COMMERZBANK

Disclosure Report as at 30 September

2021

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 30,000 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. Following the integration of comdirect, private and small-business customers benefit from the services offered by one of Germany's most advanced direct banks combined with personal advisory support on site. Its Polish subsidiary mBank S.A. is an innovative digital bank that serves approximately 5.5 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 2020.

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 II) of the European parliament and of the Council of 20 May 2019 amending the Regulation (EU) No. 575/2013 (CRR I) as at 30 September 2021. 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 II, thus implementing the frequency requirements of Article 433a CRR II.

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 II. 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 slight decline in Common Equity Tier 1 (CET1) capital (approximately €44m) compared to 30 June 2021 was mainly due to the increased capital deductions, which were offset by the balance sheet profit generated in the third quarter. The Common Equity Tier 1 ratio increased by 16 basis points compared to 30 June 2021 due to the decline in risk-weighted assets (€–2,371m). The increase in capital (€+369m) compared to 30 June 2021 was mainly due to the issue of a new Tier 2 bond (nominal: €500m). The total capital ratio thus rose by 45 basis points compared to 30 June 2021.

The leverage ratio shows the ratio of Tier 1 capital to lever-age 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.

It was stable at 4.6% on the basis of the CRR II regulation in force on the reporting date due to almost unchanged leverage ratio exposure and Tier 1 capital.

At 147.6% (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 30 September 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 ratio in total did not change during the third quarter of 2021. Changes in RSF and ASF from 30 June to 30 September result from slightly reduced loan business of €2bn RSF and a slight reduction of €3bn ASF due to retail deposits. These reductions lie within usually observed fluctuation ranges. Further positions remained relatively stable.

Details of the issued capital instruments of Commerzbank Group according to Article 437 (1) b) and c) CRR II are given on the Commerzbank website in the section debt holder information/capital instruments. For the Commerzbank Group, the transitional provisions laid down in Article 468 and Article 473a CRR II 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 II. However, the effects from the application are so marginal that we do not take these into account as at 30 September 2021.

EU KM1 : Key metrics

		a	b
Line	€m | %	30.09.2021	30.06.2021
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital	23,666	23,709
2	Tier 1 capital	27,141	27,187
3	Total capital	32,174	31,806
	Risk-weighted exposure amounts		
4	Total risk-weighted exposure amount	175,217	177,588
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	13.51	13.35
6	Tier 1 ratio (%)	15.49	15.31
7	Total capital ratio (%)	18.36	17.91
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)		
EU 7a	Additional CET1 SREP requirements (%)	2.00	2.00
EU 7b	Additional AT1 SREP requirements (%)	1.13	1.13
EU 7c	Additional T2 SREP requirements (%)	1.50	1.50
EU 7d	Total SREP own funds requirements (%)	10.00	10.00
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer (%)	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
EU 9a	Systemic risk buffer (%)	–	–
10	Global Systemically Important Institution buffer (%)	–	–
EU 10a	Other Systemically Important Institution buffer (%)	1.25	1.25
11	Combined buffer requirement (%)	3.77	3.77
EU 11a	Overall capital requirements (%)	13.77	13.77
12	CET1 available after meeting the total SREP own funds requirements (%)	7.88	7.73
	Leverage ratio		
13	Leverage ratio total exposure measure	589,100	589,160
14	Leverage ratio (%)	4.57	4.58
14	Leverage ratio with transitional provisions (%)	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 CET1 leverage ratio requirements (%)	–	–
EU 14b	Additional AT1 leverage ratio requirements (%)	–	–
EU 14c	Additional T2 leverage ratio requirements (%)	3.00	3.00
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)		
EU 14d	Applicable leverage buffer (%)	–	–
EU 14e	Overall leverage ratio requirements (%)	3.00	3.00

		a	b
Line	**€m | %**	**30.09.2021**	**30.06.2021**
	Liquidity Coverage Ratio		
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	112,055	108,733
EU 16a	Cash outflows – Total weighted value	97,317	97,655
EU 16b	Cash inflows – Total weighted value	21,368	21,384
16	Total net cash outflows (adjusted value)	75,949	76,229
17	Liquidity Coverage Ratio (%)	147.6	142.8
	Net Stable Funding Ratio		
18	Total available stable funding	343,367	348,133
19	Total required stable funding	254,470	257,133
20	NSFR ratio (%)	134.9	135.0

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 II, Table EU OV1 shows an overview of risk-weighted assets (RWA) and the associated capital requirements by risk type.

Of the overall capital requirement 74.5% 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 II 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 II, generally obliged to value investments in accordance with the IRBA rules. The CRR II allows items to be permanently exempted from the IRBA. Commerzbank applies Article 150 CRR II 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 II, such as private equity investments or venture capital exposures, are shown in the corresponding SACR exposure class.

Of the overall capital requirement 8.3% 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 II, adequate capital must be set aside for market risk positions. As at 30 September 2021, capital requirements here are 3.3% 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.

Commerzbank uses the advanced measurement approach (AMA) to measure regulatory and economic capital for operational risks. At the end of the fourth quarter of 2021, Commerzbank will switch to the standardised approach for the determination of regulatory capital. In order to take this into account, a corresponding RWA buffer was formed anticipatively at the end of the third quarter of 2021. This risk category accounts for 11.3% of the overall capital requirement.

EU OV1: Overview of risk-weighted exposure amounts

		a	b	c
		Risk-weighted exposure amounts		Total own funds requirements
	€m	30.09.2021	30.06.2021	30.09.2021
1	Credit risk (excluding CCR)	130,590	132,201	10,447
2	thereof: standard approach	20,443	20,765	1,635
3	thereof: the foundation IRB (FIRB) approach	-	-	-
4	thereof: slotting approach	1,391	1,495	111
EU 4a	thereof: equities under the simple risk-weighted approach	–	–	–
5	thereof: the advanced IRB (AIRB) approach	108,756	109,941	8,700
6	Counterparty credit risk - CCR	14,501	14,885	1,160
7	thereof: standard approach	1,614	1,720	129
8	thereof: internal model method (IMM)	8,644	8,406	691
EU 8a	thereof: exposures to a CCP	305	271	24
EU 8b	thereof: credit valuation adjustment - CVA	2,891	3,493	231
9	thereof: other CCR	1,048	995	84
15	Settlement risk	–	1	–
16	Securitisation exposures in the non-trading book (after the cap)	4,491	4,589	359
17	thereof: SEC-IRBA	1,677	1,765	134
18	thereof SEC-ERBA (incl. IAA)	2,370	2,386	190
19	thereof: SEC-SA	443	438	35
EU 19a	thereof: 1250% / deduction (for information)	2,401	2,383	192
20	Position, foreign exchange and commodities risks (Market risk)	5,841	7,357	467
21	thereof: standard approach	365	453	29
22	thereof: IMA	5,475	6,904	438
EU 22a	Large exposures	–	–	–
23	Operational risk	19,795	18,555	1,584
EU 23a	thereof: basic indicator approach	–	–	–
EU 23b	thereof: standard approach	–	–	–
EU 23c	thereof: advanced measurement approach	19,795	18,555	1,584
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (for information)	6,528	6,537	522
29	**Total**	**175,217**	**177,588**	**14,017**

Risk-weighted assets were €175.2bn as at 30 September 2021. Compared to the previous quarter, there was a total decline of almost €2.4bn. For the individual risk types, there was a decrease in RWA from credit risks mainly due to an improvement in portfolio quality and a reduction in the portfolio. The RWA from counterparty default risks decreased slightly in the third quarter of 2021. The decrease in RWA due to market risks results mainly from changes in positions and the elimination of relevant scenarios from the period under consideration of the VaR calculation. The main driver for the increase in RWA from operational risks is the formation of a buffer, which takes into account the change in approach to the standardized approach in the fourth quarter of 2021.

The 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 30 June 2021 and 30 September 2021. The decrease in RWA in the third quarter of 2021 is mainly due to an improving quality of the portfolio ("asset quality") as well as a reduction of portfolio volume ("asset size"). On the other hand, there is a slight increase in the RWA due to model changes and movements in exchange rates ("foreign exchange movements").

Table EU CR8 shows the information according to Article 438 (h) CRR II as at 30 September 2021:

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**	**111,436**
2	Asset size	–496
3	Asset quality	–885
4	Model updates	204
5	Methodology and policy	0
6	Acquisitions and disposals	0
7	Foreign exchange movements	94
8	Other	–207
9	**RWA as at the end of the current reporting period**	**110,147**

The following table EU CCR7 shows the development of RWA by main driver of credit counterparty risk according to the internal model method (IMM) in the third quarter of 2021 in accordance with Article 438 (h) CRR II. The slight increase in RWA is mainly due to a change in portfolio size.

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

		a
	€m	**Risk-weighted exposure amount (RWA)**
1	**RWA as at the end of the previous reporting period**	**8,406**
2	Asset size	216
3	Credit quality of counterparties	–28
4	Model updates (IMM only)	4
5	Methodology and policy (IMM only)	0
6	Acquisitions and disposals	0
7	Foreign exchange movements	45
8	Other	0
9	**RWA as at the end of the current reporting period**	**8,644**

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 third quarter of 2021 according to Article 438(h) CRR II.

The decrease in total RWA from market risks is mainly results from stressed VaR due to changes in positions in the equity, Treasury and corporate clients segments. The further decline was due to the regulatory VaR, where relevant scenarios from the time series for the VaR calculation were eliminated, as well as to position changes in the equity 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**	**1,233**	**5,065**	**605**	**0**	**0**	**6,904**	**552**
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)	1,233	5,065	605	0	0	6,904	552
2	Movement in risk levels	–476	–960	–7	0	0	–1,443	–115
3	Model updates/changes	4	11	0	0	0	15	1
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]	0	0	0	0	0	0	0
7	Other	0	0	0	0	0	0	0
8a	RWA at the end of the reporting period (end of the day)	761	4,116	598	0	0	5,475	438
8b	Regulatory adjustment	0	0	0	0	0	0	0
8	**RWA as at the end of the current reporting period**	**761**	**4,116**	**598**	**0**	**0**	**5,475**	**438**

[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 about liquidity risk management and the corresponding internal models, including those relating to the coronavirus pandemic, can be found in the Management Report and in the liquidity risk section of the Risk Report of the Annual Report 2020.

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 II, 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 30 September 2021.

EU LIQ1 Quantitative information of LCR – unweighted

		a	b	c	d
	€m | %	Total unweighted value (average)			
EU 1a	**Quarter ending on**	**31.12.2020**	**31.03.2021**	**30.06.2021**	**30.09.2021**
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:	148,775	154,712	157,407	158,578
3	Stable deposits	100,639	103,764	107,002	109,240
4	Less stable deposits	42,508	43,456	42,795	41,645
5	Unsecured wholesale funding	115,875	119,010	122,762	125,937
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	39,180	40,197	41,133	42,096
7	Non-operational deposits (all counterparties)	76,174	78,175	81,052	83,429
8	Unsecured debt	521	638	577	412
9	Secured wholesale funding				
10	Additional requirements	88,230	90,296	91,319	90,717
11	Outflows related to derivative exposures and other collateral requirements	7,735	7,476	7,105	6,575
12	Outflows related to loss of funding on debt products	213	219	180	114
13	Credit and liquidity facilities	80,282	82,601	84,034	84,028
14	Other contractual funding obligations	3,021	3,597	3,626	3,586
15	Other contingent funding obligations	101,953	101,690	100,948	101,814
16	Total cash outflows				
Cash Inflows					
17	Secured lending (e.g. reverse repos)	41,332	37,610	36,707	36,779
18	Inflows from fully performing exposures	23,517	22,030	20,615	20,147
19	Other cash inflows	5,536	5,616	5,069	4,824
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	70,385	65,255	62,391	61,750
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	66,884	62,824	60,207	59,309
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**	**31.12.2020**	**31.03.2021**	**30.06.2021**	**30.09.2021**
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	95,389	102,093	108,733	112,055
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	9,578	9,827	9,925	9,921
3	Stable deposits	5,032	5,188	5,350	5,462
4	Less stable deposits	4,546	4,639	4,575	4,459
5	Unsecured wholesale funding	56,272	57,094	58,162	59,299
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	9,769	10,027	10,260	10,500
7	Non-operational deposits (all counterparties)	45,982	46,429	47,325	48,387
8	Unsecured debt	521	638	577	412
9	Secured wholesale funding	6,221	5,280	4,203	3,967
10	Additional requirements	20,344	19,841	19,096	17,940
11	Outflows related to derivative exposures and other collateral requirements	7,444	7,251	6,914	6,351
12	Outflows related to loss of funding on debt products	213	219	180	114
13	Credit and liquidity facilities	12,687	12,370	12,002	11,475
14	Other contractual funding obligations	2,242	2,916	2,942	2,913
15	Other contingent funding obligations	3,824	3,507	3,328	3,277
16	Total cash outflows	98,481	98,465	97,655	97,317
Cash Inflows					
17	Secured lending (e.g. reverse repos)	1,996	1,838	1,829	2,129
18	Inflows from fully performing exposures	16,610	15,503	14,582	14,548
19	Other cash inflows	6,716	6,791	4,973	4,691
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	25,322	24,132	21,384	21,368
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	24,271	22,893	21,426	21,368
Total Adjusted Value					
EU-21	Liquidity buffer	95,389	102,093	108,733	112,055
22	Total net cash outflows	74,210	75,572	76,229	75,949
23	Liquidity coverage ratio (%)	128.6	135.3	142.8	147.6

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 LIQ2: Highly liquid assets in accordance with EU/2015/61

Average of the last 12 month-end values €m	Q4/2020	Q1/2021	Q2/2021	Q3/2021
Total	**95,389**	**102,093**	**108,733**	**112,055**
thereof: Level 1	79,429	88,033	97,319	102,873
thereof: Level 2A	15,397	13,506	10,639	8,291
thereof: Level 2B	563	554	774	892

In September 2021, Commerzbank also reports the LCR in US dollars and Polish zloty (PLN), as these are deemed to be significant foreign currencies under the CRR II. 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
AMA	Advanced Measurement Approach
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
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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