COMMERZBANK

Interim financial information as at 31 March

2021

The bank at your side

Key figures

Income statement	1.1.–31.3.2021	1.1.–31.3.2020[1]
Operating profit (€m)	538	–278
Operating profit per share (€)	0.43	–0.22
Consolidated profit or loss[2] (€m)	133	–291
Earnings per share (€)	0.11	–0.23
Operating return on equity based on CET[3] (%)	9.1	–4.6
Return on equity of consolidated profit or loss[3, 8] (%)	1.5	–4.8
Cost/income ratio in operating business (excl. compulsory contributions) (%)	59.0	81.2
Cost/income ratio in operating business (incl. compulsory contributions) (%)	72.5	97.4

Balance sheet	31.3.2021	31.12.2020[1]
Total assets (€bn)	537.8	506.6
Risk-weighted assets (€bn)	178.5	178.6
Equity as shown in balance sheet (€bn)	29.3	28.6
Total capital as shown in balance sheet (€bn)	35.9	36.6

Regulatory key figures	31.3.2021	31.12.2020
Tier 1 capital ratio (%)	15.1	15.0
Common Equity Tier 1 ratio[4] (%)	13.4	13.2
Total capital ratio (%)	17.7	17.7
Leverage ratio (%)	4.7	4.9

Full-time personnel	31.3.2021	31.12.2020
Germany	27,736	28,397
Abroad	11,087	11,065
Total	38,823	39,462

Ratings[5]	31.3.2021	31.12.2020
Moody's Investors Service, New York[6]	A1/A1/P–1	A1/A1/P–1
S&P Global, New York[7]	A–/BBB+/A–2	A–/BBB+/A–2

[1] Prior-year figures restated.
[2] Insofar as attributable to Commerzbank shareholders.
[3] Annualised.
[4] The Common Equity Tier 1 ratio is the ratio of Common Equity Tier 1 capital (CET1) mainly subscribed capital, reserves and deduction items) to risk-weighted assets. The fully loaded basis anticipates full application of the new regulations.
[5] Further information can be found online at www.commerzbank.com.
[6] Counterparty rating and deposit rating/issuer credit rating/short-term liabilities.
[7] Counterparty rating/deposit rating and issuer credit rating/short-term liabilities.
[8] Ratio of net income attributable to Commerzbank shareholders and average IFRS equity before minority after deduction of goodwill and other intangible assets.

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

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Performance highlights
1 January to 31 March 2021

Key statements

- Commerzbank has made a very good start to the year, recording a consolidated profit in the first quarter of 2021 despite the ongoing pandemic and high restructuring costs. Net commission income rose sharply thanks to continued strong customer activity in securities business, enabling the Bank to largely offset the impact of the negative interest rate environment and the ongoing caution among consumers as a result of coronavirus restrictions. Overall, Commerzbank posted an operating profit of €538m in the first three months of 2021 in a still difficult business environment.

- The Group risk result was reported at €–149m, which represents a significant decline of 54.4% compared with the prior-year period. The non-performing exposure (NPE) ratio was 0.9%.

- Operating expenses decreased by 2.3% to €1,469m. Compulsory contributions were reported separately and rose by 11.9% to €336m, primarily due to higher contributions to the Deposit Protection Fund and for the European banking levy.

- The Bank recognised restructuring expenses of €465m overall in the first quarter of 2021. These were largely in connection with the voluntary programme agreed with the Central Works Council at the end of March for the required headcount reduction in Germany, the elimination of management positions and the headcount reduction in other countries.

- The consolidated profit attributable to Commerzbank shareholders and investors in additional equity components was €133m, compared with a loss of €–291m in the prior-year period.

- The Common Equity Tier 1 ratio increased to 13.4% compared with the end of 2020; the leverage ratio was 4.7% (with transitional provisions).

- The operating return on equity was 9.1%, compared with – 4.6% in the prior-year period. The return on equity based on consolidated profit or loss (less intangible assets and AT-1-related items) was 1.5%, compared with –4.8% in the previous year. The cost/income ratio was 59.0% with compulsory contributions excluded and 72.5% including compulsory contributions. The corresponding figures for the previous year were 81.2% and 97.4% respectively.

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

Changes in the Supervisory Board of Commerzbank

On 16 March 2021, Hans-Jörg Vetter announced his immediate resignation from the Supervisory Board of Commerzbank Aktiengesellschaft for health reasons. His deputy Uwe Tschäge has assumed the duties of Chairman of the Supervisory Board until a successor is elected. Supervisory Board member Andreas Schmitz also resigned from the board with immediate effect on 24 March 2021. Tobias Guldimann, Rainer Hillebrand and Victoria Ossadnik will resign from the Supervisory Board at the end of the 2021 Annual General Meeting. Since there are a number of vacant positions to be filled on the Supervisory Board, the Board of Managing Directors of Commerzbank Aktiengesellschaft has decided to postpone the virtual Annual General Meeting originally scheduled for 5 May 2021 to 18 May 2021.

The Supervisory Board will propose five new members to the 2021 Annual General Meeting for election. They are to be elected for the period from the end of the 2021 Annual General Meeting until the end of the 2023 Annual General Meeting. The proposed new members are Helmut Gottschalk, Burkhard Keese, Daniela Mattheus, Caroline Seifert and Frank Westhoff. Helmut Gottschalk has already been appointed by the court as a member of the Supervisory Board with effect from 14 April 2021 and until the end of the upcoming Annual General Meeting on 18 May 2021 and was elected by the Supervisory Board as its Chairman on 29 April 2021. At the Annual General Meeting, Helmut Gottschalk and the four other new candidates are to be elected by the shareholders to the Supervisory Board as shareholder representatives. The Supervisory Board intends to re-elect Helmut Gottschalk as Chairman immediately after the Annual General Meeting. Helmut Gottschalk was a member of the Supervisory Board of DZ Bank AG, the central institution of Germany's cooperative banking sector, for a total of 15 years, including a successful period as Chairman from 2010 to 2018.

Further information on the candidates proposed for election can be found at https://www.commerzbank.com/agm.

Commerzbank takes the next steps in its restructuring

Commerzbank is making good progress towards the cost reductions targeted under the "Strategy 2024" programme. At the end of March the Bank has agreed a voluntary programme with the Central Works Council for the required headcount reduction. A total of around 1,700 full-time positions at Commerzbank AG in Germany are set to be eliminated through the voluntary programme by the end of 2021. Under the programme, eligible employees are due to be offered severance agreements from July 2021 onwards. Employees who sign up for the voluntary programme will leave the Bank at the end of the year.

The Bank agreed a framework reconciliation of interests and a framework social plan for the required headcount reduction with the employee representative committees at the beginning of May. The binding agreements will form the basis for ensuring that the headcount reduction is as socially responsible as possible. They resulted in restructuring expenses of around €225m. Together with other restructuring expenses in connection with the planned headcount reduction and real estate, the total charge recognised by the Bank for restructuring under the "Strategy 2024" programme is now around €2,060m.

Commerzbank is to become a net zero bank

Commerzbank has joined the Net-Zero Banking Alliance of UNEP FI, the United Nations Environment Programme Finance Initiative. Commerzbank is one of the first banks worldwide to commit to reducing its CO_2 emissions as much as possible. The aim is to align the Bank's entire lending and investment portfolios with net-zero emissions by 2050 at the latest. The Bank is already targeting net-zero emissions for its own banking operations by 2040. Commerzbank's voluntary net-zero commitment underlines the Bank's determination to play an active role in shaping the sustainable transformation of the economy and society. The net-zero commitment calls for specific measures from Commerzbank which demonstrably support its customers in reducing their greenhouse gas emissions. The initial focus is on CO_2-intensive sectors. Commerzbank will provide regular progress reports in accordance with the UNEP FI guidelines.

Financial performance, assets, liabilities and financial position

For a description of the accounting and measurement methods applied as at 31 March 2021 and information on restatements of prior-year figures see "Additional information" on page 20.

Income statement of the Commerzbank Group

Commerzbank has made a very good start to the year, recording a consolidated profit of €133m in the first quarter despite the ongoing pandemic and high restructuring costs. The operating profit was €538m in the reporting period, compared with an operating loss of €–278m in the prior-year period.

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

At €1,254m, net interest income in the period under review was 5.0% below the prior-year level. Net interest income in the Private and Small-Business Customers segment was as expected below the prior-year level. The strong pressure on interest income from deposit business in Germany persisted and was not completely offset by higher interest income from continued volume growth in lending business, particularly in retail mortgage financing and personal loans. At mBank, the consequences of the interest rate cuts implemented by the Polish central bank in the previous year led to a decline in net interest income despite increased volumes for both deposits and loans. Net interest income in the Corporate Clients segment was also slightly below the prior-year level. Others and Consolidation recorded an increase in net interest income due mainly to income from targeted longer-term refinancing operations (TLTROs).

Net commission income increased by 8.5% compared with the first quarter of 2020 to €951m. In the Private and Small-Business Customers segment, a marked increase in net commission income was the main income driver in the reporting period. Both in Germany and at mBank, this earnings figure benefited in particular from continued strong customer activity in securities business, which was reflected in significant growth in transaction volumes. In the Corporate Clients segment, net commission income was also up slightly compared with the prior-year period.

The net income from financial assets and liabilities measured at fair value through profit or loss was €360m in the period under review, after €–304m in the prior-year period. The significant increase was mainly attributable to positive remeasurement effects in the first quarter of the current year, whereas the prior-year period was affected by valuation fluctuations in connection with the coronavirus pandemic.

The other net income figure was €–45m in the first quarter of the current year.

Despite the ongoing coronavirus pandemic, the risk result of €–149m was significantly lower than the prior-year figure of €–326m. The risk result for the prior-year period includes a top-level adjustment (TLA) of €– 111m made because of the coronavirus pandemic. The TLA of €505m recognised in the 2020 financial statements was retained almost unchanged in the first quarter of 2021. In both the Private and Small-Business Customers segment and the Corporate Clients segment, the extent of credit losses remained significantly below the level of the first three months of 2020.

Operating expenses were reduced by 2.3% compared with the prior-year period to €1,469m. Personnel expenses were in line with the prior-year level at €855m, with the net elimination of around 1,000 full-time equivalents compensating for cost-generating effects including salary adjustments and increased outlays for the German Pension Insurance Association. By contrast, operating expenses, including depreciation of fixed assets and amortisation of other intangible assets, were reduced by 5.8% to €615m. The significant decline was primarily due to a reduction in advertising costs and lower expenses for business travel and depreciation.

Compulsory contributions, which are reported separately, rose by a further 11.9% to €336m, up from €301m in the prior-year period, due to higher contributions for the Deposit Protection Fund and the European banking levy.

Restructuring expenses of €465m during the reporting period affected earnings performance. These mainly related to the voluntary programme for the required headcount reduction.

The pre-tax profit from continuing operations was €73m, compared with a pre-tax loss from continuing operations of €–278m in the prior-year period. After a positive tax effect of €83m, the profit from continuing operations after tax was €156m, compared with a loss of €–327m in the prior-year period.

Net of non-controlling interests, a consolidated profit of €133m was attributable to Commerzbank shareholders and investors in additional equity components for the reporting period, compared with a loss of €–291m in the prior-year period.

Operating profit per share was €0.43 and earnings per share €0.11. The comparable figures in the prior-year period were €–0.22 and €–0.23 respectively.

Balance sheet of the Commerzbank Group

Total assets of the Commerzbank Group as at 31 March 2021 were €537.8bn. This represented an increase of €31.2bn compared with the end of 2020. The significant growth of 6.2% was due in particular to the increase of central bank balances, the seasonal expansion of secured money market transactions and the increased lending business.

Equity

The equity capital attributable to Commerzbank shareholders reported in the balance sheet on 31 March 2021 was €25.6bn, up €0.7bn compared with year-end 2020. Further information on the change in equity can be found on page 18 f.

Risk-weighted assets were €178.5bn as at 31 March 2021, in line with the level as at the end of 2020. This was mainly attributable to offsetting effects between risk-weighted assets from credit risk and risk-weighted assets from operational risk. While the increase in risk-weighted assets from credit risk was mainly attributable to FX effects, the reduction in risk-weighted assets from operational risk was caused by changes in loss database and improvements in qualitative model indicators. Risk-weighted assets from market price risks were almost unchanged.

As at the reporting date, Common Equity Tier 1 capital was €24.0bn, compared with €23.6bn as at 31 December 2020. The key factor behind the increase of €0.4bn was actuarial gains made by the pension plans. These were partially offset by higher regulatory capital deductions. The Common Equity Tier 1 ratio was therefore 13.4%. The total capital ratio was 17.7% as at the reporting date.

The leverage ratio based on the CRD IV/CRR rules applicable on the reporting date, which is equal to Tier 1 capital divided by leverage exposure, was 4.7% (with transitional provisions).

The Bank complies with all regulatory requirements.

Funding and liquidity

Commerzbank had access to the money and capital markets at all times during the reporting period, and its liquidity and solvency were always adequate. Furthermore, Commerzbank's liquidity management is always able to respond promptly to new market circumstances. Even against the background of ongoing uncertainty due to the coronavirus pandemic, the Bank's liquidity situation is comfortable and complies with both internal limits and applicable regulatory requirements.

Commerzbank is still planning a funding volume of less than €5bn for 2021. The Commerzbank Group raised a total of €0.6bn in long-term funding on the capital market in the first quarter of 2021. The average term of the issues made during the reporting period was four and a half years.

A preferred senior bond with a volume of €500m was issued in March. The benchmark bond had a term of four and a half years, and the re-offer spread was 48 basis points over six-month Euribor. The issue was very popular with foreign investors, who accounted for 70% of subscriptions. Around three-quarters of the volume was placed with funds, 17% with banks and 5% with central banks. Around €0.1bn of preferred senior bonds were also issued as private placements.

The eurozone money markets continued to be significantly influenced by the coronavirus pandemic and its repercussions.

The ECB is still in the process of implementing the comprehensive measures it decided on in March 2020 to counter the economic downturn in the eurozone and the resulting impact on the financial sector. Under TLTRO III, the ECB provided banks with additional liquidity of around €1,300bn in 2020. Commerzbank participated in this programme in June 2020 with a volume of €32.3bn. After the ECB announced in December that it would extend the maximum participation from 50% to 55% of the "eligible" loan portfolio from March 2021, Commerzbank made use of this option and increased its participation by a further €3.6bn. As a result, the total volume currently amounts to €35.9bn, the maximum possible volume. The interest rates for the main refinancing operations, the marginal lending facility and the deposit facility were unchanged.

At the end of the first quarter of 2021, the Bank had a liquidity reserve of €106.1bn in the form of highly liquid assets. The liquidity reserve portfolio works as a buffer in stress situations. It is funded in line with the liquidity risk appetite to ensure that it is kept at the required size throughout the entire reserve period stipulated by the Board of Managing Directors. Part of this liquidity reserve is held in a separate stress liquidity reserve portfolio managed by Group Treasury to cover liquidity outflows should a stress event occur and to ensure solvency at all times.

The Bank also holds an intraday liquidity reserve portfolio. As at the reporting date, the total value of this portfolio was €6.1bn.

At 141.5% (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 is therefore comfortable given its conservative and forward-looking funding strategy.

Segment performance

The comments on the segments' results for the first three months of 2021 are based on the segment structure described on pages 89 and 276 ff. of the Annual Report 2020.

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

Private and Small-Business Customers

The Private and Small-Business Customers segment improved its operating profit by €104m to €250m year on year in the first quarter of 2021 despite the still very challenging operating environment. A slight rise in operating income and a slight fall in operating expenses more than offset the material increase in the level of compulsory contributions. The main driver of the improvement in earnings was the risk result, which was more than halved to €–64m. Total segment income before risk result was €1,329m in the quarter under review, a slight increase of €20m compared with the prior-year figure.

Net interest income of €616m was as expected lower than the prior-year figure of €680m. The ongoing strong pressure on interest income from deposit business in Germany was not completely offset by higher interest income from continued volume growth in lending business, particularly in retail mortgage financing and personal loans. At mBank, the consequences of the interest rate cuts implemented by the Polish central bank in the previous year led to a decline in net interest income despite increased volumes for both deposits and loans.

The strongest earnings driver was again net commission income, which grew significantly by a total of €67m to €653m in the period under review. Both in Germany and at mBank, this earnings figure benefited in particular from continued strong customer activity in securities business, which was reflected in significant growth in transaction volumes.

Other earnings components, which include amongst others other net income and the fair value result, increased by a total of €19m to €61m. The increase was mainly due to positive remeasurement effects at mBank.

The risk result fell sharply from €–161m in the same quarter of the previous year to €–64m. Thanks to the high volume of provisions recognised in previous quarters in connection with the effects of the coronavirus pandemic, the extent of credit losses remained at a significantly reduced level.

Operating expenses for the period under review were slightly below the prior-year level overall at €851m. While there was little change in expenses in Germany, operating expenses at mBank fell. There was a large increase in the total cost of compulsory contributions, however, which rose to €163m compared with €137m in the prior-year period. By far the largest increase related to costs for the Deposit Protection Fund in Germany.

Overall, the Private and Small-Business Customers segment posted a pre-tax profit of €250m in the period under review, compared with €146m in the previous year.

Corporate Clients

The performance of the Corporate Clients segment in the first three months of 2021 was affected by the difficult market environment, particularly the uncertainty caused by the ongoing coronavirus pandemic and its economic consequences or rather dependencies. This notwithstanding, the capital markets saw record inflows as a result of low interest rates and material economic stimuli. However, the negative interest rate environment weighed on the interest margins achievable in German customer business in particular.

The Corporate Clients segment recorded an operating profit of €98m in the first three months of 2021, compared with a loss of €–112m in the prior-year period due to higher valuation allowances for credit risks. This figure included remeasurement effects of €18m, which had made a negative contribution to earnings of €–78m in the prior-year period.

Despite solid contributions from capital market business, the Mittelstand division recorded lower income overall, including from lending business, which struggled with declining volumes. Commercial business was also hit by the consequences of the coronavirus pandemic, resulting in lower income from cash management in particular. The International Corporates division recorded a positive performance, benefiting in particular from a significant contribution from primary market business with bonds and from syndicated finance. In the Institutionals division, however, there were no positive developments to offset the decline in income from trade finance and bilateral lending business. The Others division, which was affected by a significant widening of credit spreads and negative remeasurement effects caused by the coronavirus pandemic, recorded a marked recovery and achieved a significant improvement compared with the same quarter of the previous year.

Income before risk result was €842m in the first three months of the year, €87m higher than in the first quarter of 2020. At €439m, net interest income was below the prior-year level of €453m, while net commission income was up to €312m, just above the prior-year level of €300m. Net income from financial assets and liabilities measured at fair value through profit or loss improved markedly to €107m, €148m higher than the figure for the first three months of the previous year.

The risk result in the Corporate Clients segment in the first three months of the year was €–52m, compared with €–165m in the prior-year period, which was the first quarter to be affected by the coronavirus pandemic.

Operating expenses were €576m, down €22m on the prior-year figure. The decline resulted from lower personnel and administrative expenses achieved through strict cost management. The reported compulsory contributions of €116m relate primarily to the European banking levy. Compulsory contributions of €103m were recorded in the previous year.

Overall, the pre-tax profit from continuing operations was €98m, compared with a pre-tax loss of €–112m in the prior-year period.

Others and Consolidation

The Others and Consolidation segment contains the income and expenses which are not attributable to the business segments. Others covers, for example, Group Treasury, equity holdings not allocated to the business segments and overarching matters such as expenditure on regulatory fees. Consolidation reconciles the figures shown in segment reporting with the Group financial statements in accordance with International Financial Reporting Standards (IFRS). Others and Consolidation also covers staff, management and support functions, which are likewise charged to the segments. For these units, restructuring costs are an exception to transfer charging, as they are reported centrally in the division.

The Others and Consolidation segment reported an operating profit of €190m for the first quarter of 2021, compared with a loss of €–313m in the prior-year period. The significant improvement is primarily attributable to the positive performance of Group Treasury, which suffered major valuation losses in the prior-year period due to market fluctuations triggered by the coronavirus crisis. Group Treasury also generated higher income from the management of interest rate risk and foreign currency liquidity in the first quarter of 2021.

The accrual of income from the ECB's TLTRO programmes and positive net remeasurement effects also had a positive impact on earnings in the Others and Consolidation segment. This was offset by declines due to higher net loan loss provisions for a residual portfolio in the dissolved Asset & Capital Recovery segment, consolidation adjustments and net negative effects from the recognition and reversal of provisions. Others and Consolidation recorded a pre-tax loss of €–275m for the first quarter of 2021. This figure included restructuring expenses of €465m relating to the implementation of Commerzbank's new strategic programme.

Outlook and opportunities report

Future economic situation

The outlook for the economy going forward is still heavily dependent on the future course of the coronavirus pandemic. In the USA, the economic outlook has brightened further thanks to the excellent progress made with the vaccination campaign and the trillion-dollar economic stimulus package agreed under the new US President Joe Biden. We have raised our growth forecast for the US economy in 2021 to 6.8% (previously 5%).

In the EU, many countries have extended their coronavirus restrictions due to a renewed rise in Covid-19 infections, which means that the economic recovery will also begin at least one to two months later than previously envisaged. As a result, the eurozone economy is now expected to grow by just 4.5% in 2021 (previous forecast: 5%). We have lowered our growth forecast for Germany to 4.0% (previously: 4.5%).

Anticipated liquidity trends

Owing to the high excess liquidity in the market, the volume of longer-term securities repo transactions will remain restricted. The short-term repo market in high-quality securities such as government bonds, supranational bonds and covered bonds (high-quality liquid assets or HQLA) is still functioning smoothly, however, even in the face of the coronavirus pandemic, and it plays an important role in servicing the bond and cash markets.

A key driver of the collateral markets is the increase in demand due to the mandatory collateralisation obligation for over-the-counter (OTC) derivatives under bilateral initial margin requirements and the TLTRO from last year.

Collateral eligible for discounting at the central bank is still in demand following the TLTRO increase in March 2021, meaning that the euro repo markets remain more expensive than the ECB deposit facility. We expect the market to remain at this level for as long as the ECB continues to provide support through monetary policy measures.

The situation in the bond markets is still being influenced by the ECB's securities purchase programme and high surplus liquidity, the economic consequences of the pandemic and political uncertainties. This is resulting in ongoing steady demand for good-quality borrowers. With interest rates set to remain in negative territory, additional demand will come from financial investors in search of returns.

Liquidity in the secondary markets, which in this context is already significantly reduced, will thus remain low. Despite rising government debt, we expect German government bond yields to remain very low, even in the long-term segment (yields are currently negative up to 20 years), and we anticipate persistently high demand from investors for high-quality securities. In view of this, we believe credit spreads will remain tight.

Anticipated performance of the Commerzbank Group

We essentially stand by the guidance we gave in the Annual Report 2020 regarding the Commerzbank Group's anticipated earnings performance in 2021. However, given the Bank's business performance in the first three months of 2021, we have adjusted some of our forecasts.

Given the strong results of the first quarter, revenues should slightly exceed the previous year. Given the ongoing high level of uncertainty regarding the future course of the pandemic, a risk result of between €–0.8bn and €–1.2bn is anticipated. Based on current estimates, a risk result of up to €–1bn is likely. Based on the results for the first quarter, the Bank expects to have a CET1 ratio of at least 12.5% (previously: over 12%), well above the targeted buffer of 200 to 250 basis points over the minimum regulatory requirement (MDA threshold). Overall, the Bank expects to record an operating profit for the year. The outlook is based on the assumption that there will be no substantial changes with regard to mBank's Swiss franc loan portfolio.

Risk situation

Risk-bearing capacity is monitored and managed monthly at Group level. Risk-bearing capacity is deemed to be assured as long as the risk-bearing capacity ratio (RBC ratio) is higher than 100%. In the first quarter of 2021, the RBC ratio was consistently above 100% and stood at 164% as at 31 March 2021. The rise in economically required capital compared with December 2020 is mainly attributable to the impact of IAS 19 effects as well as a market-induced decline in hidden liabilities. The RBC ratio is still well above the minimum requirement.

Risk-bearing capacity Group | €bn	**31.3.2021**	**31.12.2020**
Economic risk coverage potential	**23**	**22**
Economically required capital[1]	**14**	**14**
thereof for default risk	10	10
thereof for market risk[2]	4	4
thereof for operational risk	1	1
thereof diversification effects	– 2	– 2
RBC ratio (%)[3]	**164**	**159**

[1] Including physical asset risk, risk of unlisted investments and the risk buffer for reserve risk and for the quantification of potential fluctuations in value of intangibles.
[2] Including deposit model risk.
[3] RBC ratio = economic risk coverage potential/economically required capital (including risk buffer).

The coronavirus pandemic has plunged the world economy into the deepest recession since the end of World War II.

In many countries, corona restrictions have been extended in the face of rising Covid-19 infections. This means that the economic recovery will begin at least one to two months later than previously assumed.

Default risk

In 2020 the ongoing development of the coronavirus pandemic was taken into account in the calculation of default risk, primarily by means of a top-level adjustment (TLA) in the risk result as well as adjustments of models. For the most part, this negative trend is not yet perceptible in the remaining risk figures, as it will only become noticeable here with a time lag over the course of the coming months.

The credit risk parameters in the rating classes 1.0 to 5.8 as at 31 March 2021 were as follows:

	31.3.2021				**31.12.2020**			
Credit risk parameters	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**CVaR** €m	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**CVaR** €m
Private and Small-Business Customers	196	401	20	2 145	190	401	21	2 025
Corporate Clients	186	422	23	4 770	180	430	24	4 647
Others and Consolidation[1]	98	129	13	2 469	96	141	15	2 721
Group	**480**	**952**	**20**	**9 384**	**466**	**971**	**21**	**9 393**

[1] Mainly liquidity portfolios of Treasury.

When broken down on the basis of PD ratings, 84% of the Group's portfolio is in the internal rating classes 1 and 2, which comprise investment grade.

	31.3.2021					**31.12.2020**				
Rating breakdown EaD | %	**1.0-1.8**	**2.0-2.8**	**3.0-3.8**	**4.0-4.8**	**5.0-5.8**	**1.0-1.8**	**2.0-2.8**	**3.0-3.8**	**4.0-4.8**	**5.0-5.8**
Private and Small-Business Customers	32	51	14	2	1	32	52	13	3	1
Corporate Clients	20	59	15	4	2	20	59	16	4	2
Others and Consolidation	55	42	3	0	0	56	41	3	0	0
Group	**32**	**52**	**12**	**2**	**1**	**32**	**53**	**12**	**2**	**1**

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

	31.3.2021			31.12.2020		
Group portfolio by region	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp
Germany	255	409	16	248	415	17
Western Europe	103	218	21	102	238	23
Central and Eastern Europe	50	214	43	51	207	41
North America	38	41	11	33	46	14
Asia	25	33	13	24	34	15
Other	11	37	34	10	31	31
Group	**480**	**952**	**20**	**466**	**971**	**21**

Risk result The risk result relating to the Group's lending business as at 31 March 2021 was €–149m (prior-year period: €–326m) and is thus at a low level.

The TLA amount included in the 2020 financial statements continues to be in line with the Bank's assumptions regarding the impact of the pandemic and was therefore maintained almost unchanged in the first quarter of 2021.

The risk result forecast for 2021 is between €–0.8bn and €–1.2bn, subject to the uncertainty of the further development of the coronavirus pandemic. After the development in the first quarter of 2021, a risk result up to €– 1bn is likely.

	31.3.2021				31.3.2020			
Risk result | €m	**Stage 1**	**Stage 2**[1]	**Stage 3**[1]	**Total**	**Stage 1**	**Stage 2**[1]	**Stage 3**[1]	**Total**
Private and Small-Business Customers	– 11	– 4	– 49	– 64	– 6	– 21	– 134	– 161
Corporate Clients	– 5	– 4	– 43	– 52	– 5	– 46	– 115	– 165
Others and Consolidation	2	– 1	– 34	– 32	– 1	6	– 4	0
Group	**– 14**	**– 9**	**– 126**	**– 149**	**– 12**	**– 61**	**– 253**	**– 326**

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

Default portfolio The Group's default portfolio fell by €202m in the first quarter and stood at €4,593m as at 31 March 2021.

Market risk

The trend in the first quarter of 2021 was driven by falling value at risk (VaR) figures, as the extreme scenarios from March of the previous year were eliminated from the time series for the VaR calculation and therefore no longer had an influence on VaR.

VaR in the trading book fell from €12m to €8m in the first quarter of 2021, while stressed VaR fell slightly from €28m as at the end of 2020 to €27m as at the end of the first quarter of 2021. This was due to changes in positions in the Corporate Clients segment and Treasury.

The impact of an interest rate shock on the economic value of the Group's banking book is simulated monthly in compliance with regulatory requirements. The scenario +200 basis points resulted in a potential economic loss of €2,525m as at 31 March 2021 (31 December 2020: €2,776m potential economic loss), and the scenario –200 basis points resulted in a potential economic profit of €584m (31 December 2020: €343m potential economic profit).

The interest rate sensitivity of the overall banking book (excluding pension funds) amounted to €9.4m as at 31 March 2021 (31 December 2020: €9.0m) per basis point of interest rate decline.

Liquidity risk

The stress scenarios within the Bank that underlie the liquidity risk model and are relevant for management purposes allow for the impact of both a bank-specific stress event and a broader market crisis. As at the end of the first quarter of 2021, in the one-month and three-month periods, the combined stress scenario leaves net liquidity of €9.5bn and €9.8bn respectively.

As at the end of the first quarter of 2021, the Bank had a liquidity reserve of €106.1bn in the form of highly liquid assets.

The Bank also holds an intraday liquidity reserve portfolio. As at the end of the first quarter of 2021, the total value of this portfolio was €6.1bn.

In the first quarter of 2021, Commerzbank significantly exceeded the minimum ratio of 100% on every reporting date. As at the end of the first quarter of 2021, the average month-end value of the LCR over the last twelve months was 141.5%.

Operational risk

Commerzbank uses the advanced measurement approach (AMA) to measure regulatory and economic capital for operational risks. Risk-weighted assets for operational risks on this basis came to €16.7bn as at the end of the first quarter of 2021 (31 December 2020: €18.3bn). The economically required capital was €1.3bn (31 December 2020: €1.5bn).

The total charge for OpRisk events as at the end of the first quarter of 2021 was approximately €37m (full-year 2020: €345m). The events mainly related to losses in the "Products and business practices" category.

Other risks

As regards all other risks, there were no significant changes in the first quarter of 2021 compared with the position reported in the Group Risk Report 2020, with the exception of the details set out below on current developments in respect of legal risks:

On 29 April 2021, the European Court of Justice (ECJ) delivered a judgement (C-19/20) on five questions referred for a preliminary ruling by a Polish court in proceedings against another bank. In the Bank's view, the judgement does not change the current risk assessment.

In a non-public session on 7 May 2021, the Polish Supreme Court ruled on referral questions from an ombudsman of the Polish banking regulator. In the Bank's view, the judgement does not change the current risk assessment.

The Civil Chamber of the Polish Supreme Court is set to rule on questions referred by the President of the Supreme Court in a non-public session scheduled for 11 May 2021; at the time of reporting it was still unclear whether or not the session would take place.

The Bank will analyse the rulings of the Polish Supreme Court, in particular with regard to the impact on further case law and on the provision for legal risks.

As at 31 March 2021, the provision for individual claims was €320m. Of this amount, €277m relates to Swiss franc loans that have not been fully repaid and €42m to Swiss franc loans and legal costs that have already been fully repaid. In particular, the pending ruling of the Civil Chamber of the Polish Supreme Court, which is scheduled to sit on 11 May 2021, may mean that the amount of the provision has to be adjusted significantly in the future.

On 27 April 2021, the German Federal Court of Justice ruled on the mechanism for changes to banks' general terms and conditions (AGB Banken) in a case against another bank and declared the relevant clauses of the AGB Banken to be void. The Bank is considering the impact of this change in case law on its business divisions and products.

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

Statement of comprehensive income

Income statement

€m	1.1.-31.3.2021	1.1.-31.3.2020[1]	Change in %
Interest income accounted for using the effective interest method	1,500	1,814	–17.3
Interest income accounted for not using the effective interest method	356	288	23.4
Interest income	1,856	2,102	–11.7
Interest expenses	602	782	–23.1
Net interest income	1,254	1,320	–5.0
Dividend income	1	2	–38.3
Risk result	–149	–326	–54.4
Commission income	1,111	1,034	7.5
Commission expenses	160	157	1.8
Net commission income	951	877	8.5
Net income from financial assets and liabilities measured at fair value through profit or loss	360	–304	.
Net income from hedge accounting	–48	–70	–31.7
Other sundry realised profit or loss from financial instruments	31	18	71.8
Gain or loss on disposal of financial assets – Amortised cost	–12	–5	.
Other net income from financial instruments	19	13	48.5
Current net income from companies accounted for using the equity method	0	2	–93.0
Other net income	–45	12	.
Operating expenses	1,469	1,503	–2.3
Compulsory contributions	336	301	11.9
Impairments on goodwill and other intangible assets	–	–	
Restructuring expenses	465	–	.
Pre-tax profit or loss from continuing operations	**73**	**–278**	**.**
Taxes on income	– 83	48	.
Consolidated profit or loss from continuing operations	**156**	**– 327**	**.**
Consolidated profit or loss from discontinued operations	–	44	.
Consolidated profit or loss	**156**	**– 283**	**.**
Consolidated profit or loss attributable to non-controlling interests	23	8	.
Consolidated profit or loss attributable to Commerzbank shareholders and investors in additional equity components	133	–291	.

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

€	1.1.-31.3.2021	1.1.-31.3.2020[1]	Change in %
Earnings per share	0.11	– 0.23	.

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

The earnings per share, calculated in accordance with IAS 33, are based on the consolidated profit or loss attributable to Commerzbank shareholders. No conversion or option rights were outstanding either in the previous or current financial year. The figure for diluted earnings per share was therefore identical to the undiluted figure.

Condensed statement of comprehensive income

€m	1.1.-31.3.2021	1.1.-31.3.2020[1]	Change in %
Consolidated profit or loss	156	–283	.
Change from remeasurement of defined benefit plans not recognised in income statement	560	494	13.3
Change from remeasurement of equity instruments (FVOCIoR)			
Reclassified to retained earnings	–	–1	.
Change in value not recognised in income statement	–	–3	.
Change in own credit spreads (OCS) of liabilities FVO not recognised in income statement	–5	220	.
Items not recyclable through profit or loss	**555**	**710**	**– 21.8**
Change in revaluation of debt securities (FVOCImR)			
Reclassified to income statement	–32	–17	86.9
Change in value not recognised in income statement	–21	–280	–92.4
Change in cash flow hedge reserve			
Reclassified to income statement	1	1	6.1
Change in value not recognised in income statement	–35	57	.
Change in currency translation reserve			
Reclassified to income statement	–	1	.
Change in value not recognised in income statement	59	–256	.
Valuation effect from net investment hedge	–	–	
Reclassified to income statement	–	–	
Change in value not recognised in income statement	–3	–	
Change from non-current assets held for sale and disposal groups			
Reclassified to income statement	–	–	.
Change in value not recognised in income statement	–	–	.
Change in companies accounted for using the equity method	–1	–1	–42.9
Items recyclable through profit or loss	**– 31**	**– 495**	**– 93.7**
Other comprehensive income	524	215	.
Total comprehensive income	**680**	**– 68**	**.**
Comprehensive income attributable to non-controlling interests	–18	–45	–60.7
Comprehensive income attributable to Commerzbank shareholders and investors in additional equity components	697	–22	.

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

Income statement (by quarter)

€m	2021	2020[1]			
	1st quarter	4rd quarter	3rd quarter	2nd quarter	1st quarter
Interest income accounted for using the effective interest method	1,500	1,529	1,598	1,696	1,814
Interest income accounted for not using the effective interest method	356	229	229	202	288
Interest income	1,856	1,758	1,828	1,897	2,102
Interest expenses	602	607	601	620	782
Net interest income	1,254	1,151	1,226	1,277	1,320
Dividend income	1	10	14	12	2
Risk result	–149	–681	–272	–469	–326
Commission income	1,111	990	947	938	1,034
Commission expenses	160	154	135	146	157
Net commission income	951	837	812	791	877
Net income from financial assets and liabilities measured at fair value through profit or loss	360	182	25	163	–304
Net income from hedge accounting	–48	55	88	135	–70
Other sundry realised profit or loss from financial instruments	31	–19	–6	10	18
Gain or loss on disposal of financial assets - Amortised cost	–12	–22	–32	–8	–5
Other net income from financial instruments	19	–41	–39	2	13
Current net income from companies accounted for using the equity method	0	2	–0	3	2
Other net income	–45	–167	–94	–109	12
Operating expenses	1,469	1,609	1,521	1,526	1,503
Compulsory contributions	336	67	72	73	301
Impairments on goodwill and other intangible assets	–	1,578	–	–	–
Restructuring expenses	465	614	201	–	–
Pre-tax profit or loss from continuing operations	**73**	**-2,520**	**-32**	**205**	**-278**
Taxes on income	–83	199	3	14	48
Consolidated profit or loss from continuing operations	**156**	**-2,719**	**-35**	**190**	**-327**
Consolidated profit or loss from discontinued operations	–	-10	-11	6	44
Consolidated profit or loss	**156**	**-2,729**	**-46**	**196**	**-283**
Consolidated profit or loss attributable to non-controlling interests	23	-26	15	13	8
Consolidated profit or loss attributable to Commerzbank shareholders and investors in additional equity components	133	–2,702	–60	183	–291

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

Balance sheet

Assets | €m	**31.3.2021**	**31.12.2020**[1]	**Change in %**
Cash on hand and cash on demand	93,863	75,603	24.2
Financial assets – Amortised cost	299,295	292,142	2.4
of which: pledged as collateral	1,251	1,037	20.7
Financial assets – Fair value OCI	42,355	42,862	–1.2
of which: pledged as collateral	2,657	2,299	15.6
Financial assets – Mandatorily fair value P&L	36,836	28,677	28.5
of which: pledged as collateral	–	–	.
Financial assets – Held for trading	50,514	52,176	–3.2
of which: pledged as collateral	2,600	715	.
Value adjustment on portfolio fair value hedges	748	1,752	–57.3
Positive fair values of derivative hedging instruments	1,748	1,878	–7.0
Holdings in companies accounted for using the equity method	171	169	0.8
Intangible assets	1,398	1,420	–1.5
Fixed assets	3,128	3,208	–2.5
Investment properties	13	13	–
Non-current assets held for sale and disposal groups	2,143	2,040	5.1
Current tax assets	120	130	–8.0
Deferred tax assets	2,632	2,693	–2.3
Other assets	2,839	1,877	51.3
Total	**537,804**	**506,639**	**6.2**

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

Liabilities and equity | €m	**31.3.2021**	**31.12.2020**[1]	**Change in %**
Financial liabilities – Amortised cost	420,904	397,725	5.8
Financial liabilities – Fair value option	31,281	20,104	55.6
Financial liabilities – Held for trading	38,789	42,843	–9.5
Value adjustment on portfolio fair value hedges	1,038	1,412	–26.5
Negative fair values of derivative hedging instruments	5,317	5,893	–9.8
Provisions	3,474	3,119	11.4
Current tax liabilities	383	448	–14.5
Deferred tax liabilities	12	10	24.9
Liabilities of disposal groups	2,162	2,051	5.4
Other liabilities	5,144	4,434	16.0
Equity	29,301	28,600	2.5
Subscribed capital	1,252	1,252	–
Capital reserve	11,484	11,484	–
Retained earnings	13,311	12,602	5.6
Other reserves (with recycling)	–467	–476	–2.0
Equity attributable to Commerzbank shareholders	25,580	24,862	2.9
Additional equity components	2,619	2,619	–
Non-controlling interests	1,101	1,119	–1.6
Total	**537,804**	**506,639**	**6.2**

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

Statement of changes in equity

€m	Sub-scribed capital	Capital reserve	Retained earnings	Other reserves			Equity attributable to Commerzbank shareholders[1]	Additional equity components[2]	Non-controlling interests[1]	Equity[1]
				Revaluation reserve	Cash flow hedge reserve	Currency translation reserve				
Equity as at 31.12.2019 (before restatements)	**1,252**	**17,192**	**10,211**	**10**	**–5**	**–174**	**28,487**	**885**	**1,296**	**30,667**
Change due to restatements	–	–	–167	–	–	–	–167	–	–	–167
Equity as at 1.1.2020	**1,252**	**17,192**	**10,045**	**10**	**–5**	**–174**	**28,320**	**885**	**1,296**	**30,500**
Total comprehensive income	–	–	420	–300	39	–181	–22	–	–45	–68
Consolidated profit or loss	–	–	–291	–	–	–	–291	–	8	–283
Change in own credit spread (OCS) of liabilities FVO			220				220		–	220
Change from remeasurement of defined benefit plans			494				494		0	494
Change in measurement of equity instruments (FVOCIoR)			–4				–4		–1	–5
Change in revaluation of debt securities (FVOCImR)	–	–	–	–300	–	–	–300	–	3	–297
Change in cash flow hedge reserve				–	39	–	39	–	19	58
Change in currency translation reserve				–		–180	–180	–	–75	–255
Valuation effect from net investment hedge										
Change from non-current assets held for sale and disposal groups				–		–	–	–	–	–
Change in companies accounted for using the equity method				–	–	–1	–1	–	–	–1
Dividend paid on shares			–	–			–		–	–
Changes in ownership interests			–112	–	–		–112		–61	–173
Other changes			2	–	–		2	–	0	2
Equity as at 31.3.2020	**1,252**	**17,192**	**10,354**	**–290**	**34**	**–355**	**28,187**	**885**	**1,189**	**30,261**

[1] Prior-year figures adjusted due to restatements (see Adjustments).
[2] Includes the Additional Tier 1 bond (AT1 bond), which is an unsecured subordinated bond classified as equity under IFRS.

€m	Subscribed capital	Capital reserve	Retained earnings	Other reserves			Equity attributable to Commerzbank shareholders	Additional equity components[1]	Non-controlling interests	Equity
				Revaluation reserve	Cash flow hedge reserve	Currency translation reserve				
Equity as at 1.1.2021	**1,252**	**11,484**	**12,602**	**96**	**42**	**–614**	**24,862**	**2,619**	**1,119**	**28,600**
Total comprehensive income			688	–45	–23	77	697	–	–18	680
Consolidated profit or loss			133				133		23	156
Change in own credit spread (OCS) of liabilities FVO			–5				–5		–	–5
Change from remeasurement of defined benefit plans			560				560		–	560
Change in measurement of equity instruments (FVOCIoR)			–	–			–		–	–
Change in revaluation of debt securities (FVOCImR)				–45			–45		–8	–53
Change in cash flow hedge reserve	–	–	–	–	–23	–	–23	–	–11	–34
Change in currency translation reserve						81	81		–22	59
Valuation effect from net investment hedge						–3	–3		–	–3
Change from non-current assets held for sale and disposal groups				–		–	–	–	–	–
Change in companies accounted for using the equity method						–1	–1	–	–	–1
Dividend paid on shares			–				–		–0	–0
Payments to instruments of Additional Tier 1 capital			–				–		–	–
Changes in ownership interests			–				–		–	–
Other changes			21				21	–	0	21
Equity as at 31.3.2021	**1,252**	**11,484**	**13,311**	**51**	**19**	**–537**	**25,580**	**2,619**	**1,101**	**29,301**

[1] Includes the Additional Tier 1 bond (AT1 bond), which is an unsecured subordinated bond classified as equity under IFRS.

Additional information

General information

The subject of this Group financial information as at 31 March 2021 is Commerzbank Aktiengesellschaft and its subsidiaries. The statement of comprehensive income, balance sheet and statement of changes in equity were prepared in accordance with the applicable IFRS accounting, measurement and consolidation principles for interim reporting as published by the IASB and applicable in the EU. The accounting, measurement and consolidation methods applied are the same as those used in the Group financial statements for the 2020 financial year. The Group financial information does not constitute a complete set of interim financial statements in accordance with IFRS for interim financial reporting. In interim reporting periods, income tax expenses are calculated on the basis of Commerzbank's currently expected effective tax rate for the year as a whole. The Board of Managing Directors released the financial information for publication on 10 May 2021.

New and amended standards

Amendment to IFRS 16

The amendment to IFRS 16 related to the coronavirus pandemic is intended to make it easier for lessees to recognise concessions in connection with rent payment deferrals and rent reductions granted during the coronavirus pandemic. The period of application for the amendment was extended. This change has no material impact on the Group financial statements. The revised standard including the extension period must be applied for reporting periods beginning on or after 1 April 2021. Endorsement from the EU is still pending.

Please refer to page 177 of our Annual Report 2020 for further information on new and amended standards.

IBOR-Reform

The relief from phase II of the IBOR reform had no material impact on the Commerzbank Group for the first quarter of 2021.

Changes in accounting and measurement methods and estimates

In the case of one company included in the Group financial statements as a subsidiary, the method for recognising provisions for Swiss franc loan agreements with index clauses was adjusted retrospectively. Until 31 December 2020, legal risks in connection with Swiss franc loan agreements with index clauses were accounted for in their entirety in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The accounting policy was not adjusted for Swiss franc loans that have already been fully repaid and the associated legal costs; these are still accounted for in accordance with IAS 37. For Swiss franc loans that have not been fully repaid, the accounting method was adjusted retrospectively to IFRS 9 using the requirements set out in IAS 8.14. Legal risks are taken into account directly in the gross carrying amounts of the advances when estimating cash flows. Recognition in accordance with IFRS 9 is standard market practice in the subsidiary's domestic market and thus increases comparability with the financial statements of other market participants and comparability for the Polish regulator. Applying IFRS 9 rather than IAS 37 therefore provides more relevant information. The measurement method used to estimate the impact on the cash flows expected to arise from the loans remained largely unchanged compared with the previous measurement method.

The procedure for determining the discount rate for pension obligations in the eurozone was adjusted as at 31 March 2021.

The selection of AA-rated corporate bonds was modified. The adjusted procedure also takes AA-rated public-sector bonds into account in the extrapolation. This was due to the small number of representative long-term returns. As at 31 March 2021, the discount rate for Germany determined using the new procedure was 1.30%. If the original procedure had been retained, the discount rate would have been 1.00%. The switch led to a reduction of around €450m in the present value of the pension obligation.

The Bank adjusted the parameters relevant for the IFRS 9 transfer logic as at 31 March 2021. Among other things, the application of the low credit risk exemption will in future be restricted to the securities portfolio. The adjustment resulted in higher loan loss provisions in stage 2.

Adjustments

In the case of one company included in the Group financial statements as a subsidiary, the change of method described in "Changes in accounting and measurement methods and estimates" in relation to Swiss franc loan agreements with index clauses reduced loans and advances in the amortised cost category and provisions as at 31 December 2020 by €277m. This had no impact on the statement of comprehensive income or earnings per share.

An error was corrected in the deferred taxes for a subordinated bond. As a result, taxes on income increased by €20m as at 31 March 2020, leading to a corresponding decrease in the consolidated profit and total comprehensive income. Earnings per share as at 31 March 2020 decreased by €0.02. As a result of the adjustments, retained earnings were €69m lower as at 1 January 2020. The adjustments and the recalculation of the valuation allowances also reduced deferred taxes – not recognised in the income statement – on the remeasurement of defined benefit plans by €15m as at 31 March 2020.

There was a further error correction in deferred taxes due to amendments to the tax adjustment item in connection with provisions for contingent losses. This led to a decrease of €24m in taxes on income as at 31 March 2020. Total comprehensive income therefore rose by the same amount. Earnings per share as at 31 March 2020 increased by €0.02. As a result of the adjustments, retained earnings were €106m lower as at 1 January 2020. The adjustments and the recalculation of the valuation allowances also reduced deferred taxes – not recognised in the income statement – on the remeasurement of defined benefit plans by €5m as at 31 March 2020.

Moreover, a retrospective adjustment was made to retained earnings due to duplicate entries of commitment interest made in previous years. As a result of this adjustment, interest income decreased by €1m as at 31 March 2020, while taxes on income increased by €0m. This reduced consolidated profit by €1m. As a result of the adjustments, retained earnings were €9m lower as at 1 January 2020. These adjustments had no material impact on the earnings per share.

A retrospective adjustment was made to the deferred taxes for one company included in the Group financial statements as an investment fund company. As a result of this adjustment, taxes on income decreased by €2m as at 31 March 2020. Consolidated profit therefore rose by the same amount. These adjustments had no material impact on the earnings per share. As a result of the adjustments, retained earnings were €25m lower as at 1 January 2020.

An error was corrected in the valuation adjustments for risks from AC loans and advances associated with the systematic consideration of overly long maturities for receivables from letters of credit. As a result of this adjustment, retained earnings were higher by €42m as at 1 January 2020. This had no impact on consolidated profit, the statement of comprehensive income or the earnings per share.

Report on events after the reporting period

Commerzbank agreed a framework reconciliation of interests and a framework social plan for Commerzbank AG in Germany with the employee representative committees in May. The binding agreements will form the basis for ensuring that the headcount reduction under the "Strategy 2024" programme is as socially responsible as possible.

The corresponding expenses for the headcount reduction will be recognised in the second quarter of 2021.

Selected regulatory disclosures

The following chart shows the composition of the Commerzbank Group's own funds and risk-weighted assets together with its own funds ratios in accordance with the Capital Requirements Regulation (CRR), including the transitional provisions applied.

	31.3.2021	31.12.2020	Change in %
Common Equity Tier[1] (€m)	23,968	23,611	1.5
Tier 1 capital (€m)	26,938	26,790	0.6
Equity[1] (€m)	31,652	31,603	0.2
Risk-weighted assets (€m)	178,471	178,581	–0.1
Common Equity Tier 1 ratio (%)	13.4	13.2	1.5
Equity Tier 1 ratio (%)	15.1	15.0	0.7
Total capital ratio (%)	17.7	17.7	–

[1] This information includes the consolidated profit attributable to Commerzbank shareholders for regulatory purposes.

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

	31.3.2021	31.12.2020	Change in %
Leverage Ratio Exposure (€m)	578,617	541,412	6.9
Leverage Ratio (%)	4.7	4.9	–4.1

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

	31.3.2021	31.12.2020	Change in %
NPE-ratio (%)	0.9	1.0	–9.0

Segment reporting

1.1.-31.3.2021 | €m	Private and Small Business Customers	Corporate Clients	Others and Consolidation	Group
Net interest income	616	439	200	1,254
Dividend income	1	0	– 0	1
Risk result	– 64	– 52	– 32	– 149
Net commission income	653	312	– 13	951
Net income from financial assets and liabilities measured at fair value through profit or loss	58	107	195	360
Net income from hedge accounting	– 2	– 5	– 42	– 48
Other net income from financial instruments	19	– 6	5	19
Current net income from companies accounted for using the equity method	0	– 0	– 0	0
Other net income	– 17	– 5	– 23	– 45
Income before risk result	**1,329**	**842**	**321**	**2,492**
Income after risk result	**1,265**	**790**	**289**	**2,343**
Operating expenses	851	576	42	1,469
Compulsory contributions	163	116	57	336
Operating profit or loss	**250**	**98**	**190**	**538**
Restructuring expenses	–	–	465	465
Pre-tax profit or loss from continuing operations	**250**	**98**	**– 275**	**73**
Assets	**158,318**	**171,062**	**208,424**	**537,804**
of which: discontinued assets	–	2,143	–	2,143
Liabilities	**200,163**	**185,646**	**151,995**	**537,804**
of which: discontinued liabilities	–	2,162	–	2,162
Carrying amount of companies accounted for using the equity method	**29**	**141**	**1**	**171**
Average capital employed (from continuing operations) (based on CET1)[1]	**5,828**	**10,597**	**7,260**	**23,684**
Operating return on equity (%)[2]	**17.2**	**3.7**		**9.1**
Cost/income ratio in operating business (excl. compulsory contributions) (%)	**64.1**	**68.4**		**59.0**
Cost/income ratio in operating business (incl. compulsory contributions) (%)	**76.3**	**82.2**		**72.5**

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

1.1.-31.3.2020 | €m[1]	Private and Small Business Customers	Corporate Clients	Others and Consolidation	Group
Net interest income	680	453	186	1,320
Dividend income	1	– 0	0	2
Risk result	– 161	– 165	0	– 326
Net commission income	586	300	– 9	877
Net income from financial assets and liabilities measured at fair value through profit or loss	32	– 42	– 294	– 304
Net income from hedge accounting	1	6	– 77	– 70
Other net income from financial instruments	6	– 3	10	13
Current net income from companies accounted for using the equity method	0	2	0	2
Other net income	2	39	– 29	12
Income before risk result	**1,309**	**755**	**– 212**	**1,851**
Income after risk result	**1,147**	**590**	**– 212**	**1,525**
Operating expenses	864	598	41	1,503
Compulsory contributions	137	103	60	301
Operating profit or loss	**146**	**– 112**	**– 313**	**– 278**
Restructuring expenses	–	–	–	–
Pre-tax profit or loss from continuing operations	**146**	**– 112**	**– 313**	**– 278**
Assets	**155,201**	**196,205**	**165,578**	**516,984**
of which: discontinued assets	–	4,752	–	4,752
Liabilities	**186,485**	**192,213**	**138,285**	**516,984**
of which: discontinued liabilities	–	5,364	–	5,364
Carrying amount of companies accounted for using the equity method	**–**	**–**	**–**	**–**
Average capital employed (from continuing operations) (based on CET1)[2]	**5,641**	**11,581**	**7,047**	**24,269**
Operating return on equity (%)[3]	**10.4**	**– 3.9**		**– 4.6**
Cost/income ratio in operating business (excl. compulsory contributions) (%)	**66.1**	**79.2**		**81.2**
Cost/income ratio in operating business (incl. compulsory contributions) (%)	**76.5**	**92.9**		**97.4**

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

Significant Group companies

Germany
Commerz Real AG, Wiesbaden

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

Operative foreign branches
Amsterdam, Barcelona, Bratislava, Beijing, Brno (office), Brussels, Dubai, Hong Kong, London, Luxembourg, Madrid, Milan, New York, Paris, Prague, Shanghai, Singapore, Tokyo, Vienna, Zurich

Representative Offices and Financial Institutions Desks
Abidjan, Addis Ababa, Almaty, Ashgabat, Baghdad, Bangkok, Beijing (FI Desk), Beirut, Belgrade, Brussels (Liaison Office to the European Union), Buenos Aires, Cairo, Caracas, Dhaka, Dubai (FI Desk), Ho Chi Minh City, Hong Kong (FI Desk), Istanbul, Jakarta, Johannesburg, Kiev, Kuala Lumpur, Lagos, Luanda, Melbourne, Milan (FI Desk), Minsk, Moscow (FI-Desk), Mumbai, New York (FI Desk), Panama City, São Paulo (FI Desk), Seoul, Shanghai (FI Desk), Singapore (FI Desk), Taipei, Tashkent, Tblisi, Tokyo (FI Desk), Zagreb

The German version of this Interim financial information is the authoritative version.

Disclaimer

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

2021/2022 Financial calendar

4 August 2021	Interim Report as at 30 June 2021
4 November 2021	Interim financial information as at 30 September 2021
End March 2022	Annual Report 2021
Early May 2022	Interim financial information as at 31 March 2022

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