for derivatives over the next 30 days. When standardised master agreements are involved, the liquidity inflows and outflows are calculated on a net basis. Commerzbank also takes into account further items that could lead to additional outflows of liquidity. These items include variation margins for changes in the value of securities pledged as collateral and, in the event of a possible deterioration in credit rating, additional collateral furnished because of adverse market scenarios for derivatives transactions. For other contingent liabilities, since June 2019 Commerzbank has used additional outflows in accordance with Article 23 of Commission Delegated Regulation (EU) 2015/61.

Appendix

List of abbreviations

A-IRB	Advanced Internal Ratings Based Approach
AT-1	Additional Tier 1
ASF	Available Stable Funding
CCP	Central counterparty
CCR	Counterparty credit risk
CET1	Common Equity Tier 1
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
CVA	Credit Value Adjustments
EBA	European Banking Authority
ERBA	External Ratings-Based Approach
EU	European Union
F-IRB	Foundation IRB
HQLA	High-quality liquid asset
IRC	Incremental Risk Charge
IFRS	International Financial Reporting Standards
IMA	Internal Model Approach
IMM	Internal Model Method
IRBA	Internal Ratings Based Approach
ITS	Implementing technical standards
LCR	Liquidity Coverage Ratio
NLO	Net liquidity outflows
NSFR	Net stable funding ratio
RSF	Required Stable Funding
RWA	Risk-Weighted Assets
SACR	Standardised Approach to Credit Risk
SFT	Securities Financing Transactions
SREP	Supervisory Review and Evaluation Process
sVaR	stressed Value-at-Risk
T1	Tier 1 capital
VaR	Value-at-Risk

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

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 rules are still ongoing. Therefore, requirements for adjustment may occur 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.

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