COMMERZBANK

Interim Report as at 30 June

2024

The bank at your side

Key figures

Income statement	1.1.–30.6.2024	1.1.–30.6.2023
Operating profit (€m)	1,954	1,764
Operating profit per share (€)	1.63	1.41
Consolidated profit or loss attributable to Commerzbank shareholders and investors in additional equity components (€m)	1,285	1,145
Consolidated profit or loss attributable to Commerzbank shareholders (€m)	1,090	950
Earnings per share (€)	0.91	0.76
Operating return on equity based on CET1[1] (%)	15.2	14.5
Return on equity of consolidated profit or loss[1,2] (%)	8.9	8.1
Cost/income ratio in operating business (excl. compulsory contributions) (%)	55.8	55.6
Cost/income ratio in operating business (incl. compulsory contributions) (%)	58.8	61.5

Balance sheet	30.6.2024	31.12.2023
Total assets (€bn)	560.1	517.2
Risk-weighted assets (€bn)	172.9	175.1
Equity as shown in balance sheet (€bn)	33.4	33.0
Total capital as shown in balance sheet (€bn)	40.8	39.7

Regulatory key figures	30.6.2024	31.12.2023
Tier 1 capital ratio (%)	16.6	16.5
Common Equity Tier 1 ratio[3] (%)	14.8	14.7
Total capital ratio (%)	19.8	19.3
Leverage ratio (%)	4.5	4.9

Full-time personnel	30.6.2024	31.12.2023
Germany	25,319	25,552
Abroad	13,389	13,013
Total	38,708	38,565

Ratings[4]	30.6.2024	31.12.2023
Moody's Investors Service, New York[5]	A1/A2/P-1	A1/A2/P-1
S&P Global, New York[6]	A/A-/A-2	A/A-/A-2

[1] Annualised.
[2] Ratio of net income attributable to Commerzbank shareholders after deduction of pay-out accrual and potential (fully discretionary) AT-1-Coupons and average IFRS equity before minority after deduction of goodwill and other intangible assets without additional equity components and non-controlling interests.
[3] 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.
[4] Further information can be found online at www.commerzbank.de/group/.
[5] Counterparty rating and deposit rating/issuer credit rating/short-term liabilities.
[6] Counterparty rating/deposit rating and issuer credit rating/short-term liabilities.

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

Contents

Performance highlights 1 January to 30 June 2024

Key statements

Commerzbank continued to perform positively and confirmed its outlook for 2024 as a whole. It also made further progress in implementing its “Strategy 2027” programme in the second quarter 2024. The Bank successfully completed its purchase of a majority stake in Aquila Capital Investmentgesellschaft mbH in June, which expanded its offering in sustainable asset management. It also made progress in developing its product and service offering. Commerz Globalpay GmbH, the joint venture between Commerzbank and Global Payments, started to distribute its products in May. It offers modern digital payment products to business customers.

The key figures for the Bank’s business performance in the first six months of 2024 are shown below:

- Overall, Commerzbank significantly improved its operating profit to €1,954m in the period under review, an increase of €191m compared with the prior-year period. This was despite higher charges (compared with the prior-year period) from provisions in connection with retail mortgage loans issued in foreign currencies, a reduction in income in mBank’s private real estate financing business due to interest and redemption deferrals (renewal of credit holidays), and provisions in connection with a legal case in Russia involving Commerzbank Eurasija.

- Income increased in both customer segments, supported by strong customer business. Net interest income rose by 3.1% to €4,204m, and net commission income increased by 2.4% to €1,799m in line with our expectations. In the second quarter of the current year, net commission income increased by around 5% compared to the same quarter in the previous year.

- The Group risk result was reported at €–274m, compared with €–276m in the prior-year period. The top-level adjustment (TLA) for secondary effects at Group level amounted to €336m as at 30 June 2024, compared with €453m at the end of 2023. The non-performing exposure (NPE) ratio was 0.8%.

- Administrative expenses increased slightly by 2.6% to €3.021m compared with the prior-year period due to adjusted wages and salaries and higher costs at mBank as a result of its continued business growth and the effects of currency translation. At €166m, compulsory contributions, which are reported separately, were around 47% lower than in the prior-year period, mainly due to the European bank levy being significantly reduced. The cost income ratio was 55.8% excluding compulsory contributions and 58.8% including compulsory contributions. The corresponding figures for the previous year were 55.6% and 61.5% respectively.

- The consolidated profit attributable to Commerzbank shareholders and investors in additional equity components was €1,285m, compared with €1,145m in the prior-year period. The return on equity based on consolidated profit or loss (less intangible assets and AT1-related items) was 8.9%, compared with 8.1% in the previous year.

- The Common Equity Tier 1 ratio was 14.8% as at 30 June 2024, compared with 14.7% at year-end 2023. The leverage ratio was 4.5%, compared with 4.9% at the end of 2023.

Performance of the Commerzbank share

The international stock markets performed well overall during the first six months of 2024 – despite the persistently difficult geopolitical and economic conditions. The Russia-Ukraine war and the looming trade war between the European Union and China were among the factors that dampened the economy. The price increase still stood at 3.7% at the end of 2023 but was reduced to 2.2% in June 2024 due to the monetary policy measures taken by the European Central Bank (ECB). As a result, the ECB had promised to cut interest rates, but had begun to implement its first steps later than expected due to the slow fall in inflation rates. It was not until 12 June 2024 that the ECB lowered its three key interest rates by 25 basis points each. This decreased the interest rate on the main refinancing operations to 4.25% and the interest rates on the marginal lending facility and the deposit facility to 4.50% and 3.75% respectively.

Various factors influenced the performance of banks' share prices during the period under review. Prices trended downwards during the first few months of the current year due to the ECB's delays in reducing its interest rates but recovered significantly during the second quarter of 2024. The main driver was in particular the encouraging trend in earnings in the first quarter of 2024 and expectations to further increases in profits during 2024.

Highlights of the Commerzbank share	1.1.–30.6.2024	1.1.–30.6.2023
Shares issued in million units (30.6.)	1,184.7	1,252.4
Shares bought back for cancellation (30.6.)	–	12.1
Shares outstanding (30.6.)	1,184.7	1,240.2
Xetra intraday prices in €		
High	15.83	12.01
Low	10.15	8.31
Closing price (30.6.)	14.19	10.15
Daily trading volume[1] in million units		
High	25.3	40.3
Low	2.5	2.6
Average	7.2	8.3
Earnings per share in €	0.91	0.76
Book value per share[2] in € (30.6.)	24.61	22.46
Net asset value per share[3] in € (30.6.)	24.64	22.53
Market value/Net asset value (30.6.)	0.58	0.45

[1] Total for German stock exchanges.
[2] Excluding non-controlling interests.
[3] Excluding non-controlling interests and the cash flow hedge reserve.

During the first six months of 2024, the leading German share index DAX and the EuroStoxx 50 rose well above their opening levels for the year, with an increase of around 9%. The European banking index, on the other hand, rose by a disproportionate 15.6% from the beginning of the year. Against a backdrop of positive sentiment in the banking sector, the Commerzbank share price performed even better over the first six months of 2024, increasing by almost 32%. The stable interest rate environment, earnings expectations, the increased dividend (compared to the prior year) and the announcement of share buy-backs all captured shareholders' imaginations.

In January 2024, the Board of Managing Directors of Commerzbank AG resolved to carry out a share buyback for a total purchase price of up to €600m. The buyback took place from 10 January to 5 March 2024 via the Xetra trading system of the Frankfurt Stock Exchange. A total of 55,554,320 own shares were purchased and cancelled during this period, which equates to about 4.5% of the Bank's share capital. The average purchase price per share paid on the stock market was about €10.80. Two share buyback programmes, with a total volume of €722m, were carried out during the last twelve months. A total of 67,688,625 shares were repurchased, which represents 5.4% of the shares outstanding before the first buyback programme began.

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

Commerzbank has acquired a majority stake in Aquila Capital Investmentgesellschaft mbH

Commerzbank Aktiengesellschaft has acquired 74.9% of the shares in Aquila Capital Investmentgesellschaft mbH. Both companies announced this transaction in January 2024, and it was successfully completed after the competent German and European authorities had granted the required approvals. This partnership is intended to achieve growth for both Commerzbank and Aquila Capital Investmentgesellschaft mbH.

The transaction will accelerate Commerzbank's growth in the sustainability business, because Aquila Capital Investmentgesellschaft mbH (a Hamburg-based asset manager) manages sustainable tangible asset portfolios with a focus on renewable energies for more than 300 predominantly institutional clients. Aquila Capital Investmentgesellschaft mbH will be able to use Commerzbank's strong brand and global sales network to increase its access to private and business customers as well as a large number of institutional customers. The partnership will enable Aquila Capital Investmentgesellschaft mbH to develop into a leading asset manager for sustainable investment strategies in Europe.

Interim Management Report

Economic conditions

Overall economic situation

The global economy has recently recovered somewhat, due in part to the reduced burden of energy prices and in part to the monetary policy of Western central banks. The eurozone economy grew quite significantly again in the first half of 2024. China's economy has also grown slightly more strongly, although its growth rates are still far below prior levels. In contrast, the US economy cooled in the first half of 2024, but there is no sign that it is going into a recession.

Inflation rates had been falling until recently but are mostly still above the various central bank target levels. Even though underlying price dynamics had actually increased somewhat since the beginning of the year, the ECB cut interest rates for the first time in June. The US Federal Reserve has yet to take this first step towards lowering interest rates. However, given the lower level of economic activity recently, this is likely to happen soon.

Financial performance, assets, liabilities and financial position

For a description of the accounting and measurement methods applied as at 30 June 2024, see Note 4 to the interim financial statements.

Income statement of the Commerzbank Group

Commerzbank recorded a consolidated profit attributable to its shareholders and investors in additional equity components of €1,285m in the first six months of 2024, compared with €1,145m in the prior-year period. The operating profit was €1,954m in the reporting period, compared with €1,764m in the prior-year period. This includes higher charges (compared with the prior-year period) from provisions in connection with retail mortgage loans issued in foreign currencies, a reduction in income due to interest and redemption deferrals in mBank's private real estate financing transactions (renewal of credit holidays), and provisions in connection with a legal case in Russia involving Commerzbank Eurasija.

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

Net interest income increased by 3.1% to €4,204m in the first six months of 2024. Net interest income increased significantly in the Private and Small-Business Customers segment in Germany due to the higher level of interest rates compared with the prior-year period. This was driven in part by the deposit business and in part by interest rate model adjustments made in the fourth quarter of 2023 as part of the maturity transformation of deposits, which in turn led to a decline in net interest income in the Others and Consolidation segment. In addition, mBank recorded further strong growth in net interest income thanks to the continued very positive conditions in its deposit business. The corporate banking business likewise recorded a substantial rise in net interest income compared with the prior-year period, also largely driven by an increase in deposit income.

Net commission income was solid overall compared with the prior-year quarters. At €1,799m, it was slightly higher by 2.4% than the strong result recorded for the first six months of 2023. In the private and corporate banking business, portfolio-related securities business in Germany improved favorably compared to the first half of the previous year due to the positive stock market development. The turnover-driven securities business also benefited from this development. However, commission income from pension products did not match the results of the prior-year period and income from payment transactions remained at the prior year's level. For mBank, this included a higher commission surplus compared with the prior-year period due to currency effects. In the Corporate Clients segment, the decrease in income from foreign currency business was more than offset by higher income from the loan syndication and bond issuance business.

Net income from financial assets and liabilities measured at fair value through profit or loss was €–58m in the reporting period, compared with €–90m in the prior-year period. The result for the reporting period includes both negative remeasurement effects and positive currency effects.

The other net income figure of €–559m includes provisions of €–558m in connection with retail mortgage loans issued in foreign currencies at mBank and provisions in connection with a legal case in Russia involving Commerzbank Eurasija.

Other net income from financial instruments of €39m for the period under review includes a €–60m reduction in income due to interest and redemption deferrals in mBank's private real estate financing transactions (renewal of credit holidays).

At €–274m, the risk result was on a par with the prior-year period, when €–276m was reported. The risk result was driven predominantly by defaults by individual counterparties and increases in loan loss provisions, particularly in the Corporate Clients segment, which also benefited from reversals of loan loss provisions due to disposals. Income was additionally impacted by modelling and methodological effects, including the reflection of macroeconomic trends. The total secondary effects top-level adjustment (TLA) at Group level was €336m as at 30 June 2024, compared with €453m as at 31 December 2023.

Operating expenses were €3,021m in the period under review. The slight increase in costs by 2.6% was mainly due to higher costs at mBank as a result of its continued business growth and the effects of currency translation. The 4.0% increase in personnel costs to €1,838m was mainly due to an adjustment of current wages and salaries. Operating expenses, including depreciation of fixed assets and amortisation of other intangible assets, were at the same level as in the prior year at €1,183m.

Compulsory contributions, which are reported separately, fell by €146m to €166m. The reduction by just under 47% was mainly due to a significantly lower European banking levy, because the European Single Resolution Fund had already reached its target level for the resolution of distressed banks during the year.

Restructuring expenses in connection with the implementation of strategic measures were €2m in the period under review, compared with €8m in the prior-year period.

The pre-tax profit was €1,953m, compared with €1,756m in the prior-year period. Tax expenses of €611m were reported for the period under review. This resulted mainly from taxation of the positive result in the first half of 2024.

The profit after tax was €1,342m, compared with €1,139m in the prior-year period.

Net of non-controlling interests, a consolidated profit of €1,285m was attributable to Commerzbank shareholders and investors in additional equity components for the reporting period, compared with €1,145m in the prior year.

Operating profit per share was €1.63 and earnings per share €0.91. The comparable figures in the prior-year period were €1.41 and €0.76 respectively.

Balance sheet of the Commerzbank Group

Total assets of the Commerzbank Group as at 30 June 2024 were €560.1bn. This represented an increase of €42.9bn compared with the end of 2023.

Cash on hand and cash on demand rose by €11.0bn to €104.1bn. The growth compared with the 2023 year-end total was attributable to an increase in sight deposits held with central banks in connection with further inflows of deposits.

Financial assets at amortised cost rose by €10.2bn to €308.8bn compared with the end of 2023. There was an increase of around €4bn in lending to institutional and SME clients in the Corporate Clients segment compared with the end of the previous year. mBank also recorded significant growth, mainly due to an increase in collateralised securities repurchase transactions and loans to corporate clients.

Financial assets in the fair value OCI category were €46.9bn, up €6.8bn from the end of 2023. The increase of 16.9% resulted from a higher volume of debt securities in connection with interest-rate and liquidity management.

At €62.0bn, financial assets mandatorily measured at fair value through profit or loss were €13.6bn higher than at the end of the previous year. The increase was primarily attributable to an expansion of collateralised securities repurchase agreements with banks and financial service providers. In this regard, loans and claims on banks and financial service providers rose by €14.4bn in total.

Financial assets held for trading were €29.9bn at the reporting date, 5.6% above the level at the end of 2023. While positive fair values of interest-rate-related and currency-related products fell by €3.0bn, securitised debt and equity instruments increased by €3.7bn compared with the end of 2023.

On the liabilities side, financial liabilities at amortised cost were up €18.2bn to €438.0bn compared with the end of the previous year. The increase versus year-end 2023 was attributable to a marked rise of €15.9bn in deposits (especially retail deposits) and other financial liabilities. In connection with the new issue of Pfandbriefe, bonds and notes issued increased by €2.3bn compared with the end of the previous year.

Financial liabilities under the fair value option, at €62.2bn, were up €25.2bn compared with the end of 2023. The increase was primarily attributable to an expansion of collateralised securities repurchase agreements.

Financial liabilities held for trading were €17.5bn, down €1.4bn compared with the end of 2023. The decrease was due to the negative fair values of derivative financial instruments, especially interest-rate-related and currency-related derivative transactions, which fell by €2.7bn.

Contingent liabilities and lending commitments totalled €131.2bn, up 2.5% compared with the end of the prior year. Further information regarding contingent liabilities arising from legal risks can be found in Note 36 to the interim financial statements.

Equity

The equity capital attributable to Commerzbank shareholders reported in the balance sheet as at 30 June 2024 was €29.2bn, an increase of €0.3bn compared with year-end 2023. Further information on the change in equity can be found on page 41 f.

Risk-weighted assets were €172.9bn as at 30 June 2024 and thus €2.2bn lower than at the end of 2023. This change was mainly attributable to a decrease in risk-weighted assets from credit and market risks. The lower credit risk resulted mainly from parameter effects (partially offset by volume effects) and further reductions in deferred tax assets and the securities portfolio. These were partially offset by increases resulting from mBank's positions and currency risks. Lower risk-weighted assets from market risks resulted mainly from the removal of significant loss scenarios from the regulatory value-at-risk time series, and from reduced market risk in the interest rate business. Risk-weighted assets from operational risk were only slightly below their level at the end of 2023.

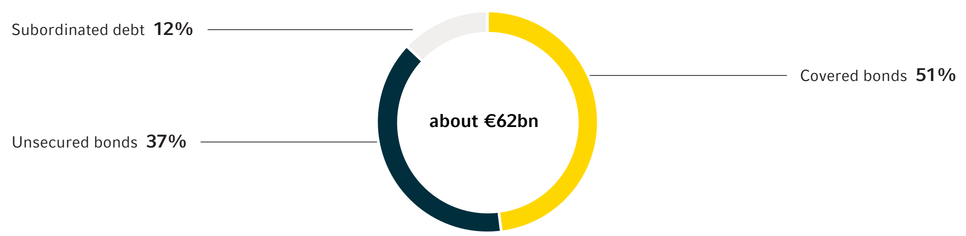
Common Equity Tier 1 capital decreased by €0.2bn to €25.5bn as at the reporting date, compared with €25.7bn as at 31 December 2023. The renewed positive developments in the currency and revaluation reserve were more than offset by higher regulatory capital deductions resulting mainly from the first-time consolidation of Aquila Capital Investmentgesellschaft mbH. The Common Equity Tier 1 ratio was 14.8% (excluding net profit for the first six months of 2024), compared with 14.7% as at 31 December 2023. The Tier 1 ratio was 16.6% as at the reporting date, compared with 16.5% as at the end of 2023. Tier 2 capital increased by €0.5bn to €5.4bn compared with 31 December 2023, mainly due to a new issue. The total capital ratio (with transitional provisions) was 19.8% as at the reporting date, compared with 19.3% as at the end of 2023. Eligible equity increased by €0.3bn compared with 31 December 2023 and stood at €34.2bn as at the end of the reporting period.

The leverage ratio, which is equal to Tier 1 capital divided by leverage ratio exposure, was 4.5%.

Funding and liquidity

The money and capital markets remained stable and very receptive in the second quarter of 2024, despite their focus on interest rate expectations in the eurozone, on geopolitical tensions and on developments in international trade relations. Commerzbank's liquidity and solvency were assured at all times. Furthermore, the Bank's liquidity management is always able to respond promptly to new market circumstances.

Capital market funding structure[1]
As at 30 June 2024



[1] Based on reported figures.

The Commerzbank Group raised €6.3bn in long-term funding on the capital market in the first half of 2024.

With respect to collateralised bonds, Commerzbank Aktiengesellschaft issued Pfandbrief benchmark transactions and one increase, with a total volume of €3.15bn and terms of between three and ten years. The average re-offer spread was 33 basis points above the swap mid-rate.

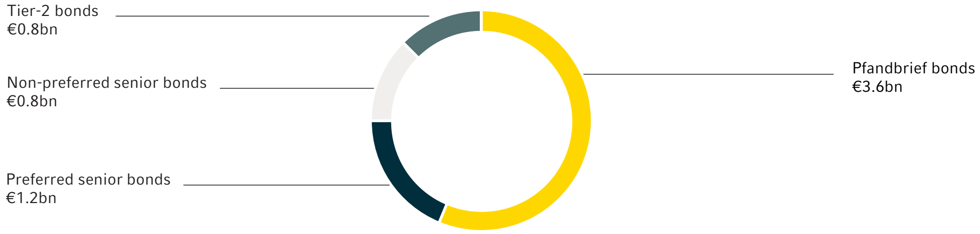
With respect to uncollateralised bonds, Commerzbank has issued a €500m variable-interest preferred senior bond with a term of three years and callable after two years. It bears interest at 3-month Euribor plus 70 basis points. It has also issued a non-preferred senior bond with a volume of €750m. The bond has a term of seven years with a call date in January 2030 and a coupon of 4.625% per annum. In the second quarter, it issued a €750m subordinated Tier 2 bond, which is due in October 2034 and has a call option from July 2029 to October 2029 and a fixed interest rate of 4.875%.

Secured and unsecured private placements with a combined volume of around €1.2bn were also issued.

At the end of the first quarter of 2024, Commerzbank repaid the remaining funds from the ECB's targeted longer-term refinancing operations III programme (TLTRO III).

Average deposit volumes in the second quarter of 2024 showed a positive or stable trend compared with the first quarter of 2024. The average volume of deposits from private and small-business customers amounted to €217bn (first quarter of 2024: €208bn), with more than 95% of the German deposits protected. In the Corporate Clients segment, the average volume of deposits in the second quarter of 2024 was €96bn (first quarter of 2024: €96bn), with almost 60% of the deposits protected.

Group capital market funding in the first six months 2024
Volume €6.3bn



As at the end of the half year, the Bank had a liquidity reserve of €142.0bn 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 always ensure solvency.

The Bank also holds an intraday liquidity reserve portfolio. As at the reporting date, the total value of this portfolio was €6.3bn. With 149.1% as at the reporting date, Commerzbank was well above the minimum 100% level required for the liquidity coverage ratio (LCR). At 142.1%, the average of the last 12 month-end values was also well above the minimum ratio. Commerzbank's liquidity situation as at the end of the reporting period was therefore comfortable given its conservative and forward-looking funding strategy and complied with internal and external limits and applicable regulatory requirements.

Segment performance

The comments on the segments' results for the first six months of 2024 are based on the segment structure described on pages 75 and 262 ff. of the Annual Report 2023. More information can be found in the interim financial statements in Note 37.

Private and Small-Business Customers

€m	1.1.–30.6.2024	1.1.–30.6.2023[1]	Change in %/%-points
Income before risk result	2,987	2,778	7.5
Risk result	−75	−177	−57.2
Operating expenses	1,784	1,726	3.3
Compulsory contributions	165	201	−18.2
Operating profit/loss	**963**	**674**	**42.9**
Average capital employed	6,912	6,808	1.5
Operating return on equity (%)	27.9	19.8	8.1
Cost/income ratio in operating business (%) – excl. compulsory contributions	59.7	62.1	−2.4
Cost/income ratio in operating business (%) – incl. compulsory contributions	65.2	69.4	−4.2

[1] Figures adjusted due to IFRS 8.29 (see Note 5 to the interim financial statements).

The Private and Small-Business Customers segment increased both the operating profit and the pre-tax profit in the first half of 2024 by €289m to €963m compared with the same period of 2023, despite increased provisions in connection with retail mortgage loans issued in foreign currencies and a reduction in income in mBank's private real estate financing business due to interest and redemption deferrals.

Income before risk result amounted to €2,987m in the period under review, which was significantly higher than in the prior-year period. Net interest income rose by a significant €211m year on year to €2,421m. In Germany, net interest income increased significantly because interest rates were higher than in the prior-year period. This was driven in part by the deposit business and in part by interest rate model adjustments made in the fourth quarter of 2023 as part of the maturity transformation of deposits, which in turn led to a decline in net interest income in the Others and Consolidation segment. In addition, mBank recorded further strong growth in net interest income thanks to the continued very positive conditions in its deposit business.

At €1,135m, net commission income in the first six months of 2024 was slightly higher than the previous year's figure. In Germany, the portfolio-based securities business increased encouragingly compared to the prior-year period due to the positive stock market development. The turnover-driven securities business also benefited from this development. However, commission income from pension products did not match the results of the prior-year period and income from payment transactions remained at the prior year's level. For mBank, this included a higher commission surplus compared with the prior-year period due to currency effects.

Other income items totalled €–568m, compared with €–554m in the prior year. The impact on earnings in the period under review was mainly due to provisions in connection with retail mortgage loans issued in foreign currencies and a reduction in income in mBank's private real estate financing business due to interest and redemption deferrals (renewal of credit holidays). However, the negative impact of the fair value result has decreased significantly compared with the first six months of the prior year.

At €–75m, the risk result of the Private and Small Business Customers segment showed an easing of €101m compared with the prior-year period, mainly due to significantly lower provisioning charges in Germany. The main drivers were the reduction in the TLA for secondary effects, modelling and methodological effects and macroeconomic effects. mBank also recorded lower risk costs in the first six months of 2024 than in the corresponding prior-year period. This was mainly driven by the retail portfolio's strong performance, the absence of negative one-off effects, sales of parts of the default portfolio and an update of the risk parameters.

Operating expenses increased by a total of €57m in the period under review to €1,784m. The increase resulted in particular from mBank, where operating expenses were higher than in the prior-year period due to investments in its future business growth and the effects of currency translation. In contrast, costs in Germany remained at the previous year's level. The cost of compulsory contributions fell by €37m compared with the first six months of 2023 to €165m, owing in particular to a lower European banking levy.

Corporate Clients

€m	1.1.–30.6.2024	1.1.–30.6.2023	Change in %/%-points
Income before risk result	2,420	2,207	9.7
Risk result	–175	–115	52.0
Operating expenses	1,033	1,028	0.5
Compulsory contributions	1	72	–98.1
Operating profit/loss	**1,211**	**992**	**22.1**
Average capital employed	10,338	10,458	–1.2
Operating return on equity (%)	23.4	19.0	4.5
Cost/income ratio in operating business (%) – excl. compulsory contributions	42.7	46.6	–3.9
Cost/income ratio in operating business (%) – incl. compulsory contributions	42.7	49.9	–7.1

The Corporate Clients segment achieved a positive performance in the first six months of 2024, despite a volatile and highly competitive market environment. The Corporate Clients segment recorded an operating profit as well as a pre-tax profit of €1,211m in the period under review, compared with €992m in the prior-year period.

The Mittelstand division recorded significantly positive income growth compared with the prior-year period. Income from lending business increased compared to the prior-year period. The division benefited in cash management and financial markets from a marked rise in deposit income. The International Corporates division recorded higher income from lending and deposit business in particular. The Institutionals division posted significant income growth from both deposit and bond issue business. The income reported in the Others division, which was primarily attributable to hedging and remeasurement effects, was significantly higher than in the prior-year period.

Income before risk result was €2,420m in the first six months of 2024, €213m higher than in the prior-year period. All of the segment's operating customer areas contributed to the 9.7% increase in income. At €1,389m, net interest income was €66m higher than in the first six months of 2023. Net commission income rose by a pleasing €34m year on year to €690m. The decrease in income from foreign currency business was more than offset by higher income from the loan syndication and bond issuance business. Net income from financial assets and liabilities measured at fair value through profit or loss also improved, rising by 23.9% year on year to €322m.

For the first half of 2024, the risk result was €–175m due to provisions for individual exposures, compared with €–115m in the same period of the prior year. Valuation allowances in the segment were mainly driven by defaults of individual counterparties and the increase in loss provisions for defaulted individual counterparties. At the same time, the segment benefited from reversals of loan loss provisions as a consequence of disposals. The risk result also includes charges from modelling and methodological effects.

Operating expenses were €1,033m, on a par with the corresponding figure from the previous year. The €71m decrease in reported compulsory contributions compared with the prior-year period to €1m was primarily due to the absence of the European banking levy.

Others and Consolidation

The Others and Consolidation segment contains the income and expenses which are not attributable to the two 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 the costs of staff, management and support functions, which are then charged to the segments. In addition, restructuring expenses for the Group are reported centrally in this segment.

Others and Consolidation reported an operating loss of €–220m for the first half of 2024, compared with an operating profit of €98m in the prior year. This decline was primarily due to lower earnings at Group Treasury, resulting mainly from a decrease in net interest income following interest model adjustments as part of the maturity transformation of deposits in the Private and Small-Business Customers segment, which in turn led to an increase in net interest income in the Private and Small-Business Customers segment. In addition, there was a reduction in income due to interest not being earned on the ECB minimum reserve, lower income from managing the interest rate risk position, and residual valuation effects in the banking book after applying hedge accounting in Group Treasury. In addition, there was a higher net charge from the recognition and reversal of provisions in the rest of the Others and Consolidation segment, partly due to provisions for a legal case in Russia involving Commerzbank Eurasija. On the other hand, the segment benefited from a net positive effect due to consolidation adjustments and from an increase in income from remeasurement effects. The entire Others and Consolidation segment also saw an improvement in earnings due to the absence of the European banking levy.

Others and Consolidation recorded a pre-tax loss of €–222m for the first half of 2024. This figure included minor restructuring expenses of €2m in connection with the implementation of the "Strategy 2024" programme.

Outlook and opportunities report

Future economic situation

Despite a recent deterioration in business sentiment, we still expect that the eurozone economy will continue to improve during the second half of the year since the energy price burden has eased significantly and the economy should by now have largely adjusted to the higher interest rates. However, we do not expect a strong upturn. Since inflation remains high, the European Central Bank will probably only reduce its key interest rates moderately, despite the initial cut in June. In addition, the economy continues to suffer from structural problems.

The German economy is likely to emerge from stagnation over the course of this year. However, we expect economic output for the current year to average the same level as last year. The economy is likely to grow only moderately next year as well, with an annual average growth rate of 0.8%.

In the US, economic growth has slowed, but a recession is not expected. However, the weaker economy, together with a recent slight decline in inflation, is likely to prompt the US Federal Reserve to cut its interest rate by 25 basis points for the first time in September. The interest rate cuts are likely to total 100 basis points by the summer of next year.

In China, the economic indicators have been more positive since the beginning of the year than we had expected. But its economy still faces major challenges. These include the collapse of its real estate market and the heavy indebtedness of its developers and local authorities. The economy is expected to grow by 4.7%, which is slightly below the government's target.

In the financial markets, the moderate interest rate turnaround that was expected from the major central banks has largely been factored into bond prices. We expect the yield on ten-year German government bonds to remain at 2.4% until the end of 2024. The euro is likely to lose some value against the US dollar in the coming months. We expect one euro to be worth US Dollar 1.04 by the end of the year.

Future situation in the banking sector

Our views regarding the expected development of the banking sector structurally and over the short and medium term are basically unchanged from the statements we published in the Annual Report 2023.

Fundamentally positive impulses for banking business come from the opportunities that arise from supporting and advising companies in their transformation to a low-carbon economy. The huge advances in the field of artificial intelligence are creating opportunities for companies to optimise their processes, to save costs and to position themselves as digital financial technology companies.

Challenges for the banking industry are the digital transformation and the ongoing change in the world of work. Cybercrime, an increasing shortage of skilled labour, and hybrid working are key issues. Demanding regulatory requirements and dynamic competitors are in tension with each other – and not only in the banking sector.

Lending to companies in the eurozone is proving to be subdued. In Germany, the situation regarding new lending business is mixed. Although the Bundesbank reports that residential construction loans are clearly recovering after a temporary decline and that consumer loans increased in the first few months of the current year, loans to non-financial corporations have grown only slightly and this is reducing earnings prospects in the medium term.

The rate of economic growth in most European countries, including Germany, this year is expected to be the same as last year. This will have a dampening effect on the banking sector's earnings, impacting both interest and commission income.

Due to higher interest on debts and the rise in the cost of living, it cannot be ruled out that the number of corporate and private insolvencies may rise in the coming months. In recent years, many borrowers' net debt has risen significantly in response to very favourable financing conditions. As a result, double-digit year-on-year growth rates have been observed since June 2023 in the number of regular insolvency proceedings that companies and self-employed persons have applied for in Germany. Consumer insolvencies have also increased over the course of the year to date. The resulting need for value adjustments will affect both retail and corporate banking business. On the other hand, the number of defaults on residential mortgages by private households is not expected to increase significantly in the foreseeable future due to the mortgages' long fixed-interest periods. The commercial real estate markets are far more vulnerable to the negative consequences of the general rise in interest rates. Both prices and transaction volumes have fallen noticeably there. The profits of commercial real estate companies have fallen significantly due to falling real estate prices and the resulting balance sheet valuation losses.

Banks' margins are likely to narrow slightly due to the interest rate cuts that both the US Federal Reserve and the European Central Bank are expected to make in the coming months, and due to increasing competition for customer deposits. Banks will prioritise their non-interest income in the coming months in order to compensate for their lower interest income. The outlook for the banking sector's interest margins however remains quite positive on the whole, especially because the high level of government debt in Europe is underpinning long-term mortgage interest rates.

In Poland, the economic conditions are currently favourable. Private consumption is expected to remain robust and investment activity is expected to grow in the coming months. This will result in above-average economic growth compared to the rest of Europe, which will in turn benefit the Polish banking sector's earnings potential. Since the National Bank of Poland has failed to meet its inflation target of 2.5%, it is unlikely to ease its monetary policy in the coming months. This should support interest margins for the Polish banking sector. However, it remains to be seen whether possible declines in the quality of loan portfolios due to the persistently high inflation will lead to significantly higher risk costs and increased loan losses. The greatest risk lies in legal developments and their impact on mortgage loans that are denominated in foreign currencies.

Financial outlook for the Commerzbank Group

Planned funding measures

Commerzbank's borrowing on the capital market is influenced by its business performance and planning as well as the evolution of risk-weighted assets. The funding plan for 2024 envisages a volume of around €10bn, half of which will consist of Pfandbriefe. Around 70% of this had been implemented by the beginning of July, including an Additional Tier 1 bond of €750m issued at the end of June 2024 with a value date falling after the reporting date.

Commerzbank has access to the capital market through a broad range of products. In addition to unsecured funding instruments (preferred and non-preferred senior bonds, Tier 2 subordinated debt and Additional Tier 1 capital), when refinancing Commerzbank can also issue secured funding instruments, in particular mortgage Pfandbriefe and public-sector Pfandbriefe. As such, Pfandbriefe are a key element of Commerzbank's funding mix. These give Commerzbank stable access to long-term funding with cost advantages compared with unsecured sources of funding. Issuance formats range from large-volume benchmark bonds to private placements.

We regularly review and adjust the assumptions we have made for liquidity management and our long-term refinancing requirement. In this way, Commerzbank is continuing to take account of changes in the market environment and business development and is ensuring that its liquidity position is comfortable, and its refinancing structure is appropriate.

Planned investments

For the 2024 financial year, we have budgeted for €0.5bn in direct costs for IT investments. Almost a third of this investment will be devoted to the restructuring of the business model and the digitalisation of retail banking business. Around a quarter of the investments will support the continued efforts to digitalise processes in the corporate customer business. We will invest the remaining funds in IT infrastructure and operations. Regulatory measures are included in the above areas.

Anticipated liquidity trends

The Bank's liquidity position remains strong, meaning that it has no need to refinance its own portfolios. As such, Commerzbank is active in the repo market as a cash provider and also opportunistically as a collateral provider. The increased demand for refinancing in the repo market since mid-2023 continued in the first half of 2024. Commerzbank's liquidity situation allows it to meet this increased demand and has led to an expansion of business in this area.

Commerzbank has a high position in cash and demand deposits – mainly with central banks. This amounted to €104.1bn as at the end of the reporting period. This portfolio is the result of the still high excess liquidity in the Eurosystem on the one hand and the broadly diversified customer base, the existing business relationships in cash management and the professional deposit business on the other. Despite the slow winding down of holdings under the Asset Purchase Programme (APP) due to the lack of re-investments and despite a reduction of the Pandemic Emergency Purchase Programme starting in the second half of 2024, we expect a still sufficient level of surplus liquidity and thus a supporting effect with respect to Commerzbank's liquidity situation. The European Central Bank (ECB) will launch its new operational framework on 18 September 2024. It is already using the instruments in this framework to hedge against potential future volatility in the supply of liquidity to the banking system.

Anticipated performance of the Commerzbank Group

We stand by the guidance we gave in the Annual Report 2023 regarding the Commerzbank Group's anticipated earnings performance in 2024.

Due to developments in the first half of 2024 and its assessment that the ECB will probably not adjust its key interest rates again until the coming autumn, the Bank continues to expect net interest income of around €8.1bn for 2024 as a whole. It continues to expect net commission income for the current year to be 4% higher than for the prior year. It continues to aim for a risk result below €–800m for the full year assuming usage of TLA. It is managing its operating expenses, including compulsory contributions, strictly in line with the cost-income ratio. The target for the cost-income ratio in 2024 is around 60%.

Commerzbank is still expecting a Common Equity Tier 1 ratio of more than 14% for 2024. This target already takes into account a planned distribution of at least 70% of net income after deduction of fully discretionary AT1 coupons for the 2024 financial year. The first tranche of €600m from the next share buyback will be applied to the European Central Bank and the German Finance Agency on 7 August 2024 on the basis of the 2024 half-year result. The Bank plans to submit the application for the second tranche on the basis of the results of the third quarter of 2024.

Overall, in view of our results in the first half of 2024 and our expectations for the rest of the year, we continue to assume that the consolidated profit attributable to Commerzbank shareholders and investors in additional equity components for the 2024 financial year will significantly exceed that of the prior year.

Our expectations depend on the development of provisions in connection with retail mortgage loans issued in foreign currencies at mBank and the development of burdens from Russia.

Interim Risk Report

The Interim Risk Report is a separate reporting section in the interim report. It forms part of the Interim Management Report.

Interim Risk Report

Risk-oriented overall bank management

Commerzbank defines risk as the danger of possible losses or profits foregone due to internal or external factors. In risk management, we normally distinguish between quantifiable and non-quantifiable types of risk. Quantifiable risks are those to which a value can normally be attached in financial statements or in regulatory capital requirements, while non-quantifiable risks include for example compliance and reputational risk.

Risk management organisation

Commerzbank regards risk management as a task for the whole Bank. The Chief Risk Officer (CRO) is responsible for developing and implementing the Group's risk policy guidelines for quantifiable risks, laid down by the Board of Managing Directors, as well as for measuring these risks. The CRO regularly reports to the Board of Managing Directors and the Supervisory Board's Risk Committee on the overall risk situation within the Group.

The risk management organisation comprises Group Credit Risk Management, Group Risk Control, Group Cyber Risk & Information Security, Group Big Data & Advanced Analytics, and Group Validation.

The CRO also has responsibility for Group Compliance. It is Group Compliance's responsibility to establish appropriate governance, procedures and systems to allow the Bank to avoid unintentional endangerment as a consequence of compliance risks. Group Compliance is led by the Chief Compliance Officer.

All divisions have a direct reporting line to the CRO.

Further details on the risk management organisation within Commerzbank can be found in the Group risk report 2023.

Risk-bearing capacity and stress testing

Risk-bearing capacity analysis is a key part of overall bank management and Commerzbank's ICAAP. The purpose is to ensure that sufficient capital is held at all times. The risk-bearing capacity concept is reviewed and optimised annually. The risk-bearing capacity encompasses a normative (regulatory) perspective and an economic perspective. For information about the key figures for the normative perspective, see Note 38 (Selected key regulatory disclosures) of the Interim Financial Statements.

The results of the risk-bearing capacity analysis are shown using the risk-bearing capacity ratio (RBC ratio), indicating the excess of the risk coverage potential in relation to the economically required capital. Risk-bearing capacity (RBC) is monitored and managed monthly at Group level. As at 30 June 2024, the RBC ratio was 200%. The increase in the economic risk coverage potential compared to December 2023 is mainly due to the decline in economic capital deductions in the risk coverage potential. The reduction in the economically required capital for default risk compared to December 2023 is chiefly the result of rating and volume changes in the customer portfolio and of the regular update to the parameters used in the credit risk model. The main driver for the increase in operational risk is a change in the model with regard to the Swiss franc issue. The RBC ratio remains at a high level.

Economic risk-bearing capacity is also assessed using macroeconomic stress scenarios. The scenarios are simulated in principle quarterly at Group level with a time horizon of 12 months.

Risk-bearing capacity Group | €bn	**30.6.2024**	**31.12.2023**
Economic risk coverage potential	**25**	**24**
Economically required capital[1]	**13**	**13**
thereof for default risk[2]	8	9
thereof for market risk[3]	3	3
thereof for operational risk[4]	3	2
thereof diversification effects	−2	−2
RBC ratio (%)[5]	**200**	**191**

[1] Including physical asset risk, risk of unlisted investments and the risk buffer for reserve risk, for the quantification of potential fluctuations in value of intangibles and for environmental risks.
[2] Including buffers for planned changes in methods.
[3] Including deposit model risk.
[4] Including cyber and compliance risk.
[5] RBC ratio = economic risk coverage potential/economically required capital (including risk buffer).

Default risk

Default risk is defined as the risk of losses sustained or profits foregone due to the default of a counterparty. It is a quantifiable material risk and includes the sub-risk types of credit default risk, issuer risk, counterparty credit risk, country and transfer risk, dilution risk and reserve risk.

Commerzbank Group

Commerzbank's business activities comprise the two customer segments Private and Small-Business Customers as well as Corporate Clients and the Others and Consolidation segment.

The economic environment continues to be marked by crisis-related uncertainties. The model-based inputs used for calculating loan loss provisions do not yet fully reflect these effects. The secondary effects TLA booked in this regard was reviewed during the year at the quarterly reporting dates and, in Commerzbank's assessment, continues to reflect adequately the anticipated effects.

Credit risk parameters To manage and limit default risks in the Commerzbank Group, we use risk parameters, including the following: exposure at default (EaD), hereinafter also referred to simply as exposure, loss at default (LaD), expected loss (EL), risk density (EL/EaD), credit value at risk (CVaR = economically required capital for credit risk with a confidence level of 99.90% and a holding period of one year) and risk-weighted assets.

The credit risk parameters in the rating classes 1.0 to 5.8 were as follows as at 30 June 2024:

	30.6.2024				31.12.2023			
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	211	498	24	1,889	211	468	22	2,095
Corporate Clients	183	383	21	4,047	176	406	23	4,470
Others and Consolidation[1]	169	211	13	1,619	149	236	16	1,716
Group	**562**	**1,092**	**19**	**7,556**	**536**	**1,110**	**21**	**8,281**

[1] Mainly liquidity portfolios of Treasury.

When broken down on the basis of PD ratings, 87% of the Group's portfolio is in the internal rating classes 1 and 2, which represent investment grade.

	30.6.2024					31.12.2023				
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	30	53	11	3	1	31	55	11	3	1
Corporate Clients	26	57	12	3	2	20	60	14	4	1
Others and Consolidation	81	16	1	0	1	77	21	1	0	0
Group	**44**	**43**	**8**	**2**	**1**	**40**	**47**	**9**	**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. More than half of the Bank's exposure relates to Germany, one quarter to other countries in Europe, 9% to North America and 3% to Asia. The rest is broadly diversified and is split among a large number of countries where we serve German exporters in particular or where Commerzbank has a local presence. The expected loss of the Group portfolio is mainly divided between Germany and the other European countries.

Group portfolio by region	30.6.2024 Exposure at default €bn	30.6.2024 Expected loss €m	30.6.2024 Risk density bp	31.12.2023 Exposure at default €bn	31.12.2023 Expected loss €m	31.12.2023 Risk density bp
Germany	337	439	13	314	401	13
Western Europe	89	197	22	86	180	21
Central and Eastern Europe	56	358	64	61	416	68
North America	49	35	7	46	45	10
Asia	19	27	14	18	25	14
Other	12	37	30	11	43	38
Group	**562**	**1,092**	**19**	**536**	**1,110**	**21**

Risk result The following table shows the breakdown of the risk result by stage according to IFRS 9. Note 27 of the interim financial statements (Credit risks and credit losses) provides details on the stages. Note 9 (Risk result) gives the definition of the risk result.

Any fluctuations in the market values of fair value loans are not recognised in the risk result. They are recognised in net income from financial assets and liabilities measured at fair value through profit or loss.

	30.6.2024					30.6.2023				
Risk result | €m	**Stage 1**	**Stage 2**	**Stage 3**	**POCI[1]**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**POCI[1]**	**Total**
Private and Small-Business Customers	−30	132	−176	−1	−75	−5	−38	−139	5	−177
Corporate Clients	33	29	−259	23	−175	1	−29	−77	−10	−115
Others and Consolidation	0	−28	3	1	−24	12	4	−2	1	15
Group	**3**	**133**	**−433**	**22**	**−274**	**8**	**−62**	**−218**	**−4**	**−276**

[1] POCI – purchased or originated credit-impaired.

The risk result in the first half of the year was at a comparable level to the same period last year (€–276m) at €–274m. The result was driven predominantly by defaults by individual counterparties and increases in loan loss provisions, particularly in the Corporate Clients segment, which also benefited from reversals of loan loss provisions as a consequence of disposals. Other key determinants of the result are modelling and methodological effects, including the way the macroeconomic factors are captured.

The total secondary effects TLA at Group level as at 30 June 2024 was €336m (€453m as at 31 December 2023).

The economic environment continues to be marked by crisis-related uncertainties. The model-based inputs used for calculating loan loss provisions do not yet fully reflect these effects. The secondary effects TLA booked in this regard was reviewed during the year at the quarterly reporting dates and, in Commerzbank's assessment, continues to reflect adequately the anticipated effects. The baseline scenario on which the TLA is based includes the following assumptions:

The global economy is gradually picking up momentum owing to the positive impact of inflation abating and short-term interest rates declining slightly. Nevertheless, the various geopolitical crises pose the risk of significant economic setbacks.

In the eurozone (including Germany), unfavorable financing conditions are putting a strain on investment activities. The services sector is already showing signs of recovery. Economic growth is slowly recovering in the second half of 2024, supported by falling interest rates. Long-term interest rates are beginning to rise as the economic outlook improves.

Potential risks such as an escalation of the conflict between Russia and the West, the expansion of the conflict between Israel and Hamas, China's increasing aggression against Taiwan, structural problems in Germany, and high energy prices or a shortage of skilled workers continue to threaten economic development.

The adequacy of the TLA is continually reviewed. Details on the background to and adjustment of the TLA can also be found in Note 27 of the Interim Financial Statements (Credit risks and credit losses).

Further drivers of the risk result in the reporting period are addressed in the following explanatory notes on the segments.

Default portfolio The Group default portfolio grew by €616m compared to previous year and stood at €5,372m as at 30 June 2024. The increase compared to the previous year was mainly due to additions of individual exposures from the default portfolio in the Corporate Clients segment.

The following breakdown of the default portfolio shows the claims in the default portfolio in the amortised cost and fair value OCI (other comprehensive income) categories.

	30.6.2024			31.12.2023		
Default portfolio Group | €m	**Loans**	**Securities**	**Total**	**Loans**	**Securities**	**Total**
Default portfolio	5,355	18	5,372	4,730	27	4,756
LLP[1]	2,514	4	2,518	2,250	5	2,255
Coverage ratio excluding collateral (%)[2]	47	24	47	48	19	47
Collateral	1,573	0	1,573	1,373	0	1,373
Coverage ratio including collateral (%)[2]	76	24	76	77	19	76
NPE ratio (%)[3]			0.8			0.8

[1] Loan loss provisions.
[2] Coverage ratio: LLP (incl./excl. collateral) as a proportion of the default portfolio.
[3] NPE ratio: default portfolio (non-performing exposures – NPE) as a proportion of total exposures (EaD including NPE) according to EBA Risk Dashboard.

Private and Small-Business Customers segment

The Private and Small-Business Customers (PSBC) segment includes activities with private and small-business customers, and with customers of the brand comdirect and of Commerz Real. mBank is also shown in the Private and Small-Business Customers segment.

The focus of the portfolio is on traditional owner-occupied home financing and the financing of real estate capital investments (residential mortgage loans and investment properties with a total EaD of €101bn). We provide our small-business customers with credit mainly in the form of individual loans with a volume of €28bn. In addition, we meet our customers' day-to-day demand for credit with consumer loans (overdrafts, instalment loans and credit cards, to a total of €14bn).

Compared with the end of 2023, the risk density of the portfolio rose somewhat to 24 basis points.

	30.6.2024			31.12.2023		
Credit risk parameters	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp
Private Customers	127	184	15	127	178	14
Small-Business Customers	29	71	24	30	55	19
Commerz Real	0	0	4	0	0	10
mBank	54	243	45	55	234	43
PSBC	**211**	**498**	**24**	**211**	**468**	**22**

The risk result in the Private and Small-Business Customers segment was €–75m in the first half of 2024 (prior-year period: €–177m). The main drivers were the reduction of the TLA adjustment for secondary effects, modelling and methodological effects, and macroeconomic effects.

The secondary effects TLA remains a necessity in view of crisis-related economic uncertainty and remained in place for the first half of 2024. The total TLA as at 30 June 2024 was €147m (€175m as at 31 December 2023).

The risk result at mBank as at 30 June 2024 was €–51m (prior-year period: €–76m). Improved performance of the retail portfolio, the absence of negative one-off effects, sales of default portfolio positions and the update of risk parameters resulted in a reduced risk result compared to the same period last year. In the small-business customers portfolio, charges caused by the default of individual exposures were offset by positive one-off effects.

The default portfolio in the segment stood at €2,282m as at the reporting date (31 December 2023: €2,053m), which was above the figure for the previous year.

	30.6.2024			31.12.2023		
Default portfolio PSBC | €m	**Loans**	**Securities**	**Total**	**Loans**	**Securities**	**Total**
Default portfolio	2,282	0	2,282	2,053	0	2,053
LLP	1,058	0	1,058	971	0	971
Coverage ratio excluding collateral (%)	46	–	46	47	–	47
Collateral	806	0	806	698	0	698
Coverage ratio including collateral (%)	82	–	82	81	–	81

Corporate Clients segment

The Corporate Clients segment (CC) comprises the Group's activities with mid-size corporate clients, the public sector, institutional customers and multinational corporates. The segment is also responsible for the Group's relationships with banks and financial institutions in Germany and abroad, as well as with central banks. The regional focus of our activities is on Germany and Western Europe. The Group's customer-oriented capital markets activities are also bundled in this segment.

The EaD of the Corporate Clients segment increased from €176bn to €183bn compared with 31 December of the previous year. Risk density decreased from 23 basis points to 21 basis points.

For details of developments in the Financial Institutions portfolio, please see page 23 f.

	30.6.2024			31.12.2023		
Credit risk parameters	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp
Mittelstand	83	200	24	80	187	23
International Corporates	62	114	19	62	140	23
Financial Institutions	26	55	21	22	64	29
Other	11	13	12	12	16	13
CC	**183**	**383**	**21**	**176**	**406**	**23**

The risk result of the Corporate Clients segment in the first half of 2024 was €–175m (prior-year period: €–115m). The value adjustments of the segment were driven mainly by defaults of individual exposures and increases in loss provisions for defaulted individual exposures. At the same time, the segment has benefited from reversals of loan loss provisions as a consequence of disposals. The risk result also includes charges from modelling and methodological effects, such as the introduction of the additional backstop indicators "Creditwatchlist" or "Intensive Care" and the collective Stage 2 allocation for customers belonging to a sub-sector of the yellow or red sector traffic light. Opposite effects result from the reduction of the TLA adjustment for secondary effects as well as from macroeconomic effects.

The TLA portfolio amounted to €187m as at 30 June 2024 (€274m as at 31 December 2023). The secondary effects TLA booked in this regard was reviewed during the year at the quarterly reporting dates and, in Commerzbank's assessment, continues to reflect adequately the anticipated effects.

The default portfolio in the segment stood at €2,855m as at the reporting date (31 December 2023: €2,459m). The increase compared to the previous year was mainly due to additions to individual exposures from the default portfolio in the Mittelstand portfolio.

	30.6.2024			31.12.2023		
Default portfolio CC | €m	**Loans**	**Securities**	**Total**	**Loans**	**Securities**	**Total**
Default portfolio	2,855	0	2,855	2,459	0	2,459
LLP	1,231	0	1,231	1,054	0	1,054
Coverage ratio excluding collateral (%)	43	–	43	43	–	43
Collateral	767	0	767	675	0	675
Coverage ratio including collateral (%)	70	–	70	70	–	70

The risk result in Others and consolidation in the first half of the year was mainly influenced by the rating adjustment for an individual exposure in the Treasury run-off portfolio. The risk result in the first half of 2024 was €–24m (prior-year period: €–15m).

Further portfolio analyses

The analyses below are independent of the existing segment allocation. The positions shown are already contained in full in the Group and segment presentations above.

Corporates portfolio by sector

So far, a number of sectors have been benefiting from full order books and healthy earnings, although there are signs of a cross-sector decline in incoming orders. The reduction in purchasing power resulting from the high level of interest rates as well as shifts in consumer behaviour are leading to falling gross income along with rising costs. As a consequence, shrinking profitability can be observed in a number of industries, but particularly in consumer-oriented sectors.

The current economic environment in Germany and the delicate geopolitical situation are having a negative impact on capital expenditure. A shortage of skilled labour, inflation, the higher cost of materials and labour, cumbersome bureaucracy and reduced demand for (consumer) goods are putting a strain on our customers.

Sizeable amounts of financing are still required for investment in environmental protection and CO_2-neutral production. Reducing dependencies and ensuring a stable supply chain will also create a cost burden. However, we regard our clients as being broadly well positioned in these respects.

A breakdown of the corporates exposure by sector is shown below:

	30.6.2024			31.12.2023		
Corporates portfolio by sector	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp
Consumption	22	59	27	22	60	28
Technology/Media/Telecommunication	17	38	22	17	36	21
Chemicals/Plastics	15	36	24	14	40	27
Automotive	15	30	21	14	32	23
Consruction/Metal	14	46	33	14	41	30
Energy supply/Waste management	12	62	53	11	33	30
Mechanical engineering	11	22	19	12	26	22
Transport/Tourism/Services	11	35	32	10	31	30
Other	22	62	28	22	64	29
Total	**139**	**390**	**28**	**137**	**362**	**27**

Financial Institutions portfolio

Our network of correspondent banks continued to focus on trade finance activities on behalf of our corporate customers and on capital market activities. In derivatives, we enter into trades with counterparties selected according to internal policies under the European Market Infrastructure Regulation (EMIR) standards.

We continue to keep a close watch on the impact of regulatory requirements on banks. In this context, we continue to pursue our strategy of holding as few exposures as possible which might absorb losses in the event of a bail-in of an affected institution.

We are keeping a close eye on developments in various countries affected by specific issues such as recessions, embargoes and economic uncertainty caused by political events (at present in particular the situation in the Middle East and, increasingly, trade disputes with China) and are responding with flexible portfolio management that is tailored to the individual situation of each country. This also applies to the impact on banks' loan portfolios due to inflation and rising interest rates in recent years, and to trends in energy prices and in the commercial real estate market. All this impacts our correspondent banks, both in industrialised countries and in developing countries.

Overall, our risk appetite is geared to keeping the portfolio as responsive as possible.

	30.6.2024			31.12.2023		
FI portfolio by region	**Exposure at default €bn**	**Expected loss €m**	**Risk density bp**	**Exposure at default €bn**	**Expected loss €m**	**Risk density bp**
Germany	6	3	5	5	3	6
Western Europe	18	6	3	17	8	4
Central and Eastern Europe	2	34	191	2	9	50
North America	4	1	1	3	1	2
Asia	6	14	24	4	11	27
Other	6	19	33	6	25	44
Total	**42**	**76**	**18**	**37**	**57**	**15**

Non-Bank Financial Institutions portfolio

In Commerzbank's assessment, the Non-Bank Financial Institutions (NBFI) portfolio mainly comprises insurance companies, asset managers, regulated funds and central counterparties. Business activities are focused on Germany, Western Europe, the United States and Asia.

Commerzbank conducts new business with NBFIs partly in consideration of regulatory requirements (clearing via central counterparties) and partly in the interests of our institutional customers; from the Bank's perspective the focus is on attractive opportunities with customers with good credit ratings and valuable security.

We manage our portfolios with the aim of ensuring their high quality and responsiveness. We are keeping a close eye on risks arising from global events such as recessions, embargoes and economic uncertainty caused by political events (at present in particular the situation in the Middle East and, increasingly, trade disputes with China) and are responding with flexible portfolio management that is tailored to the individual situation. That also applies to the current issues that have prevailed for several quarters such as the increase in the level of interest rates and the effects of continued inflation.

	30.6.2024			31.12.2023		
NBFI portfolio by region	**Exposure at default €bn**	**Expected loss €m**	**Risk density bp**	**Exposure at default €bn**	**Expected loss €m**	**Risk density bp**
Germany	22	20	9	21	22	10
Western Europe	18	26	14	16	28	18
Central and Eastern Europe	3	15	60	2	15	61
North America	8	11	14	7	9	12
Asia	1	4	26	1	3	27
Other	1	5	64	1	3	34
Total	**52**	**82**	**16**	**48**	**80**	**16**

Originator positions

Commerzbank has in recent years securitised receivables from loans to the Bank's customers with a current volume of €12.3bn for capital management purposes (31 December 2023: €14.7bn). As at the reporting date 30 June 2024, risk exposures with a value of €11.5bn were retained (31 December 2023: €13.1bn). By far the largest share of all positions was accounted for by €11.4bn (31 December 2023: €12.9bn) on senior tranches, almost all of which are internally rated good to very good. Commerzbank will issue another synthetic STS (simple, transparent and standardised) transaction with a volume of €2bn in the second half of 2024. It will be based on corporate receivables from Germany and Europe. In addition, Commerzbank's Polish subsidiary mBank will issue a synthetic transaction with a volume of €1.2bn in the second half of the year. It will be based on Polish corporate receivables.

		Commerzbank volume[1]			
Securitisation pool | €bn	Maturity	Senior	Mezzanine	First loss piece	Total volume[1]
Corporates	2025 - 2036	9.3	< 0.1	0.1	10.0
Private Customers	2023 – 2036	2.1	–	< 0.1	2.3
Total 30.6.2024		**11.4**	**< 0.1**	**0.1**	**12.3**
Total 31.12.2023		12.9	< 0.1	0.1	14.7

1 Tranches/retentions (nominal) in the banking book.

Conduit exposure and other asset-backed exposures

The Bank provides financing to securitise receivables, in particular trade and leasing receivables, from customers in the Corporate Clients segment. In this context, Commerzbank acts mainly as an arranger of asset-backed securities transactions via the Commerzbank-sponsored multi-seller conduit Silver Tower. Due to new business and internal restructuring of existing business, the volume and risk values for the securitisation of receivables in the Corporate Clients segment rose by €1.9bn in the first half of 2024 to €7.1bn,

With a view to harmonising and bringing together similar risk profiles and given the strength of the relationships in the Corporate Client segment, conduit exposure reporting since 1 January 2024 also includes a long-standing, high-quality sub-portfolio for the securitisation of car loan and leasing receivables with risk values totalling €1.1bn (amount unchanged compared to 31 December 2023).

Liquidity risk subsumes the risk that Commerzbank will be unable to meet its payment obligations on a day-to-day basis. Liquidity risks from securitisations are modelled in the internal liquidity risk model on a conservative basis. In the case of transactions subject to variable utilisation, it is assumed that the purchase facilities provided to the special-purpose companies must be refinanced almost in full by Commerzbank for the duration of their term and until the maturity of the last financed receivable. Securitisations only qualify as liquid assets if they are eligible for rediscount at the central bank. These positions are only included in the liquidity risk calculation after conservative discounts are applied.

The other asset-backed exposures mainly comprise government-guaranteed asset-backed securities (ABS) held by Commerzbank Finance & Covered Bond S.A. and Commerzbank AG in Germany. In the first half of 2024, the volume declined to €2.9bn (December 2023: €3.0bn), while the risk values[1] stood at €3.0bn (31 December 2023: €3.0bn).

There are also investments in the Structured Credit area. The volume of new investments entered into since 2014 stood at €7.5bn (December 2023: €7.3bn). We have invested in bonds of senior tranches of securitisation transactions in the consumer (auto) ABS, UK RMBS and CLO asset classes, which in the Bank's opinion have a robust structure and a moderate risk profile. At 30 June 2024, this portfolio solely contained AAA-rated CLO positions (which was also the case at 31 December 2023). Remaining structured credit positions with a volume of €0.1bn were already in the portfolio prior to 2014 (December 2023: €0.2bn), while risk values stood at €0.1bn (December 2023: €0.1bn).

Market risk

Market risk is the risk of potential financial losses due to changes in market prices (interest rates, commodities, credit spreads, exchange rates and equity prices) or in parameters that affect prices such as volatilities and correlations. Losses may impact profit or loss directly, e.g. in the case of trading book positions. However, for banking book positions they are reflected generally in the revaluation reserve or in hidden liabilities/reserves.

1 Risk value is the balance sheet value of cash instruments. For long CDS positions, it comprises the nominal value of the reference instrument less the net present value of the credit derivative.

Risk management

Market risk is managed internally by a standardised value-at-risk model (historical simulation), which incorporates a wide range of relevant positions and instruments, and is measured and limited by a standardised key figure, namely value-at-risk.

For subsidiaries of Commerzbank Group without internal model we use standardised approaches under partial use rules. VaR quantifies the potential loss from financial instruments due to changed market conditions over a predefined time horizon and with a specific probability. Further details on the methodology used are given in the Group risk report 2023.

In internal management, all positions relevant to market risk are covered, and trading and banking book positions are jointly managed. In addition, for regulatory purposes the trading book is managed separately (in accordance with regulatory requirements, including currency and commodity risks in the banking book) and interest rate and credit spread risks in the banking book are managed on a stand-alone basis. In order to provide a consistent presentation in this report, all figures relating to VaR are based on a confidence level of 99%, a holding period of one day, equally weighted market data and a 254-day history.

Trading book

Below, we show how the regulatory market risk ratios of the trading book portfolio developed. Most of Commerzbank's trading book positions derive from the Corporate Clients segment and Group Treasury division. The VaR figures cover all risks in the internal VaR model. Commerzbank subsidiaries use standardised approaches for their regulatory capital calculation under partial use rules. They are not included in the regulatory VaR figures presented.

The VaR fell to €6m as at 30 June 2024 (31 December 2023: €14m). This was because the crisis scenarios from March 2023 were absent from the calculation time series. The scenarios arose in the context of tensions surrounding Silicon Valley Bank and Credit Suisse.

VaR of portfolios in the trading book | €m	1.1.-30.6.2024	2023
Minimum	5	8
Mean	9	11
Maximum	19	21
VaR at end of reporting period	**6**	**14**

The market risk profile for value at risk is distributed across asset classes, interest rate (including inflation) risk, currency risk, credit spread risk and commodity risk.

VaR contribution by risk type in the trading book | €m	30.6.2024	31.12.2023
Credit spreads	1	4
Interest rates	2	8
Equities	0	0
FX	1	2
Commodities	1	1
Total	**6**	**14**

Further risk ratios are calculated for regulatory capital adequacy. This includes the calculation of stressed VaR. Stressed VaR is calculated using the internal model on the basis of the VaR method described above. The main difference lies in the market data used to value the assets. Stressed VaR measures the risk in the present position in the trading book by reference to market movements from a specified crisis period in the past. The crisis observation period used for this is checked regularly through model validation processes and adjusted where necessary. The crisis observation period remained the same during the year.

The market risk profile in stressed VaR is also distributed across the various asset classes. The dominant asset classes are interest rates and credit spreads. The increase in the stressed VaR resulted in particular from changes in positions in the Corporate Clients segment.

Stressed VaR contribution by risk type in the trading book | €m	30.6.2024	31.12.2023
Credit spreads	7	4
Interest rates	9	9
Equities	0	0
FX	4	4
Commodities	5	5
Total	**25**	**21**

In addition, the incremental risk charge and the equity event VaR figures (components of the VaR calculation) quantify the risk of deterioration in creditworthiness and event risks in trading book positions. The incremental risk charge rose from €76m to €98m in the first half of 2024. The increase came from an expanded bond portfolio in Treasury.

The reliability of the internal model (historical simulation) is monitored in various ways, including backtesting on a daily basis. The VaR calculated is set against actually occurring changes in the portfolio value (profits and losses). In the process, a distinction is made between the variants backtesting of the hypothetical change in portfolio value (clean P&L) and backtesting of the actual change in portfolio value (dirty P&L). In the former, exactly the same positions in the income statement are used as were used for calculating the VaR. This means that the profits and losses result only from changes in market prices (hypothetical changes in the portfolio value). In dirty P&L backtesting, by contrast, profits and losses from newly concluded and expired transactions from the day under consideration are also included (actual profits and losses induced by portfolio value changes). Profits and losses from valuation adjustments and model reserves are factored into dirty and clean P&L according to the regulatory requirements.

If the actual loss exceeds the VaR, it is described as a negative backtesting outlier. Analysing the results of backtesting provides an informative basis for checking parameters and for potential improvement to the market risk model. As at 30 June 2024 no negative clean P&L outliers and no negative dirty P&L outliers were measured on Group level for a one-year time horizon.

Backtesting is also used by the supervisory authorities for evaluating internal risk models. Negative outliers are classified by means of a traffic-light system laid down by the supervisory authorities. All negative backtesting outliers at Group level (from both clean P&L and dirty P&L) must be reported to the supervisory authorities, citing their extent and cause.

As the VaR concept gives a prediction of potential losses assuming normal market conditions, it is supplemented by stress tests. These stress tests for the whole portfolio (banking book and trading book) measure the risk to which Commerzbank is exposed, based on unlikely but still plausible events. These events may be simulated using extreme movements on various financial markets. The key scenarios relate to major changes in credit spreads, interest rates and yield curves, exchange rates, share prices and commodities prices. Events simulated in stress tests include all stock prices falling by 15%, a parallel shift in the yield curve or changes to the curve's gradient.

Extensive Group-wide stress tests and scenario analyses are carried out as part of risk monitoring.

The internal model's individual components are validated at regular intervals to assess their appropriateness for risk measurement. The identification and elimination of model weaknesses are of particular importance in this.

Banking book

The key drivers of market risk in the banking book are the Group Treasury portfolios, with their credit spread, interest rate and basis risks.

In market risk management, credit spread sensitivities in the banking and trading books are considered together. Credit spread sensitivities (downshift of 1 basis point) for all securities and derivative positions (excluding loans and pension funds) were €34m as at the end of the second quarter of 2024 (31 December 2023: €30m). The increase was chiefly attributable to changes in positions in Group Treasury.

Most credit spread sensitivities related to securities positions measured at amortised cost. Changes in market price have no impact on the revaluation reserve or the income statement for these positions. 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. In accordance with the EU Banking Directive, the German Federal Financial Supervisory Authority and the European Central Bank have prescribed two scenarios of uniform, sudden and unexpected changes in interest rates (+/–200 basis points) to be used by all banks, which have to report on the results of this stress test every quarter. In the scenario –200 basis points, the yield curve is floored at 0 (negative sections of the yield curve are left unchanged).

As a result of the scenario +200 basis points, a potential economic loss of €3,341m as at 30 June 2024 (31 December 2023: €2,061m potential economic loss) was determined, and in the scenario –200 basis points a potential economic profit of €1,368m (31 December 2023: €1,169m potential economic profit). The reason for the increase was changes in positions in Treasury and in the pension fund. Commerzbank does not need to be classified as a bank with elevated interest rate risk, as the decline in net present value represents less than 20% of its regulatory capital.

The interest rate sensitivity of the overall banking book (excluding pension funds) rose to €7.8m as at 30 June 2024 (31 December 2023: €2.0m) per basis point of interest rate decline. The increase was predominantly due to changes in positions in Group Treasury.

Pension fund risk is also part of market risk in the banking book. Our pension fund portfolio comprises a diversified investment section and the insurance-related liabilities. The duration of the liabilities is extremely long (cash outflows modelled over almost 90 years), and the main portion of the overall portfolio's present value risk is in maturities of 15 years and over. The main risk drivers are long-term euro interest rates, credit spreads and expected euro inflation due to anticipated pension dynamics. Equity, volatility and foreign exchange risk also need to be taken into consideration. Diversification effects between specific risks reduce the overall risk. The extremely long maturities of these liabilities represent the greatest challenge, particularly for hedging credit spread risk. This is because there is insufficient liquidity in the market for corresponding hedging products.

Market liquidity risk

Market liquidity risk is the risk of the Bank not being able to liquidate or hedge risky positions in a timely manner, to the desired extent and on acceptable terms as a result of insufficient liquidity in the market.

Market liquidity risk is taken into account in Commerzbank's risk-bearing capacity concept by scaling the value at risk to one year, i.e. the implicitly recognised liquidation period. Additional valuation adjustments (prudent valuation) for market liquidity risk are also reflected in the calculation of the risk coverage capital. As part of the prudent valuation calculation, the liquidity horizon among other things is used to determine the amount of the capital deduction items.

Liquidity risk

We define liquidity risk in the narrower sense as the risk that Commerzbank will be unable to meet its payment obligations on a day-to-day basis. In a broader sense, liquidity risk describes the risk that future payments cannot be funded for the full amount, in the required currency or at standard market conditions, as and when they are due.

Risk management

Commerzbank uses a wide range of tools to manage and monitor liquidity risks on the basis of its own liquidity risk model. The stress scenario within the Bank that underlies the model and is relevant for management purposes allows for the impact of both a bank-specific stress event and a broader market crisis. Binding regulatory requirements are an integral component of the management mechanism.

Group Treasury is responsible for the Group's liquidity management operations. Group Treasury is represented in all major locations of the Group in Germany and abroad and has reporting lines into all subsidiaries. Commerzbank manages its global liquidity centrally using cash pooling. This approach seeks to ensure that liquidity resources are used efficiently and that this occurs across all time zones, as Group Treasury units are located in Frankfurt, London, New York and Singapore. Additional information can be found in the Group management report 2023 in the section on the Funding and liquidity of the Commerzbank Group.

Liquidity risk is monitored on the basis of the Bank's own liquidity risk model by the independent risk function.

The Bank has established early warning indicators for the purpose of managing liquidity risk. These ensure that appropriate steps can be taken in good time to secure long-term financial solidity.

Risk concentrations can lead to increased outflows of liquidity, particularly in a stress situation, and thus to increased liquidity risk. They can, for example, occur with regard to maturities, large individual creditors or currencies. By means of ongoing monitoring and reporting, emerging risk concentrations in funding can be recognised in a timely manner and mitigated through suitable measures.

Foreign currency risks and payment obligations in foreign currencies are monitored on the basis of established liquidity risk limits. In addition, the Bank 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.

In the event of a market-driven and/or idiosyncratic liquidity crisis, the liquidity contingency plan provides for certain measures which, depending on the nature of the crisis, can be initiated either through Treasury's extended authority to act or through the recovery process of the recovery plan. The liquidity contingency plan is an independent part of emergency planning and upstream of the recovery plan. Both the liquidity contingency plan and the recovery plan at Commerzbank are updated at least once a year; the individual measures of the recovery plan are checked regularly during the year for plausibility. Furthermore, the liquidity contingency plan defines a clear allocation of responsibilities for the processes to be followed in emergency situations and gives details of any action that may need to be taken.

That applies to payment obligations in foreign currencies, too. In addition, the Bank 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 also ensures that it limits and monitors foreign exchange risks.

The internal rules and the models used are reviewed at least annually and regularly audited by Internal Audit, the auditor and the supervisory authority (ECB).

Quantification and stress testing

Commerzbank uses a wide range of tools to manage and monitor liquidity risks on the basis of its own liquidity risk model. In addition to internal economic considerations, liquidity risk modelling also factors in the binding regulatory requirements under the Capital Requirements Regulation (CRR) and the requirements of the Minimum Requirements for Risk Management (MaRisk). Commerzbank incorporates this within its liquidity risk framework, thereby quantifying the liquidity risk appetite established by the Board of Managing Directors.

The stress scenarios within the Bank that underlie the model and are relevant for management purposes allow for the impact of both a bank-specific stress event and a broader market crisis. The Commerzbank-specific idiosyncratic scenario simulates a stress situation arising from a rating downgrade of two notches. The market-wide scenario, on the other hand, is derived from experience of the 2007–2008 subprime crisis and simulates an external, market-wide shock. The main liquidity risk drivers of both scenarios are a markedly increased outflow of short-term customer deposits, above-average drawdown of credit lines, prolongations of lending business regarded as commercially necessary, the need to provide additional collateral for secured transactions and the application of higher risk discounts to the liquidation values of assets.

As a complement to the individual scenarios, the Bank also simulates the impact on the liquidity gap profile (net liquidity position) of a scenario that combines idiosyncratic and market-specific effects. The liquidity gap profile is shown for the whole of the modelling horizon across the full spectrum of maturities and follows a multi-level concept. This allows for a nuanced presentation – deterministic and modelled cash flows in existing business on the one hand and the inclusion of prolongations on the other.

The table below shows the liquidity gap profile values after application of the respective stress scenarios for periods of one and three months as at the end of the first half of 2024. Significantly more liquidity flows out in a combined scenario compared with the individual scenarios. As at the end of the first half of 2024, in the one-month and three-month periods, the combined stress scenario leaves net liquidity of €29.3bn and €24.9bn, respectively.

Net liquidity in the stress scenario | €bn		**30.6.2024**	31.12.2023
Idiosyncratic scenario	1 month	37.2	34.7
	3 months	35.5	32.2
Market-wide scenario	1 month	41.7	35.7
	3 months	37.3	30.9
Combined scenario	1 month	29.3	27.0
	3 months	24.9	22.2

Liquidity reserves

Significant factors in the liquidity risk appetite include the reserve period, the size of the liquidity reserve portfolio held to compensate for unexpected short-term liquidity outflows, and the limits in the various maturity bands. As the liquidity reserve portfolio consists of highly liquid assets, it functions as a buffer in stress situations. The liquidity reserve portfolio is funded in line with the liquidity risk appetite to ensure that it is kept at the required size throughout the entire reserve period stipulated by the Board of Managing Directors, which extends beyond the reserve period required for regulatory purposes.

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 amount of the stress liquidity reserve portfolio is checked and, if necessary, adjusted as part of the daily liquidity risk calculation.

The Bank also holds an intraday liquidity reserve portfolio. As at the 30 June 2024 reporting date, the total value of this portfolio was €6.3bn (31 December 2023: €6.1bn). As at the end of the first half of 2024, the Bank had highly liquid assets of €142.0bn. This liquidity reserve 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, which extends beyond the reserve period required for regulatory purposes.

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

Liquidity reserves from highly liquid assets | €bn	30.6.2024	31.12.2023
Highly liquid assets	142.0	134.3
of which level 1	128.1	124.4
of which level 2A	12.4	9.2
of which level 2B	1.5	0.8

Liquidity ratios

Throughout the first half of 2024, Commerzbank's internal liquidity ratios, including the regulatory liquidity coverage ratio (LCR), were above the limits set at least annually by the Board of Managing Directors.

The LCR is calculated as the ratio of liquid assets to net liquidity outflows under stressed conditions. It is used to measure whether a bank has a large enough liquidity buffer to independently withstand any potential imbalance between inflows and outflows of liquidity under stressed conditions over a period of 30 calendar days.

As at the reporting date, Commerzbank significantly exceeded the required minimum LCR ratio of 100% with a ratio of 149.1% (31 December 2023: 145.4%). At 142.1%, the average of the last 12 month-end values was also well above the minimum ratio (as at the end of 2023: 136.2%).

The Bank has established corresponding limits and early warning indicators to ensure the LCR minimum requirements are met.

Operational risk

Commerzbank defines operational risk (OpRisk) as the risk of loss resulting from the inadequacy or failure of internal processes, people and systems or from external events. This definition includes, among other things, legal risk, human resources risk, IT risk, outsourcing risk, supplier risk and tax risk, as well as operational and organisational risk. In this definition the focus is not on strategic or reputational risk. In view of their increased economic significance, compliance risk and cyber risk are managed as separate risk types. However, losses from compliance risks and cyber risks are incorporated into the model for determining the economic capital required for operational risks.

Risk management

Commerzbank takes an active approach to managing operational risk, aiming to systematically identify OpRisk profiles and risk concentrations and to define, prioritise and implement risk mitigation measures.

Operational risks are characterised by asymmetric distribution of losses. This means that most of the losses are relatively small, while isolated losses with a very low probability of occurrence have the potential to be large and devastating. This makes it necessary not only to limit high loss potential but also to proactively manage losses that can be expected to occur frequently.

To do this, Commerzbank has set up a multi-stage system that brings together the defined limits on economic capital (risk capacity) and those set for operative risk management during the year (risk appetite/tolerance), complemented by rules on the transparent and conscious acceptance and approval of individual risks (risk acceptance).

OpRisk management includes an annual evaluation of the Bank's ICS key controls and a risk scenario assessment. OpRisk loss events are also subject to ongoing analysis and ICS backtesting on an event-driven basis. Lessons learned activities are carried out after all material loss events. A revised ad-hoc reporting process for large losses has been established to identify risks early and to manage measures in a timely manner.

Quantification

Since the fourth quarter of 2021 Commerzbank has measured regulatory capital using the standardised approach (SA), while economic capital for operational risks continues to be measured using a dedicated internal model (OpRisk ErC model, based on the previous AMA (advanced measurement approach)). Risk-weighted assets for operational risks on this basis came to €22.6bn as at the end of the second quarter of 2024 and were thus in line with the previous year's figure (31 December 2023: €22.8bn). The economically required capital was €2.5bn. A comparison with the previous year's figure (31 December 2023: €2.2bn) shows an increase of around €0.3bn, mainly caused by a model change to take a more conservative view of the residual risks from mBank's loans indexed in Swiss francs and other foreign currencies.

The total charge for OpRisk events as at the end of the second quarter of 2024 was approximately €694m (full-year 2023: €1,176m). The events mainly related to losses in the "Products and business practices" category. First and foremost, the losses and provisions at mBank for legal risks in connection with loans indexed in Swiss francs should be mentioned here.

OpRisk events[1] | €m	30.6.2024	31.12.2023
Internal fraud	0	2
External fraud	–23	45
Damage and system failure	2	2
Products and business practices	709	1,158
Process related	5	–33
HR related	2	3
Group	**694**	**1,176**

[1] Losses incurred and provisions, less OpRisk-based income and repayments.

Sub-risk types of operational risk

There were no significant changes in the first half of 2024 compared to the position reported in the Annual Report as at 31 December 2023, with the exception of the details set out below on current developments in respect of legal risk.

Legal risk Commerzbank and its subsidiaries are involved in a variety of court and arbitration cases, claims and official investigations (legal proceedings) in connection with a broad range of issues. They include, for example, allegations of defective advice, disputes in connection with trading transactions, credit finance or payment transactions, entitlements to occupational pensions, enforcement of claims due to tax issues, allegedly incorrect prospectuses in connection with underwriting transactions, alleged violations of competition laws/antitrust laws, and cases brought by shareholders and other investors as well as investigations by supervisory authorities. Applicable sanctions regimes may result in Commerzbank or its subsidiaries being prevented from fulfilling obligations towards customers or business partners; as a result, Commerzbank and its subsidiaries may be subject to legal action. In addition, changes to rulings by supreme courts, which may render them more restrictive, as well as to legal conditions, e.g. in the private customer business, may result in more claims being brought against Commerzbank or its subsidiaries. In these court cases, claimants are mostly asking for the payment of compensation, claims on account of unjust enrichment or the reversal of agreements already entered into. If the courts were to find in favour of one or more of the claimants in these cases, Commerzbank could be liable to pay compensation or fines, which could in some cases be substantial, or could incur the expense of reversing agreements or of other cost-intensive measures.

Since September 2019 the public prosecutor's office in Cologne has been conducting investigations at Commerzbank in connection with equity transactions around the dividend record date (cum-ex transactions). It is investigating on suspicion that the Bank (including Dresdner Bank) was involved in cum-ex transactions in various roles, including by supplying shares to third parties who were allegedly acting as short sellers. According to the current understanding, these proceedings do not involve Commerzbank's own tax credit claims with regard to capital gains tax and the solidarity surcharge on dividends. The Bank is cooperating fully with authorities conducting investigations into cum-ex transactions.

Based on the circular on cum/cum transactions published by the Federal Ministry of Finance (BMF) in 2017, the tax auditors commented on the treatment of these transactions in the form of audit notes. The tax office reduced the credit for capital gains taxes accordingly. In response, Commerzbank made value adjustments to tax credits shown in the balance sheet and set up additional provisions for possible repayment claims in order to reflect the changed risk situation fully and appropriately. The BMF published a revised version of its circular on cum/cum transactions on 9 July 2021. In view of the potential impact of the BMF circular, the provision was adjusted in the second quarter of 2021. Based on current knowledge, the tax risks arising from this issue have thereby been adequately covered. The possibility of further charges over and above the provisions recognised by the Bank cannot be completely ruled out.

With respect to securities lending transactions, Commerzbank is exposed to compensation claims (including in court) from third parties for crediting entitlements that have been denied. In the context of these securities lending transactions, the contracting parties were obliged to reimburse Commerzbank for dividends and withholding tax. However, the tax offices of various contracting parties partially refused or subsequently disallowed subsequent crediting against corporate income tax.

In 2017, a Polish court admitted a class action lawsuit against mBank alleging the ineffectiveness of index clauses in loan agreements denominated in Swiss francs. A total of 1,731 plaintiffs have joined the class action. The plaintiffs appealed the claim's dismissal by the court of first instance. In January 2024, the court of appeal referred the case back to the court of first instance for a new hearing.

Independently of this, numerous borrowers of loans indexed in foreign currencies have also filed individual lawsuits for the same reasons. In addition to the class action, 23,099 other individual proceedings were pending as at 30 June 2024 (31 December 2023: 22,602). mBank has contested these claims.

As at 30 June 2024, there were 5,876 final rulings relating to loans indexed in foreign currencies in individual proceedings against mBank, of which 114 were decided in favour of mBank and 5,762 were decided against mBank.

On 25 April 2024, the Polish Supreme Court decided, among other things, that the limitation period for a bank's claim for repayment generally begins when the borrower asserts invalidity. In some cases, this may result in the bank's claim for repayment of the capital being time-barred.

mBank will monitor how the case law develops following the Polish Supreme Court's decision, how discussions evolve about interpreting the decision, and whether there is any move to change the law; and it will continue to examine any possible implications for the provisions. It cannot be ruled out that future events, such as decisions of the Polish Supreme Court or the ECJ, may have a significant negative impact in the future on the estimation of the legal risk connected with mortgage loans denominated in Swiss francs or other foreign currencies.

mBank established a settlement programme beginning in the fourth quarter of 2022 that is aimed at all customers with active loans indexed in Swiss francs, including those who already have lawsuits against the bank. Customers will be offered the option of having their loans converted into zloty loans with a fixed or variable interest rate as well as the cancellation of an individually negotiated part of the outstanding loan value. As at the reporting date, mBank had accounted for risks in connection with future settlement payments in the amount of €223m.

mBank reviews the implications of the case law on an ongoing basis and adjusts the model's parameters, including the number of borrowers who are still expected to sue, the nature of the judgements that are expected, the amount of the Bank's loss in the event of a judgement and the acceptance rate for settlements, as necessary. The methodology used to calculate the provision is based on parameters that are varied, discretionary and in some cases associated with considerable uncertainty. Fluctuations in the parameters as well as their interdependencies and rulings of the Polish courts and the ECJ may mean that the amount of the provision has to be adjusted significantly in the future.

As at 30 June 2024, the portfolio of loans indexed in foreign currencies that have not been fully repaid had a carrying amount of 2.4bn Polish zloty. The portfolio of fully repaid loans and loans for which a settlement had been agreed or final ruling had been issued amounted to 12.6bn Polish zloty at the time of disbursement. Overall, the Group recognised a provision of €2.0bn for the risks arising from the matter, including potential settlement payments and the class action lawsuit (31 December 2023: €1.9bn), and this relates almost exclusively to loans indexed in Swiss francs. In the case of loans that have not yet been fully repaid, the legal risks are taken into account in the gross carrying amounts of the receivables directly when estimating the cash flows.

In 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 general terms and conditions to be void. This mechanism stipulated that the customer's consent to certain changes in the contract was given after a certain period of time if the customer had not objected. The Bank has examined the impact of this case law on its business units and products, as the charges introduced or increased for consumers as a result of the mechanism for changes to banks' general terms and conditions may be void.

In June 2023, the Bank was sued in a Russian court by the beneficiary of a guarantee that the Bank had issued on behalf of a customer in Germany. The Bank had issued a performance guarantee in 2021 in favour of a Russian company to secure the customer's obligations under a construction contract. The applicable sanctions regime prevented the customer from performing its obligations. The Russian company then demanded payment from the Bank under the guarantee. The sanctions regime is now preventing the Bank from performing its obligations under the guarantee. In June 2024, the Russian court ordered the Bank and two of its Russian subsidiaries jointly and severally to pay the guaranteed amount plus interest. The Bank will appeal the verdict. The Russian court had already ordered the seizure of assets belonging to the Bank and one of the subsidiaries, Commerzbank (Eurasija), in May 2024. The Bank has commenced an arbitration at the International Court of Arbitration seeking a declaration that it is not obliged to pay under the guarantee, but the decision is still pending. The Bank has also obtained an injunction from a London court prohibiting the Russian company from continuing the proceedings in Russia because they are in breach of an arbitration provision in the guarantee.

Commerzbank and its Russian subsidiary Commerzbank (Eurasija) have been sued in Russia by customers of a Russian central securities depository. The latter maintains an account at Commerzbank in Germany, which allegedly holds, among other things, funds that belong to the claimants. The central securities depository and its assets (including the credit balance on the account) are subject to the current sanctions. The claimants are therefore unable to access their funds at the central securities depository and are instead demanding compensation from Commerzbank in Russia. In March 2024, a court of first instance issued a judgement ordering Commerzbank and Commerzbank (Eurasija) to pay damages. Commerzbank has appealed the judgement. In another case, the court first ordered a seizure and then, in July 2024, ordered Commerzbank and Commerzbank (Eurasija) to pay damages. Commerzbank will appeal the judgement. It is also continuing to defend itself against the remaining claims.

The proceedings in Russia are subject to considerable uncertainty and it cannot be ruled out that further assets belonging to the Bank or Commerzbank (Eurasija) will be seized. Nor can it be ruled out that additional proceedings may be initiated on the basis of further claims and/or that further costs may be incurred in this connection, leading to significantly higher losses.

Some of these cases could also have an impact on the reputation of Commerzbank and its subsidiaries. The Group recognises provisions for such proceedings if liabilities are likely to result from them and the amounts to which the Group is likely to be liable can be determined with sufficient accuracy. Since there are considerable uncertainties as to how such proceedings will develop, the possibility cannot be ruled out that some of the provisions recognised for them may prove to be inadequate once the courts' final rulings are known. As a result, substantial additional expense may be incurred. This is also true in the case of legal proceedings for which the Group did not consider it necessary to recognise provisions. The eventual outcome of some legal proceedings might have an impact on Commerzbank's results and cash flow in a given reporting period; in the worst case, it cannot be fully ruled out that the liabilities which might result from them may also have a significant impact on Commerzbank's earnings performance, assets and financial position.

Further information on legal proceedings may be found in Note 35 regarding provisions and Note 36 regarding contingent liabilities and lending commitments in the Interim Financial Statements.

Other material risks

In the first half of 2024, there were no significant changes in the other material risks compared to the position reported in the Annual Report as at 31 December 2023, with the exception of the details set out below on current developments in respect of compliance risks and cyber risks.

Compliance risk Overall, there continues to be an increased focus on ensuring the implementation of sanctions requirements and the prosecution of possible sanction violations.

Close political and regulatory attention continues to be paid to Russia-related sanctions. The tightening measures as part of the EU's latest sanctions package – the 14th such package – and the further extension of US sanctions clearly demonstrate this. Current geopolitical developments, as well as the evolving expectations of regulators with regard to the implementation of sanctions requirements, are continuously monitored in order to be able to react promptly to changes.

In the recent round of tighter sanctions, the focus continued to be placed on export control requirements in particular. The 14th sanctions package placed obligations primarily on actors in the real economy. Commerzbank has already established enhanced screening routines, particularly in the trade finance business, in order to fulfil the export control requirements and to prevent transactions aimed at circumventing the sanctions.

The legal texts of the AML package which were decided in the EU trilogue negotiations were published in their final form in June 2024. The provisions will mostly come into force on 10 July 2027. Detailed specifications (regulatory technical standards) are successively published for individual topics. At the same time, the Bank analyses possible effects and measures in dealing with these future regulatory requirements.

The level of external fraud-related attacks increased further in the first half of 2024. Group Compliance will therefore continue to focus on the further development of system-based fraud prevention in 2024.

Cyber risk Cyber risk comprises risks with direct relevance to security and risks that lead to relevance to security (with respect to cyber space). The part of cyber space of relevance to Commerzbank is all connected IT environments within the Bank and those outside the Bank that lead to customers, business partners and service providers. Cyber risk is therefore concerned with the digital representation of the Bank's assets (data, information) within cyber space.

The strategic guidelines from the overarching Group risk strategy, the Information Security Strategy and the cyber risk sub-risk strategy apply without limitation to cyber risk. In particular, this involves expanded identity and access management, implementation of the zero trust model, extensive use of multi-factor authentication (MFA), strengthening cyber resilience and continuing to implement extensive awareness measures.

Cyber and information security risks are managed by the Group Risk Management – Cyber Risk & Information Security division (GRM-CRIS), which is overseen by the Group Chief Information Security Officer (Group CISO). In addition to established security functions such as the ISO 27001 certified Information Security Management System (ISMS), the focus is on managing cyber risk appropriately and on strengthening Commerzbank's cyber resilience.

The main factor in the current cyber risk situation – in which risk remains at a high level – is the geopolitical tension surrounding the Ukraine war. The Russia-Ukraine war continues to harbour a risk of attacks by state actors on critical infrastructure and resulting collateral effects on the Bank.

Ransomware is an established attack vector in organised cyber crime and is a threat in particular to SMEs. With regard to distributed-denial-of-service (DDoS) attacks, we are observing an increasing shift from the network to the application level.

Steps have already been initiated to ensure improved protection from these threats by means of the agreed packages of capital investment and associated measures. Developments in the cyber context are observed on an ongoing basis at Commerzbank by an interdisciplinary task force consisting of top management and specialists from GRM-CRIS and Group Technology Foundations (GS-TF).

By closely interlinking the first and second line of defence (LoD) activities in the field of cyber threat analysis, including corresponding protective measures and incident management processes, the Bank remains adequately protected against such attacks.

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.

Interim Financial Statements

Income statement

€m	Notes	1.1.-30.6.2024	1.1.-30.6.2023	Change in %
Interest income accounted for using the effective interest method	(7)	8,766	7,088	23.7
Interest income accounted for not using the effective interest method	(7)	2,008	1,134	77.0
Interest income	(7)	10,773	8,222	31.0
Interest expenses	(7)	6,570	4,146	58.5
Net interest income	(7)	4,204	4,076	3.1
Dividend income	(8)	13	3	.
Risk result	(9)	– 274	– 276	– 0.7
Commission income	(10)	2,182	2,085	4.6
Commission expenses	(10)	383	329	16.3
Net commission income	(10)	1,799	1,756	2.4
Net income from financial assets and liabilities measured at fair value through profit or loss	(11)	– 58	– 90	– 35.8
Net income from hedge accounting	(12)	– 25	7	.
Other sundry realised profit or loss from financial instruments		– 59	– 16	.
Gain or loss on disposal of financial assets – Amortised cost		98	34	.
Other net income from financial instruments	(13)	39	18	.
Current net income from companies accounted for using the equity method		2	3	– 42.2
Other net income	(14)	– 559	– 477	17.1
Operating expenses	(15)	3,021	2,945	2.6
Compulsory contributions	(16)	166	312	– 46.8
Restructuring expenses	(17)	2	8	– 76.6
Pre-tax profit or loss		**1,953**	**1,756**	**11.2**
Taxes on income	(18)	611	617	– 1.1
Consolidated profit or loss		**1,342**	**1,139**	**17.8**
Consolidated profit or loss attributable to non-controlling interests		57	– 6	.
Consolidated profit or loss attributable to Commerzbank shareholders and investors in additional equity components		1,285	1,145	12.2

€		1.1.-30.6.2024	1.1.-30.6.2023	Change in %
Earnings per share[1]	(19)	0.91	0.76	20.0

[1] Weighted average of ordinary shares after each share buyback programme (see also statement of changes in equity).

The earnings per share, calculated in accordance with IAS 33, are based on the consolidated profit or loss attributable to Commerzbank shareholders (see Note 19). 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.-30.6.2024	1.1.-30.6.2023	Change in %
Consolidated profit or loss	1,342	1,139	17.8
Change from remeasurement of defined benefit plans not recognised in income statement	89	57	56.1
Change in own credit spreads (OCS) of liabilities FVO not recognised in income statement	– 100	67	.
Items not recyclable through profit or loss	**– 11**	**124**	**.**
Change in revaluation of debt securities (FVOCImR)			
Reclassified to income statement	7	9	– 16.2
Change in value not recognised in income statement	85	145	– 41.2
Change in cash flow hedge reserve			
Reclassified to income statement	0	1	– 53.5
Change in value not recognised in income statement	20	52	– 62.0
Change in currency translation reserve			
Reclassified to income statement	–	21	.
Change in value not recognised in income statement	120	90	32.7
Valuation effect from net investment hedge			
Reclassified to income statement	–	–	.
Change in value not recognised in income statement	3	– 3	.
Change in companies accounted for using the equity method	– 1	0	.
Items recyclable through profit or loss	**233**	**314**	**– 25.7**
Other comprehensive income	222	438	– 49.4
Total comprehensive income	**1,564**	**1,577**	**– 0.8**
Comprehensive income attributable to non-controlling interests	77	85	– 9.8
Comprehensive income attributable to Commerzbank shareholders and investors in additional equity components	1,487	1,492	– 0.3

Other comprehensive income | €m	1.1.-30.6.2024			1.1.-30.6.2023		
	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Change in own credit spread (OCS) of liabilities FVO	– 139	38	– 100	49	18	67
Change from remeasurement of defined benefit plans	129	– 40	89	84	– 28	57
Change in revaluation of debt securities (FVOCImR)	131	– 38	92	165	– 11	154
Change in cash flow hedge reserve	26	– 6	20	63	– 11	52
Change from net investment hedge	4	– 1	3	– 4	1	– 3
Change in currency translation reserve	120	–	120	111	–	111
Change in companies accounted for using the equity method	– 1	–	– 1	0	–	0
Other comprehensive income	**269**	**– 47**	**222**	**469**	**– 30**	**438**

Other comprehensive income | €m	1.4.-30.6.2024			1.4.-30.6.2023		
	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Change in own credit spread (OCS) of liabilities FVO	– 47	13	– 33	20	18	37
Change from remeasurement of defined benefit plans	134	– 42	93	– 87	26	– 61
Change in revaluation of debt securities (FVOCImR)	75	– 20	55	37	– 7	30
Change in cash flow hedge reserve	13	– 3	9	28	– 5	22
Change from net investment hedge	–	–	–	– 0	0	– 0
Change in currency translation reserve	49	–	49	170	–	170
Change in companies accounted for using the equity method	– 0	–	– 0	– 0	–	– 0
Other comprehensive income	**224**	**– 51**	**173**	**167**	**32**	**198**

Balance sheet

Assets | €m	Notes	30.6.2024	31.12.2023	Change in %
Cash on hand and cash on demand		104,092	93,126	11.8
Financial assets – Amortised cost	(20)	308,842	298,689	3.4
of which: pledged as collateral		3,470	3,791	– 8.5
Financial assets – Fair value OCI	(22)	46,926	40,143	16.9
of which: pledged as collateral		15,981	9,651	65.6
Financial assets – Mandatorily fair value P&L	(24)	61,953	48,359	28.1
of which: pledged as collateral		–	–	.
Financial assets – Held for trading	(25)	29,931	28,334	5.6
of which: pledged as collateral		2,930	1,618	81.1
Value adjustment on portfolio fair value hedges		– 2,562	– 2,305	11.1
Positive fair values of derivative hedging instruments		1,460	1,497	– 2.5
Holdings in companies accounted for using the equity method		172	142	21.2
Intangible assets	(31)	1,686	1,394	20.9
Fixed assets	(32)	2,283	2,352	– 3.0
Investment properties		226	53	.
Non-current assets held for sale		62	62	–
Current tax assets		159	138	15.0
Deferred tax assets		2,083	2,505	– 16.8
Other assets	(33)	2,774	2,677	3.6
Total		**560,087**	**517,166**	**8.3**

Liabilities and equity | €m	Notes	30.6.2024	31.12.2023	Change in %
Financial liabilities – Amortised cost	(21)	438,031	419,809	4.3
Financial liabilities – Fair value option	(23)	62,167	36,941	68.3
Financial liabilities – Held for trading	(26)	17,521	18,927	– 7.4
Value adjustment on portfolio fair value hedges		– 3,095	– 3,311	– 6.5
Negative fair values of derivative hedging instruments		2,324	3,100	– 25.0
Provisions	(35)	3,553	3,553	– 0.0
Current tax liabilities		527	535	– 1.5
Deferred tax liabilities		46	3	.
Other liabilities	(34)	5,621	4,599	22.2
Equity		33,393	33,009	1.2
Subscribed capital		1,185	1,240	– 4.5
Capital reserve		10,143	10,087	0.6
Retained earnings		18,090	18,026	0.4
Other reserves (with recycling)		– 262	– 475	– 44.9
Equity attributable to Commerzbank shareholders		29,156	28,878	1.0
Additional equity components		3,114	3,114	–
Non-controlling interests		1,123	1,016	10.5
Total		**560,087**	**517,166**	**8.3**

Statement of changes in equity

€m	Subscribed capital	Capital reserve	Retained earnings	Other reserves: Revaluation reserve	Other reserves: Cash flow hedge reserve	Other reserves: Currency translation reserve	Equity attributable to Commerzbank shareholders	Additional equity components[1]	Non-controlling interests	Equity[1]
Equity as at 1.1.2024	**1,240**	**10,087**	**18,026**	**– 145**	**– 52**	**– 278**	**28,878**	**3,114**	**1,016**	**33,009**
Total comprehensive income	–	–	1,273	86	14	114	1,487	–	77	1,564
Consolidated profit or loss			1,285				1,285		57	1,342
Change in own credit spread (OCS) of liabilities FVO			– 100				– 100		–	– 100
Change from remeasurement of defined benefit plans			89				89		–	89
Change in revaluation of debt securities (FVOCImR)				86			86		7	92
Change in cash flow hedge reserve					14		14		6	20
Change in currency translation reserve						112	112		7	120
Valuation effect from net investment hedge						3	3		–	3
Change in companies accounted for using the equity method						– 1	– 1		–	– 1
Share buyback	– 56	56	– 600				– 600		–	– 600
Dividend paid on shares			– 415				– 415		– 1	– 415
Distributions to Additional Tier 1 instruments			– 195				– 195		–	– 195
Changes in ownership interests							–		–	–
Other changes			– 0				– 0		30	30
Equity as at 30.6.2024	**1,185**	**10,143**	**18,090**	**– 59**	**– 38**	**– 165**	**29,156**	**3,114**	**1,123**	**33,393**

[1] Includes the Additional Tier 1 bonds (AT1 bonds), which are unsecured subordinated bonds classified as equity under IFRS. There were no repurchases.

€m	Subscribed capital	Capital reserve	Retained earnings[1]	Other reserves			Equity attributable to Commerzbank shareholders[1]	Additional equity components[2]	Non-controlling interests	Equity
				Revaluation reserve	Cash flow hedge reserve	Currency translation reserve				
Equity as at 31.12.2022 (before adjustments in accordance with IAS 8)	**1,252**	**10,075**	**16,466**	**– 447**	**– 117**	**– 327**	**26,903**	**3,114**	**888**	**30,905**
Change due to retrospective restatements	–	–	28	–	–	–	28	–	–	28
Equity as at 1.1.2023	**1,252**	**10,075**	**16,495**	**– 447**	**– 117**	**– 327**	**26,931**	**3,114**	**888**	**30,934**
Total comprehensive income	–	–	1,269	131	36	56	1,492	–	85	1,577
Consolidated profit or loss			1,145				1,145		– 6	1,139
Change in own credit spread (OCS) of liabilities FVO			67				67		–	67
Change from remeasurement of defined benefit plans			57				57		– 0	57
Change in revaluation of debt securities (FVOCImR)				131			131		23	154
Change in cash flow hedge reserve					36		36		16	52
Change in currency translation reserve						58	58		53	111
Valuation effect from net investment hedge						– 3	– 3		–	– 3
Change in companies accounted for using the equity method						0	0		–	0
Share buyback	– 12		– 110				– 122		–	– 122
Dividend paid on shares			– 250				– 250		– 0	– 251
Distributions to Additional Tier 1 instruments			– 194				– 194		–	– 194
Changes in ownership interests			– 0				– 0		0	–
Other changes			– 0				– 0		1	1
Equity as at 30.6.2023	**1,240**	**10,075**	**17,209**	**– 316**	**– 81**	**– 271**	**27,856**	**3,114**	**974**	**31,944**

[1] Prior-year figures adjusted due to restatements (see Note 5).
[2] Includes the Additional Tier 1 bonds (AT1 bonds), which are unsecured subordinated bonds classified as equity under IFRS. There were no repurchases.

AT-1-bonds

At the end of June 2024, the fourth AT-1-bond under the issuance programme was successfully issued with value date after the reporting date of 30 June 2024. The bond has a volume of €750m and a fixed, but discretionary coupon of 7.875 % per annum. The instrument has a perpetual maturity and the first call date by Commerzbank is in the period from October 2031 to April 2032. No AT-1-bonds were issued in the previous year.

Other changes

As at 30 June 2024, the subscribed capital of Commerzbank Aktiengesellschaft amounted to €1,185m (previous year: €1,240m) and was divided into 1,184,669,009 no-par-value shares (previous year: 1,240,223,329) (accounting value per share €1.00). In the first quarter of 2024, 55,554,320 shares (representing 4.48 % of the share capital) were repurchased pursuant to a share buyback programme. The average purchase price per share paid on the stock market was €10.80. The purpose of the share buyback was to reduce the share capital of Commerzbank Aktiengesellschaft. The repurchased shares were cancelled during the second quarter of 2024. A dividend payment of €0.35 per share was made for the financial year 2023.

The main changes in the currency translation reserve in the current financial year were due to the US dollar, Polish zloty, British pound and Russian rouble.

Other changes primarily include changes in the group of consolidated companies and changes from taxes not recognised in the income statement.

Cash flow statement (condensed version)

€m	2024	2023	Change in %
Cash and cash equivalents as at 1.1.	**93,126**	**75,233**	**23.8**
Net cash from operating activities	11,748	10,327	13.8
Net cash from investing activities	– 879	– 443	98.4
Net cash from financing activities	– 431	– 3	.
Total net cash	**10,438**	**9,881**	**5.6**
Effects from exchange rate changes	529	– 155	.
Cash and cash equivalents as at 30.6.	**104,092**	**84,959**	**22.5**

With regard to the Commerzbank Group, the cash flow statement is not very informative. The cash flow statement neither replaces the liquidity/financial planning for us, nor is it used as a management tool.

Selected notes

General information

(1) Accounting policies

The Commerzbank Group has its headquarters in Frankfurt/Main, Germany. The parent company is Commerzbank Aktiengesellschaft, which is registered in the Commercial Register at the District Court of Frankfurt/Main under registration no. HRB 32000. Our interim financial statements as at 30 June 2024 were prepared in accordance with Art. 315e of the German Commercial Code (Handelsgesetzbuch, or “HGB”) and Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 (the IAS Regulation). In addition, other regulations for adopting certain international accounting standards on the basis of the International Financial Reporting Standards (IFRS) approved and published by the International Accounting Standards Board (IASB) and their interpretation by the IFRS Interpretations Committee have also been applied. This Interim Report takes particular account of the requirements of IAS 34 relating to interim financial reporting.

All standards and interpretations that are mandatory within the EU in the 2024 financial year have been applied. We have not applied standards and interpretations that are not required until the 2025 financial year or later.

The interim management report, including the separate interim risk report pursuant to Art. 315 of the German Commercial Code, is published on pages 7 to 34 of this Interim Report.

Uniform accounting and measurement methods are used throughout the Commerzbank Group in preparing the financial statements. For fully consolidated companies and holdings in companies accounted for using the equity method we have generally used financial statements prepared as at 30 June 2024.

The Group financial statements are prepared in euros, the reporting currency of the Group. Unless otherwise indicated, all amounts are shown in millions of euros. All items under €500,000.00 are presented as €0.00, and zero items are denoted by a dash. Due to rounding, in some cases the individual figures presented may not add up precisely to the totals provided.

Please refer to the Annual Report 2023 for general explanations and descriptions of the individual items in the income statement and balance sheet.

(2) New and revised standards and interpretations

The amendment concerning IAS 21 was mentioned in the Annual Report 2023, page 276 f. The endorsement specifies how to determine the exchange rate when there is a long-term lack of exchangeability, which was previously not regulated. The revised standard must be applied for financial years beginning on or after 1 January 2025.

IFRS 18 contains requirements for presentation and disclosures in financial statements. The amended standard must be applied from 1 January 2027. Endorsement is still pending.

All standard changes not explicitly mentioned do not have a significant impact on our Group financial statements at present.

(3) Report on events after the reporting period

There were no material events since the end of the reporting period.

Accounting and measurement policies

(4) Changes in accounting and measurement policies

The revised IAS 1 and IFRS 16 standards came into force on 1 January 2024. Both amendments clarify the classification of liabilities with covenants as well as sale and leaseback transactions. These amendments have no material effects on the Group financial statements.

The amendments to IAS 7 and IFRS 7, which were published under the title "Supplier Finance Arrangement", also came into force on 1 January 2024. The amendments concern regulations on supplier financing agreements. They do not require any significant changes to Commerzbank's accounting policies.

In this interim report, we apply the same accounting and measurement policies and consolidation policies as in our consolidated financial statements as at 31 December 2023 (see Annual Report 2023, page 277 ff.).

(5) Adjustments in accordance with IAS 8

The adjustment in connection with a change in method for valuation allowances was most recently reported in the Annual Report as at 31 December 2023 (see Note 4, page 279).

(6) Consolidated companies

First-time consolidation of Aquila Capital Investment

On 3 June 2024, a subsidiary of Commerzbank Aktiengesellschaft acquired 74.9 % of the shares and voting rights in Aquila Capital Investmentgesellschaft mbH (ACI), a Hamburg-based company specialising in essential real asset investments such as renewable energies and sustainable infrastructure projects. The majority of the voting rights and special statutory provisions grant Commerzbank Aktiengesellschaft or its acquiring subsidiary control over ACI in the event of disagreement.

This transaction significantly expands the range of services that we can offer our customers in sustainable asset management. ACI will make an important contribution to the Group's plan to increase its commission income. ACI's distribution network and its access to the Aquila Group's project development expertise offer international growth opportunities and are the main basis for the acquired goodwill. Various service agreements were concluded between Commerzbank Aktiengesellschaft, ACI and the Aquila Group at the time of the share acquisition, and these will result in commission income and expenses in the future.

The following table shows the fair values of the acquired assets and the assumed liabilities:

€m	3.6.2024
Cash on hand and cash on demand	14
Financial assets - Amortised cost	4
Financial assets - Mandatorily fair value P&L	30
Intangible assets	128
Other assets	31
Total identified assets	**208**
Provisions	24
Deferred tax liabilities	41
Other liabilities	25
Total identified liabilities	**90**
Fair value of net assets	**118**
Non-controlling interests	30
Total amount excluding non-controlling interests	**88**
Purchase price/consideration	200
Goodwill	**112**

The amount recognised of the non-controlling interests at the time of acquisition was €30m, which is equal to the proportionate share of ACI's net assets that was acquired.

ACI's commission income and profit since the beginning of June 2024 amount to €5m and €0m respectively. ACI's commission income and profit for the period before 3 June 2024, which are not included in the consolidated profit or loss, amounted to €27m and €2m respectively.

In the total year 2023, commission income of €84m and a profit of €17m were achieved. Due to the seasonal business trend that we observed in 2023, we expect an increase in both commission income and profit for the total year 2024 compared to the total year 2023.

Deconsolidation of Banco Múltiplo

In the second quarter of 2023, the Commerzbank Brasil S.A. – Banco Múltiplo, Brazil subsidiary was deconsolidated due to immateriality. Its banking licence was surrendered in April 2023. The deconsolidation resulted in an effect of €–24m, which is recognised in Other net income.

Notes to the income statement

(7) Net interest income

€m	1.1.-30.6.2024	1.1.-30.6.2023	Change in %
Interest income accounted for using the effective interest method	**8,766**	**7,088**	**23.7**
Interest income – Amortised cost	8,145	6,623	23.0
Interest income from lending and money market transactions	7,572	6,110	23.9
Interest income from the securities portfolio	574	513	11.8
Interest income – Fair value OCI	618	450	37.3
Interest income from lending and money market transactions	1	2	− 36.5
Interest income from the securities portfolio	617	448	37.6
Prepayment penalty fees	2	15	− 83.9
Interest income accounted for not using the effective interest method	**2,008**	**1,134**	**77.0**
Interest income – Mandatorily fair value P&L	2,007	1,101	82.4
Interest income from lending and money market transactions	1,916	1,050	82.4
Interest income from the securities portfolio	91	50	80.9
Positive interest from financial instruments held as liabilities	1	33	− 98.1
Interest expenses	**6,570**	**4,146**	**58.5**
Interest expenses – Amortised cost	4,481	2,951	51.9
Deposits	3,901	2,482	57.1
Debt securities issued	580	469	23.8
Interest expenses – Fair value option	2,018	1,109	81.9
Deposits	1,865	1,019	82.9
Debt securities issued	153	90	70.0
Negative interest from financial instruments held as assets	18	15	16.4
Interest expenses on lease liabilities	14	11	23.5
Other interest expenses	40	60	− 33.6
Total	**4,204**	**4,076**	**3.1**

(8) Dividend income

€m	1.1.-30.6.2024	1.1.-30.6.2023	Change in %
Dividends from equity instruments – Fair value OCI	–	–	.
Dividends from equity instruments – Mandatorily fair value P&L	12	4	.
Current net income from non-consolidated subsidiaries	1	– 0	.
Total	**13**	**3**	**.**

(9) Risk result

€m	1.1.-30.6.2024	1.1.-30.6.2023	Change in %
Financial assets – Amortised cost	– 322	– 337	– 4.3
Financial assets – Fair value OCI	– 1	5	.
Financial guarantees	– 10	2	.
Lending commitments and indemnity agreements	60	53	12.4
Total	**– 274**	**– 276**	**– 0.7**

The risk result contains changes to provisions recognised in the income statement for on- and off-balance-sheet financial instruments for which the IFRS 9 impairment model is to be applied. This also includes risk allocations and reversals beside others new business, stage changes, when derecognition occurs because of redemptions, write-ups and amounts recovered on claims written-down and direct write-downs.

For information on the organisation of risk management and on the relevant key figures, for additional analyses and explanatory material on the expected credit loss and for information on the top-level adjustment, please refer to the interim management report on page 17 ff. and to Note 27.

(10) Net commission income

€m	1.1.-30.6.2024	1.1.-30.6.2023	Change in %
Commission income	**2,182**	**2,085**	**4.6**
Securities transactions	599	576	4.1
Asset management	192	182	6.0
Payment transactions and foreign business	821	814	0.8
Guarantees	135	130	4.0
Syndicated business	153	122	25.7
Intermediary business	83	80	4.3
Fiduciary transactions	26	30	– 15.2
Other income	172	152	13.0
Commission expenses	**383**	**329**	**16.3**
Securities transactions	83	72	14.3
Asset management	24	23	3.1
Payment transactions and foreign business	118	103	15.0
Guarantees	10	11	– 10.1
Syndicated business	2	3	– 53.4
Intermediary business	75	48	55.3
Fiduciary transactions	20	24	– 19.7
Other expenses	53	44	18.8
Net commission income	**1,799**	**1,756**	**2.4**
Securities transactions	517	503	2.7
Asset management	169	159	6.4
Payment transactions and foreign business	702	711	– 1.2
Guarantees	126	119	5.3
Syndicated business	152	119	27.9
Intermediary business	8	32	– 73.7
Fiduciary transactions	6	6	3.2
Other income	119	108	10.6
Total	**1,799**	**1,756**	**2.4**

The breakdown of commission income into segments by type of services based on IFRS 15 is as follows:

1.1.-30.6.2024 | €m	Private and Small-Business Customers	Corporate Clients	Others and Consolidation[1]	Group
Securities transactions	593	17	– 11	599
Asset management	187	5	0	192
Payment transactions and foreign business	410	418	– 8	821
Guarantees	16	127	– 7	135
Syndicated business	0	153	0	153
Intermediary business	80	3	0	83
Fiduciary transactions	23	3	0	26
Other income	146	36	– 11	172
Total	**1,456**	**763**	**– 37**	**2,182**

[1] The items in Others and Consolidation mainly relate to effects from the consolidation of expenses and income.

1.1.-30.6.2023 | €m[2]	Private and Small-Business Customers	Corporate Clients	Others and Consolidation[1]	Group
Securities transactions	571	16	– 11	576
Asset management	179	3	0	182
Payment transactions and foreign business	388	434	– 9	814
Guarantees	15	129	– 14	130
Syndicated business	0	122	0	122
Intermediary business	77	8	– 5	80
Fiduciary transactions	27	4	0	30
Other income	133	25	– 6	152
Total	**1,390**	**740**	**– 45**	**2,085**

[1] The items in Others and Consolidation mainly relate to effects from the consolidation of expenses and income.
[2] Prior-year figures adjusted due to IFRS 8.29 (see Note 37).

(11) Net income from financial assets and liabilities measured at fair value through profit or loss

€m	1.1.-30.6.2024	1.1.-30.6.2023	Change in %
Profit or loss from financial instruments – Held for trading	– 139	– 130	7.6
Profit or loss from financial instruments – Fair value option	113	– 7	.
Profit or loss from financial instruments – Mandatorily fair value P&L	– 31	47	.
Total	**– 58**	**– 90**	**– 35.8**

(12) Net income from hedge accounting

€m	1.1.-30.6.2024	1.1.-30.6.2023	Change in %
Fair value hedges			
Changes in fair value attributable to hedging instruments	875	32	.
Micro fair value hedges	495	133	.
Portfolio fair value hedges	379	– 101	.
Changes in fair value attributable to hedged items	– 900	– 25	.
Micro fair value hedges	– 504	– 115	.
Portfolio fair value hedges	– 396	90	.
Cash flow hedges			
Gain or loss from effectively hedged cash flow hedges (ineffective part only)	0	1	– 73.6
Net investment hedges			
Gain or loss from effectively hedged net investment hedges (ineffective part only)	–	–	.
Total	**– 25**	**7**	**.**

(13) Other net income from financial instruments

€m	1.1.-30.6.2024	1.1.-30.6.2023	Change in %
Other sundry realised profit or loss from financial instruments	– 59	– 16	.
Realised profit or loss from financial assets – Fair Value OCI	– 7	– 9	– 16.2
Realised profit or loss from financial liabilities – Amortised Cost	1	– 1	.
Gain or loss on non-substantial modifications – Amortised Cost	– 55	– 8	.
Gain or loss on non-substantial modifications – Fair Value OCI	–	–	.
Changes in uncertainties in estimates – Amortised Cost	2	1	.
Changes in uncertainties in estimates – Fair Value OCI	–	–	.
Gain or loss on disposal of financial instruments (AC portfolios)	98	34	.
Gains on disposal of financial instruments (AC portfolios)	237	49	.
Losses on disposal of financial instruments (AC portfolios)	139	15	.
Total	**39**	**18**	**.**

(14) Other net income

€m	1.1.-30.6.2024	1.1.-30.6.2023	Change in %
Other material items of income	**238**	**341**	**– 30.2**
Reversals of provisions	44	47	– 6.3
Operating lease income	49	128	– 62.2
Hire-purchase income and sublease income	7	8	– 6.6
Income from investment properties	5	1	.
Income from disposal of fixed assets	13	10	36.7
Income from FX rate differences	30	98	– 69.1
Remaining other income	89	49	81.9
Other material items of expense	**785**	**798**	**– 1.7**
Allocations to provisions	445	137	.
Operating lease expenses	36	42	– 14.5
Hire-purchase expenses and sublease expenses	4	2	54.3
Expenses from investment properties	5	11	– 57.2
Expenses from disposal of fixed assets	0	0	12.6
Expenses from FX rate differences	29	92	– 69.0
Remaining other expenses	266	513	– 48.2
Other tax (netted)	– 14	– 5	.
Realised profit or loss and net remeasurement gain or loss from associated companies and jointly controlled entities (netted)	2	– 15	.
Other net income	**– 559**	**– 477**	**17.1**

Other net income mainly includes the expenses associated with retail mortgage financing in foreign currencies at mBank. This amounts to €558m in the current financial year (previous year period: €520m).

(15) Operating expenses

Personnel expenses | €m	1.1.-30.6.2024	1.1.-30.6.2023	Change in %
Wages and salaries	1,750	1,660	5.4
Expenses for pensions and similar employee benefits	88	108	– 18.1
Total	**1,838**	**1,767**	**4.0**

Administrative expenses | €m	1.1.-30.6.2024	1.1.-30.6.2023	Change in %
Occupancy expenses	118	127	– 6.8
IT expenses	263	260	1.2
Workplace and information expenses	98	92	6.6
Advisory, audit and other expenses required to comply with company law	106	102	3.3
Travel, representation and advertising expenses	97	92	4.7
Personnel-related administrative expenses	39	38	0.9
Other administrative expenses	72	79	– 9.2
Total	**791**	**790**	**0.2**

Depreciation and amortisation | €m	1.1.-30.6.2024	1.1.-30.6.2023	Change in %
Office furniture and equipment	48	44	10.0
Land and buildings	4	4	– 1.4
Intangible assets	195	198	– 1.6
Right of use assets	144	142	1.5
Total	**391**	**388**	**0.8**

(16) Compulsory contributions

€m	1.1.-30.6.2024	1.1.-30.6.2023	Change in %
Deposit Protection Fund	47	45	4.2
Polish bank tax	85	80	6.5
European bank levy	34	187	– 81.9
Total	**166**	**312**	**– 46.8**

(17) Restructuring expenses

€m	1.1.-30.6.2024	1.1.-30.6.2023	Change in %
Expenses for restructuring measures in progress	2	8	– 76.6
Total	**2**	**8**	**– 76.6**

(18) Taxes on income

Group tax expense was €611m as at 30 June 2024 (previous year period: €617m). With pre-tax profit of €1,953m (previous year period: €1,756m) the Group's effective tax rate was 31.3 % (previous year period: 35.2 %) (Group income tax rate: 31.5 %, previous year: 31.5 %). The Group tax expense for the current financial year 2024 results mainly from the taxation of the positive result in the period.

(19) Earnings per share

€	1.1.-30.6.2024	1.1.-30.6.2023	Change in %
Operating profit (€m)	1,954	1,764	10.8
Consolidated profit or loss attributable to Commerzbank shareholders and investors in additional equity components (€m)	1,285	1,145	12.2
Dividend on additional equity components (€m)	195	194	0.2
Consolidated profit or loss attributable to Commerzbank shareholders (€m)	1,090	950	14.7
Average number of ordinary shares issued[1]	1,195,809,316	1,251,266,052	– 4.4
Operating profit per share (€)	1.63	1.41	16.0
Earnings per share (€)	0.91	0.76	20.0

[1] Weighted average of ordinary shares after each share buyback programme (see also statement of changes in equity).

Earnings per share, calculated in accordance with IAS 33, are based on the consolidated profit or loss attributable to Commerzbank shareholders and investors in additional equity components deducted by payed AT-1-coupons and are calculated by dividing the consolidated profit or loss attributable to Commerzbank shareholders by the weighted average number of shares outstanding during the financial year. As in the previous year, no conversion or option rights were outstanding in the reporting year. The figure for diluted earnings per share was therefore identical to the undiluted figure. The breakdown of operating profit is set out in the segment report (see Note 37).

Notes to the balance sheet

Financial assets and liabilities

(20) Financial assets – Amortised cost

€m	30.6.2024	31.12.2023	Change in %
Loans and advances	278,400	268,935	3.5
Debt securities	30,442	29,754	2.3
Total	**308,842**	**298,689**	**3.4**

(21) Financial liabilities – Amortised cost

€m	30.6.2024	31.12.2023	Change in %
Deposits	395,204	379,311	4.2
Debt securities issued	42,827	40,498	5.7
Money market instruments	1,346	1,089	23.6
Pfandbriefe	23,895	22,119	8.0
Other debt securities issued	17,586	17,290	1.7
Total	**438,031**	**419,809**	**4.3**

New issues with a total volume of €5.5bn were issued in the first six months of 2024 (previous year period: €4.8bn). In the same period, the volume of issues maturing amounted to €2.7bn (previous year period: €1.7bn). There where no significant redemtions in the current financial year as well as in the previous year period.

Commerzbank has been participating in the ECB's third programme of targeted longer-term refinancing operations (TLTRO III) since 2020. Of the total €35.9bn, €26.9bn were repaid in the fourth quarter of 2022, €5.4bn in the second quarter of 2023 and the remaining €3.6bn were repaid in the first quarter of 2024.

The interest rate depended on the development of the credit volume in a benchmark portfolio, which, if a threshold has been reached, results in a discount on the rate. Commerzbank reached the threshold in 2021 and utilised the interest rate discounts.

Interest income was essentially recognised in net interest income on a pro rata basis with a corresponding reduction of the refinancing liability. Due to several increases in policy rates since the second half of 2022, there was no longer any need under IAS 20 to recognise an interest rate subsidy for the time to maturity. In total, interest expenses of €29m (previous year: €197m) were incurred in the first half of 2024.

(22) Financial assets – Fair value OCI

€m	30.6.2024	31.12.2023	Change in %
Loans and advances (with recycling)	215	232	– 7.1
Debt securities (with recycling)	46,711	39,911	17.0
Equity instruments (without recycling)	–	–	.
Total	**46,926**	**40,143**	**16.9**

(23) Financial liabilities – Fair value option

€m	30.6.2024	31.12.2023	Change in %
Deposits	54,470	30,859	76.5
Debt securities issued (Other debt securities issued)	7,697	6,082	26.5
Total	**62,167**	**36,941**	**68.3**

For liabilities to which the fair value option was applied, the change in fair value in the first six months of 2024 due to credit risk reasons was €139m (previous year period: €–49m). The cumulative change was €259m (previous year period: €–109m).

No reclassifications without effect on income were recognised in retained earnings in the current and in the previous period.

New issues with a total volume of €1.5bn were issued in the first six months of 2024 (previous year period: €1.0bn). During the same period there were no volume of repayments as well as maturing issues within the same period or in the previous year period.

(24) Financial assets – Mandatorily fair value P&L

€m	30.6.2024	31.12.2023	Change in %
Loans and advances	58,313	43,867	32.9
Debt securities	2,743	3,621	– 24.2
Equity instruments	898	871	3.0
Total	**61,953**	**48,359**	**28.1**

(25) Financial assets – Held for trading

€m	30.6.2024	31.12.2023	Change in %
Loans and advances	1,601	1,172	36.5
Debt securities	4,084	2,170	88.2
Equity instruments	4,267	2,505	70.3
Positive fair values of derivative financial instruments	17,529	20,486	– 14.4
Interest-rate-related derivative transactions	7,828	9,096	– 13.9
Currency-related derivative transactions	7,506	9,236	– 18.7
Equity derivatives	922	821	12.3
Credit derivatives	181	166	8.9
Other derivative transactions	1,091	1,168	– 6.6
Other trading positions	2,452	2,001	22.5
Total	**29,931**	**28,334**	**5.6**

(26) Financial liabilities – Held for trading

€m	30.6.2024	31.12.2023	Change in %
Certificates and other issued bonds	1,158	1,021	13.5
Delivery commitments arising from short sales of securities	1,862	1,016	83.2
Negative fair values of derivative financial instruments	14,501	16,890	– 14.1
Interest-rate-related derivative transactions	6,614	7,568	– 12.6
Currency-related derivative transactions	6,852	8,578	– 20.1
Equity derivatives	230	143	61.1
Credit derivatives	207	162	28.1
Other derivative transactions	597	440	35.8
Total	**17,521**	**18,927**	**– 7.4**

Credit risks and credit losses

(27) Credit risks and credit losses

Principles and measurements

IFRS 9 stipulates that impairments for credit risks from loans and securities that are not measured at fair value through profit or loss must be recognised using a three-stage model based on expected credit losses.

In the Commerzbank Group, the following financial instruments are included in the scope of this impairment model:

- financial assets in the form of loans and advances as well as debt securities measured at amortised cost;
- financial assets in the form of loans and advances as well as debt securities measured at fair value through other comprehensive income (FVOCI);
- lease receivables;
- lending commitments (revocable and irrevocable) which under IFRS 9 are not measured at fair value through profit or loss;
- financial guarantees within the scope of IFRS 9 that are not measured at fair value through profit or loss.

The Group determines the impairment using a three-stage model based on the following requirements:

In stage 1, as a rule all financial instruments are recognised if their risk of a loan loss (hereinafter default risk) has not increased significantly since their initial recognition. In addition, Commerzbank is using the option under IFRS 9 B 5.5.23 (Low Credit Risk Exemption or LCRE) and classifies transactions that have a low default risk at the reporting date in stage 1. These are securities as well as financial instruments with states, local or regional authorities of the OECD whose internal credit rating on the reporting date is in the investment grade range (corresponding to Commerzbank rating 2.8 or better). For financial instruments in stage 1, an impairment must be recognised in the amount of the expected credit losses from possible events of default over the term of the transaction, subject to a maximum of 12 months (12-month Expected Credit Loss (ECL)).

Stage 2 includes those financial instruments with default risk that has increased significantly since their initial recognition and which, as at the financial reporting date, cannot be classified as transactions with limited default risk. In addition to a client-specific change in the probability of default (PD), Commerzbank defines further qualitative criteria whose presence is assumed to denote a significant increase in default risk. Instruments are then allocated to stage 2 independently of the individual change in PD. Impairments in stage 2 are recognised in the amount of the financial instrument's lifetime expected credit loss (LECL). For financial instruments that are committed for an unlimited period (open transactions), a top-down approach is used to determine the LECL as a percentage of the current loss at default (LaD) on the basis of realised historical losses.

Financial instruments that are classified as impaired as at the reporting date are allocated to stage 3. As the criterion for this, Commerzbank uses its definition of a default pursuant to Article 178 CRR as well as the supplementary EBA guidance on the application of the definition of default pursuant to Article 178 of Regulation (EU) No. 575/2013. This approach is consistent because the ECL calculation also uses statistical risk parameters derived from the Basel IRB approach, which are modified to meet the requirements of IFRS 9. The following events can be indicative of a customer default:

- over 90 days past due;
- unlikely to pay;
- financial rescue/distressed restructuring with concessions;
- the Bank has demanded immediate repayment of its claims;
- the customer is in insolvency.

The LECL is likewise used as the value of the required impairment for stage 3 financial instruments in default. When determining the LECL, the Group distinguishes in principle between significant and insignificant cases. The amount of the LECL for insignificant transactions (volumes up to €10m) is determined based on statistical risk parameters. The LECL for significant transactions (volumes greater than €10m) is the expected value of the losses derived from individual expert assessments of future cash flows based on several potential scenarios and their probability of occurrence. The scenarios and probabilities are based on assessments by recovery and resolution specialists. For each scenario – without regard to whether it is a continuation or sale scenario – the timing and amount of the expected future cash flows are estimated. With a view to the future the customer-specific and the macroeconomic situation are taken into account (for example currency restrictions, currency value fluctuations, commodity price developments), as well as the sector environment. The estimate is also based on external information. Sources include indices (e.g. World Corruption Index), forecasts (e.g. by the IMF), information from global associations of financial service providers (e.g. the Institute of International Finance) and publications from rating agencies and auditing firms.

If a default criterion no longer applies, the financial instrument recovers and, after the applicable probation period has been adhered to, is no longer allocated to stage 3. After recovery, a new assessment is made based on the updated rating information to see if the default risk has increased significantly since initial recognition in the balance sheet and the instrument is allocated to stage 1 or stage 2 accordingly.

Financial instruments which when initially recognised are already considered impaired as per the aforementioned definition ("purchased or originated credit-impaired", or "POCI", financial instruments) are handled outside the three-stage impairment model and are therefore not allocated to any of the three stages. The initial recognition is based on fair value without recording an impairment, but using an effective interest rate that is adjusted for creditworthiness. The impairment recognised in the income statement in subsequent periods equals the cumulative change in the LECL since the initial recognition in the balance sheet. The LECL remains the basis for the measurement, even if the value of the financial instrument has increased.

Claims are written off in the balance sheet as soon as it is reasonable to assume that a financial asset is not realisable in full or in part and that the claims are therefore uncollectible. Uncollectibility may arise in the settlement process for various objective reasons, such as the demise of the borrower without realisable assets in the estate or completion of insolvency proceedings without further prospect of payments. Moreover, loans are generally regarded as (partially) uncollectible at the latest 720 days after their due date and are (partially) written down to the expected recoverable amount within the framework of existing loan loss provisions. Such a (partial) write-down has no direct impact on ongoing debt collection measures.

Assessment of a significant increase in default risk

Commerzbank's rating systems combine into the customer-specific probability of default (PD) all available quantitative and qualitative information relevant for forecasting the default risk. This metric is based primarily on a statistical selection and weighting of all available indicators. In addition, the PD adjusted in accordance with IFRS 9 requirements takes into account not only historical information and the current economic environment, but also, in particular, forward-looking information such as the forecast for the development of macroeconomic conditions.

Commerzbank essentially uses the probability of default (PD) as a frame of reference for assessing whether the default risk of a financial instrument has increased significantly since the date of its initial recognition. By anchoring the review of the relative transfer criterion in the robust processes and procedures of the Bank's Group-wide credit risk management framework (in particular, early identification of credit risk, controlling of overdrafts and the re-rating process), the Bank ensures that a significant increase in the default risk is identified in a reliable and timely manner based on objective criteria.

Commerzbank applies some key additional qualitative criteria for the allocation to stage 2. These are:

- overdrafts > 20 days;
- Customers who were put on the credit watchlist under the early risk detection processes;
- clients in intensive care;
- clients whose Commerzbank credit rating is 4.6 or worse on the reporting date;
- clients in intensive care whose Commerzbank credit rating on the reporting date is 4.0 or worse and whose external credit rating is 5.0 or worse;
- customers who are granted a forbearance measure according to Article 47b CRR that does not lead to a default (stage 3);
- financial instruments whose PD on the reporting date has at least tripled compared to the PD originally recognised in the balance sheet and which have a credit rating higher than 2.8 on the reporting date (backstop indicator "threefold PD");
- Collective stage allocation for individual sub-portfolios; this included, as at the reporting date, customers which belonged to a sub-sector to which an amber or red risk indicator had been assigned on the reporting date.

A €28m increase in risk provisions resulted from the implementation of additional stage 2 criteria – credit watchlist and support in Intensive Care – in the second quarter of 2024.

For further information on Commerzbank's processes and procedures as well as governance in credit risk management, please refer to the explanatory information in the interim management report contained in this interim report (page 17 ff.).

The review to determine whether the default risk as at the financial reporting date has risen significantly since the initial recognition of the respective financial instrument is performed as at the end of the reporting period. This review compares the observed probability of default over the residual maturity of the financial instrument (lifetime PD) against the lifetime PD over the same period as expected on the date of initial recognition. In accordance with IFRS requirements, in some subportfolios, the original and current PD are compared based on the probability of default over a period of 12 months after the end of the reporting period (12-month PD). In these cases, the Bank uses equivalence analyses to demonstrate that no material variances have occurred compared with an assessment using the lifetime PD. In these cases, the Bank uses equivalence analyses to demonstrate that no material variances have occurred compared with an assessment using the lifetime PD.

A quantile and then thresholds in the form of rating levels are set using a statistical procedure in order to determine whether an increase in the PD compared with the initial recognition date is "significant". These thresholds, which are differentiated by rating models, represent a critical degree of variance from the expectation of the average PD development. If the current PD exceeds this threshold, a critical deviation is present and leads to an assignment to stage 2. In order to ensure an economically sound allocation of the stage, transaction-specific factors are taken into account, including the extent of the PD at the initial recognition date, the term (to date) and the remaining term of the transaction.

Commerzbank generally refrains from checking whether there is a significant increase in the default risk as at the reporting date compared to the time of acquisition of the relevant financial instrument for those transactions for which there is a low default risk as at the reporting date (IFRS 9 B 5.5.23 option). These are securities as well as financial instruments with states, local or regional authorities of the OECD whose internal credit rating on the reporting date is in the investment grade range (corresponding to Commerzbank rating 2.8 or better).

Financial instruments are retransferred from stage 2 to stage 1 if at the end of the reporting period the default risk is no longer significantly elevated compared with the initial recognition date.

Calculation of expected credit loss (ECL)

Commerzbank calculates the ECL as the probability-weighted, unbiased and discounted expected value of future loan losses over the total residual maturity of the respective financial instrument.

The 12-month ECL used for the recognition of impairments in stage 1 is the portion of the LECL that results from default events which are expected to occur within 12 months following the end of the reporting period.

The ECL for stage 1 and stage 2 as well as for insignificant financial instruments in stage 3 is determined on an individual transaction basis taking into account statistical risk parameters. These parameters have been derived from the Basel IRB approach and modified to meet the requirements of IFRS 9.

The significant main parameters used in this determination include:

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

All risk parameters used from the Bank's internal models have been adjusted to meet the specific requirements of IFRS 9, and the forecast horizon has been extended accordingly to cover the entire term of the financial instruments. For example, the forecast for the development of the exposure over the entire term of the financial instrument therefore also includes, in particular, contractual and statutory termination rights.

In the case of loan products that consist of a utilised loan amount and an open credit line and for which in customary commercial practice the credit risk is not limited to the contractual notice period (at Commerzbank this relates primarily to revolving products without a contractually agreed repayment structure, such as overdrafts and credit card facilities), the LECL must be determined using a behavioural maturity, which typically exceeds the maximum contractual period. In order to ensure that the LECL for these products is determined in an empirically sound manner in compliance with IFRS 9 requirements, Commerzbank calculates the LECL directly for these products based on realised historical losses.

To reflect expected effects at an early stage, the risk result as at 30 June 2024 included (analogously to 31 December 2023) an intra-year charge from the expected adjustment of the LGD model for Commerzbank's CORES, COSCO and R-CORP rating processes to the new Future of IRB regulatory standard. Most of the conversion effect had already been reflected in the risk results in previous periods' income statements. The PD models were implemented on the system side in the first quarter of 2024. The effects will materialise at the customer level as part of the regular rating cycle, and the additional provisions made for this purpose in previous periods will be reversed gradually and appropriately.

As a rule, the Group estimates the risk parameters specific to IFRS 9 based not only on historical default information but also, in particular, on the current economic environment (point-in-time perspective) and forward-looking information. This assessment primarily involves reviewing the effects which the Bank's macroeconomic forecasts will have regarding the amount of the ECL, and including these effects in the determination of the ECL.

This is based on an expert estimate derived from the macroeconomic scenario, which takes account of factors such as GDP growth, inflation, long-term interest rate development and the unemployment rate. The baseline scenario specifies ranges for this.

The baseline scenario was checked for consistency with mBank's baseline assumptions with regard to the main scenarios. The assumptions that mBank made regarding Poland were incorporated into the baseline scenario accordingly.

The baseline scenario reflects economic uncertainties and geopolitical tensions as at the reporting date and includes the following material assumptions:

- The global economy is gradually gaining momentum due to the positive effects of inflationary cushioning and a slight fall in short-term interest rates. However, the various ongoing geopolitical crises entail the risk of significant economic setbacks.
- Unfavourable financing conditions are holding back investment activities in the eurozone (including Germany). The service sector is already showing signs of recovery. Supported by falling interest rates, economic growth will slowly recover during the second half of 2024.
- Long-term interest rates are beginning to rise as the economic outlook improves.

Economic development continues to be threatened by potential risks including an escalation of the conflict between Russia and the West, an expansion of the conflict between Israel and Hamas, increasing Chinese aggression towards Taiwan, structural problems in Germany, high energy prices and a shortage of skilled workers.

The baseline scenario takes the following growth assumptions, inflation, long-term interest rate development and unemployment rate into consideration:

Baseline scenario	2025	2026-2027
GDP growth		
Germany	0.3% up to 1.3%	consistent
Eurozone	0.6% up to 1.6%	consistent
Inflation		
Germany	2.3% up to 3.3%	consistent
Eurozone	2.5% up to 3.5%	consistent
Rate of unemployment		
Germany	6.5% up to 6.9%	consistent
Eurozone	6.3% up to 6.7%	consistent
Interest rate (10 years)		
Germany	2.7% up to 3.1%	moderately increasing
USA	4.6% up to 5.0%	consistent

We therefore expect slightly worse economic developments than those forecast by the ECB and the Bundesbank in March 2024.

On the reporting date, the expected credit loss for stages 1 and 2 (including the secondary effects TLA contained therein €336m)), calculated on the basis of the baseline scenario described above, was €1.5bn.

In order to determine these effects, it was ensured that the relevant experts are sufficiently involved within the framework of the existing policies.

Potential effects from non-linear correlations between different macroeconomic scenarios and the LECL are corrected using a separately determined adjustment factor. This factor was reviewed in the second quarter of 2024 and was increased slightly from 1.05 to 1.06 compared to the previous period. The baseline scenario as well as a pessimistic and an optimistic scenario were used to determine the factor. The weightings for the individual scenarios are also always determined by relevant experts and are regulated in a policy.

The pessimistic scenario includes key assumptions that the European energy markets will face renewed pressure during 2024 and that rising energy prices will place a significant burden on energy-intensive industries, the transport sector and private households. Rising energy costs increase inflation and further decrease purchasing power. In view of the persistently high interest rates and the ongoing geopolitical uncertainties, companies will become increasingly cautious and will postpone or even reduce their investments. German industry will suffer from rising procurement and production costs, tighter funding conditions and weakening foreign demand. The eurozone will go into recession during 2024.

In this pessimistic scenario, the estimated expected credit loss (stages 1 and 2) would increase by €0.5bn. This scenario had a 35 % probability of occurrence as at the reporting date. The methodology used to determine the ECL model result is the same as the methodology used to determine the secondary effects TLA in the baseline scenario.

The optimistic scenario includes key assumptions that the global economy will recover strongly as the negative impacts of geopolitical uncertainties, high inflationary pressure and a restrictive monetary environment gradually diminish. The Russian war of aggression against Ukraine will end and peace negotiations will begin. In China, economic growth will be driven by a recovery in global demand. The risk of a European energy crisis will continue to decline.

In this optimistic scenario, the estimated expected credit loss (stages 1 and 2) would decrease by €0.3bn. This scenario had a 5 % probability of occurrence as at the reporting date.

The table below provides an overview of the most important underlying macroeconomic parameters in the optimistic and pessimistic scenarios, which were subsequently translated into expert-based notch assumptions:

2025	Optimistic scenario	Baseline scenario	Pessimistic scenario
GDP growth			
Germany	2.3%	0.3% up to 1.3%	0.8%
Eurozone	2.5%	0.6% up to 1.6%	0.6%
Inflation			
Germany	2.5%	2.3% up to 3.3%	3.5%
Eurozone	2.6%	2.5% up to 3.5%	3.5%
Rate of unemployment			
Germany	5.9%	6.5% up to 6.9%	7.0%
Eurozone	6.1%	6.3% up to 6.7%	7.4%
Interest rate (10 years)			
Germany	3.2%	2.7% up to 3.1%	2.4%
USA	4.5%	4.6% up to 5.0%	3.8%

IFRS 9 requires the inclusion of forward-looking information when determining the expected credit loss. However, the IFRS 9 ECL model result implemented at Commerzbank does not take into account forward-looking scenarios or events resulting from unforeseeable, singular events, such as natural disasters, material political decisions or military conflicts. Such risks are provided for by a top-level adjustment (TLA). The examination with the involvement of senior management as to whether such TLAs are necessary, as well as their possible implementation, are regulated in a policy.

In the second quarter of 2024, such an adjustment to the IFRS 9 ECL model result was again deemed necessary because the negative effects assumed in the baseline scenario are not fully covered by the parameters used in the corresponding models.

The methodology used for determining the need for adjustments to the ECL model result corresponds to the methodology used for determining the secondary effects TLA in 2023.

The effects of the adjustments on the stage allocation were taken into account in the calculation of the TLA. This booking was portfolio-based. It is shown in the presentation of the change in loan loss provisions in the line "Changes in parameters and models". No across-the-board stage transfers of individual transactions were made.

IFRS 9 permits a review on a collective basis if there is a lack of adequate and reliable information at the individual instrument level to assess whether there has been a significant increase in credit risk as at the reporting date. In this case, financial instruments can be grouped based on shared credit risk characteristics.

In the second quarter of 2024, a collective transfer to level 2 was deemed necessary for customers belonging to sub-sectors for which amber (manageable risks) or red (significant risks) risk indicators had been assigned on the reporting date pursuant to a strategic portfolio planning exercise. This was because structural difficulties had been identified in these sectors during the strategic portfolio planning exercise.

Applying the collective stage allocation led to a stage transfer of €15bn of exposure at default (EAD), combined with an increase in risk provisions in the amount of €34m, as at the reporting date.

For more information on ECL and TLA, see the Risk Report in the interim management report (page 17 ff.). In determining total Group loan loss provisions, it is necessary to make assumptions that are subject to high estimation uncertainty, particularly in a dynamic environment.

Overall, the valuation allowances for risks arising from financial assets and the provisions for off-balance-sheet items changed as follows:

€m	As at 1.1.2024	Net allocations / reversals	Utilisation	Change in the group of consolidated companies	Exchange rate changes/ reclassifi-cation	As at 30.6.2024
Valuation allowances for risks from financial assets	3,349	324	191	–	50	3,532
Financial assets – Amortised cost	3,331	322	191	–	50	3,511
Loans and advances	3,295	289	191	–	49	3,442
Debt securities	36	34	–	–	0	69
Financial assets – Fair value OCI	19	1	–	–	0	20
Loans and advances	0	– 0	–	–	0	0
Debt securities	19	1	–	–	0	20
Provisions for financial guarantees	10	10	–	–	– 1	19
Provisions for lending commitments	375	– 37	–	–	– 0	337
Provisions for indemnity agreements	138	– 22	–	–	1	116
Total	**3,872**	**274**	**191**	**–**	**50**	**4,005**

€m	As at 1.1.2023[1]	Net allocations / reversals	Utilisation	Change in the group of consolidated companies	Exchange rate changes/ reclassifi-cation	As at 31.12.2023
Valuation allowances for risks from financial assets	3,092	670	493	–	81	3,349
Financial assets – Amortised cost	3,068	673	493	–	82	3,331
Loans and advances	3,019	687	493	–	82	3,295
Debt securities	49	– 14	–	–	0	36
Financial assets – Fair value OCI	23	– 3	–	–	– 1	19
Loans and advances	0	– 0	–	–	– 0	0
Debt securities	23	– 3	–	–	– 1	19
Provisions for financial guarantees	11	– 2	–	–	0	10
Provisions for lending commitments	360	14	–	–	1	375
Provisions for indemnity agreements	203	– 64	–	–	– 1	138
Total	**3,666**	**618**	**493**	**–**	**80**	**3,872**

[1] Prior-year figures adjusted due to restatements (see Annual Report 2023, Note 4, page 279).

The breakdown into stages in the current financial year is as follows:

€m	Stage 1	Stage 2	Stage 3	POCI	Total
Valuation allowances for risks from financial assets	311	902	2,249	69	3,532
Loans and advances	281	847	2,245	69	3,442
Debt securities	30	55	4	–	90
Provisions for financial guarantees	1	1	16	1	19
Provisions for lending commitments	77	169	60	31	337
Provisions for indemnity agreements	10	17	66	24	116
Total	**398**	**1,089**	**2,391**	**126**	**4,005**

The breakdown into stages as at 31 December 2023 is as follows:

€m	Stage 1	Stage 2	Stage 3	POCI	Total
Valuation allowances for risks from financial assets	298	1,004	1,964	83	3,349
Loans and advances	268	985	1,959	83	3,295
Debt securities	30	19	5	–	54
Provisions for financial guarantees	1	4	3	1	10
Provisions for lending commitments	91	189	64	31	375
Provisions for indemnity agreements	9	21	82	26	138
Total	**399**	**1,218**	**2,113**	**141**	**3,872**

Other notes on financial instruments

(28) IFRS 13 fair value hierarchies and disclosure requirements

Fair value hierarchy

Commerzbank classifies financial instruments in a three level fair value measurement hierarchy as follows:

- Level 1: Financial instruments whose fair values are determined as the quoted prices for identical financial instruments in active markets.
- Level 2: Financial instruments where no quoted prices are available for identical instruments in an active market and the fair value is established using valuation techniques which rely on observable market parameters.
- Level 3: Financial instruments where valuation techniques are used that incorporate at least one input for which there is insufficient observable market data and where at least this input has a more than insignificant impact on the fair value.

An ongoing assessment of the market takes place to determine whether it is active or not. The market will be determined to be active if there is a sufficient number of available prices, i.e. when there are enough price sources for the relevant parameter to be considered observable. If the market is active, the prices will be used (level 1). If the market is inactive, a model approach can be followed.

With respect to the methods of model-based measurements (level 2 and level 3) relevant for banks, IFRS 13 recognises the market approach and the income approach. The market approach relies on measurement methods that draw on information about identical or comparable assets and liabilities.

The income approach reflects current expectations about future cash flows, expenses and income. The income approach may also include option price models. These valuations are subject to a higher degree to judgements by management. Market data or third-party inputs are relied on to the greatest possible extent, and company-specific inputs to a limited degree.

All fair values are subject to Commerzbank Group's internal controls and procedures, which set out the standards for independently verifying or validating fair values. These controls and procedures are carried out and coordinated by the Independent Price Verification (IPV) Group within the risk function. The models, inputs and resulting fair values are reviewed regularly by model validation and senior management.

Disclosure obligations

Below, a distinction is made between:

a) financial instruments measured at fair value (fair value OCI, fair value option, mandatorily fair value P&L and held for trading),
b) financial instruments measured at amortised cost.

The respective disclosure requirements regarding these financial instruments are set out in IFRS 7 and IFRS 13.

a) Financial instruments measured at fair value

According to IFRS 13, the fair value of an asset is the amount for which it could be sold between knowledgeable, willing parties in an arm's length transaction. The fair value therefore represents an exit price. The fair value of a liability is defined as the price at which the debt could be transferred to a third party as part of an orderly transaction.

The measurement of liabilities must also take account of the Bank's own credit spread. If third parties provide security for our liabilities (e.g. guarantees), this security is not taken into account in the valuation of the liability, as the Bank's repayment obligation remains the same.

When measuring derivative transactions, the Group uses the possibility of establishing net risk positions for financial assets and liabilities. The measurement takes into account not only counterparty credit risk but also the Bank's own default risk. The Group determines credit valuation adjustments (CVAs) and debit valuation adjustments (DVAs) largely by simulating the future fair values of its portfolios of derivatives with the respective counterparty based on observable and derived market data (e.g. CDS spreads). In the case of funding valuation adjustments (FVAs), the funding costs or income of uncollateralised derivatives, as well as collateralised derivatives where there is only partial collateral or the collateral cannot be used for funding purposes, are recognised at fair value. Furthermore residual collateral funding costs/benefits, caused through collateral exchange under a credit support annex, are covered by ColVa (Collateral Valuation Adjustment). Like CVAs and DVAs, FVAs are also determined from the expected value of the future positive or negative portfolio fair values using observable and derived market data. The funding curve used to calculate the FVAs is approximated by the Commerzbank funding curve.

The following tables show the financial instruments reported in the balance sheet at fair value by IFRS 9 fair value category and by class.

Financial assets | €bn	30.6.2024				31.12.2023			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets – Fair value OCI								
Loans and advances	–	0.2	–	0.2	–	0.2	–	0.2
Debt securities	33.1	12.7	0.9	46.7	22.1	17.5	0.3	39.9
Equity instruments	–	–	–	–	–	–	–	–
Financial assets – Mandatorily fair value P&L								
Loans and advances	–	57.5	0.8	58.3	–	43.1	0.8	43.9
Debt securities	0.4	1.9	0.5	2.7	0.2	2.8	0.6	3.6
Equity instruments	0.0	–	0.9	0.9	–	0.0	0.9	0.9
Financial assets – Held for trading								
Loans and advances	–	1.6	0.0	1.6	–	1.1	0.1	1.2
Debt securities	2.2	1.8	0.0	4.1	0.7	1.5	–	2.2
Equity instruments	4.3	0.0	0.0	4.3	2.5	0.0	0.0	2.5
Derivatives	0.0	16.5	1.0	17.5	0.0	19.5	1.0	20.5
Others	–	2.5	–	2.5	–	2.0	–	2.0
Positive fair values of derivative financial instruments								
Hedge accounting	–	1.5	–	1.5	–	1.5	–	1.5
Non-current assets held for sale								
Loans and advances	–	–	–	–	–	–	–	–
Debt securities	–	–	–	–	–	–	–	–
Equity instruments	–	–	0.1	0.1	–	–	0.1	0.1
Derivatives	–	–	–	–	–	–	–	–
Total	**40.0**	**96.1**	**4.2**	**140.3**	**25.5**	**89.2**	**3.7**	**118.4**

Financial liabilities | €bn	**30.6.2024**				**31.12.2023**			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities - Fair value option								
Deposits	–	54.5	–	54.5	–	30.4	0.4	30.9
Debt securities issued	3.7	4.0	–	7.7	2.4	3.7	–	6.1
Financial liabilities - Held for trading								
Derivatives	0.0	14.2	0.3	14.5	0.0	16.7	0.2	16.9
Certificates and other issued bonds	0.2	1.0	–	1.2	–	1.0	–	1.0
Delivery commitments arising from short sales of securities	1.6	0.3	0.0	1.9	0.7	0.3	–	1.0
Negative fair values of derivative hedging instruments								
Hedge accounting	–	2.3	–	2.3	–	3.1	–	3.1
Total	**5.5**	**76.3**	**0.3**	**82.0**	**3.1**	**55.3**	**0.6**	**59.0**

Commerzbank reclassifies items as at the end of the reporting period.

In the first six months of 2024 €0.3bn of debt securities in the category FVOCI were reclassified from level 1 to level 2, as no quoted market prices were available. By contrast €8.2bn debt securities in the FVOCI category, €0.1bn debt securities in the HFT category and €0.2bn debt securities in the mFVPL category were reclassified from level 2 to level 1, as quoted market prices were again available. There were no other significant reclassifications between level 1 and level 2.

In the 2023 financial year, €7.9bn of debt securities in the FVOCI category and €0.1bn of debt securities in the mFVPL category were reclassified from level 1 to level 2, as no quoted market prices were available. By contrast, €0.7bn of debt securities in the FVOCI category were reclassified from level 2 to level 1, as quoted market prices were again available. There were no other significant reclassifications between level 1 and level 2.

The changes in financial instruments in the level 3 category were as follows:

Financial assets | €m	Financial assets – Fair value OCI	Financial assets – Mandatorily fair value P&L	Financial assets – Held for trading	Non-current assets held for sale	Total
Fair Value as at 1.1.2024	**338**	**2,286**	**1,024**	**62**	**3,710**
Changes in the group of consolidated companies	–	–	–	–	–
Gains or losses recognised in income statement during the period	– 24	– 21	– 113	–	– 158
of which: unrealised gains or losses	– 24	– 21	– 112	–	– 157
Gains or losses recognised in revaluation reserve	–	–	–	–	–
Purchases	321	25	375	–	720
Sales	– 9	– 19	– 343	–	– 371
Issues	–	–	–	–	–
Redemptions	–	–	– 0	–	– 0
Reclassifications to level 3	263	73	103	–	439
Reclassifications from level 3	– 1	– 133	– 8	–	– 142
IFRS 9 reclassifications	–	–	–	–	–
Reclassifications from/to non-current assets held for sale	–	–	–	–	–
Fair value as at 30.6.2024	**888**	**2,211**	**1,039**	**62**	**4,199**

Financial assets | €m	Financial assets – Fair value OCI	Financial assets – Mandatorily fair value P&L	Financial assets – Held for trading	Non-current assets held for sale	Total
Fair Value as at 1.1.2023[1]	**321**	**2,472**	**1,070**	**–**	**3,862**
Changes in the group of consolidated companies	–	–	–	–	–
Gains or losses recognised in income statement during the period	17	– 39	– 120	–	– 143
of which: unrealised gains or losses	17	– 39	– 120	–	– 143
Gains or losses recognised in revaluation reserve	–	–	–	–	–
Purchases	–	367	130	–	497
Sales	–	– 357	– 44	–	– 401
Issues	–	–	–	–	–
Redemptions	–	–	– 6	–	– 6
Reclassifications to level 3	–	120	83	62	265
Reclassifications from level 3	–	– 277	– 89	–	– 365
IFRS 9 reclassifications	–	–	–	–	–
Reclassifications from/to non-current assets held for sale	–	–	–	–	–
Fair value as at 31.12.2023	**338**	**2,286**	**1,024**	**62**	**3,710**

[1] Adjusted figures.

In the first six months of 2024 €0.1bn of debt securities in the category mFVPL were reclassified from level 1 to level 3, as no observable market parameters were available. Furthermore, €0.3bn of debt securities in the category FVOCI and €0.1bn of debt securities in the category HFT were reclassified from level 2 to level 3, as no observable market parameters were available. By contrast €0.1bn of debt securities in the mFVPL category were reclassified from level 3 to level 2, as observable market parameters were again available. There were no other significant reclassifications.

In the 2023 financial year, €0.1bn of equity instruments in the asset category held for sale and €0.1bn of equity instrumtens in the asset category mFVPL were reclassified from level 1 to level 3, as no observable market parameters were available. Furthermore, €0.1bn of derivatives in the HFT assets category were reclassified from level 2 to level 3, as no observable market parameters were available. By contrast €0.2bn of debt securities in the mFVPL category and €0.1bn of derivatives in the HFT assets category were reclassified from level 3 to level 2, as observable market parameters were again available. There were no other significant reclassifications.

The changes in financial liabilities in the level 3 category during the financial year were as follows:

Financial liabilities | €m	**Financial liabilities – Fair value option**	**Financial liabilities – Held for trading**	**Total**
Fair Value as at 1.1.2024	**428**	**194**	**622**
Changes in the group of consolidated companies	–	–	–
Gains or losses recognised in income statement during the period	–	19	19
of which: unrealised gains or losses	–	10	10
Purchases	10	364	374
Sales	–	– 346	– 346
Issues	–	–	–
Redemptions	–	1	1
Reclassifications to level 3	–	44	44
Reclassifications from level 3	– 438	– 3	– 441
Fair value as at 30.6.2024	**–**	**274**	**274**

Financial liabilities | €m	**Financial liabilities – Fair value option**	**Fin>ancial liabilities – Held for trading**	**Total**
Fair Value as at 1.1.2023	**–**	**147**	**147**
Changes in the group of consolidated companies	–	–	–
Gains or losses recognised in income statement during the period	–	– 41	– 41
of which: unrealised gains or losses	–	– 26	– 26
Purchases	428	186	614
Sales	–	– 88	– 88
Issues	–	–	–
Redemptions	–	–	–
Reclassifications to level 3	–	–	–
Reclassifications from level 3	–	– 10	– 10
Fair value as at 31.12.2023	**428**	**194**	**622**

In the first six months of 2024 €0.4bn of deposits in the liability category FVO were reclassified from level 3 to level 2, as observable market parameters were again available. There were no other significant reclassifications.

In the previous year, there were no other significant reclassifications from or to level 3.

Sensitivity analysis

Where the value of financial instruments is based on unobservable input parameters (level 3), the precise level of these parameters at the reporting date may be derived from a range of reasonable possible alternatives at the discretion of management. In preparing the Group financial statements, levels for these unobservable input parameters are chosen which are consistent with existing market evidence and in line with the Group's valuation control approach.

The purpose of this disclosure is to illustrate the potential impact of the relative uncertainty in the fair values of financial instruments with valuations based on unobservable input parameters (level 3). Interdependencies frequently exist between the parameters used to determine level 3 fair values. For example, an anticipated improvement in the overall economic situation may cause share prices to rise, while securities perceived as being lower risk, such as German Government Bonds, may lose value. Such interdependencies are accounted for by means of correlation parameters insofar as they have a significant effect on the fair values in question. If a valuation model uses several parameters, the choice of one parameter may restrict the range of possible values the other parameters may take. So, by definition, this category will contain more illiquid instruments, instruments with longer-term maturities and instruments where sufficient independent observable market data are difficult to obtain. The purpose of this information is to illustrate the main unobservable input parameters for level 3 financial instruments and subsequently present various inputs on which the key input parameters were based.

The main unobservable input parameters for level 3 and the key related factors may be summarised as follows:

- Internal rate of return (IRR):
  The IRR is defined as the discount rate that sets the net present value of all future cash flows from an instrument equal to zero. For bonds, for example, the IRR depends on the current bond price, the nominal value and the duration.
- Credit spread:
  The credit spread is the yield spread (premium or discount) between securities that are identical in all respects except for their respective credit quality. The credit spread represents the excess yield above the benchmark reference instrument that compensates for the difference in creditworthiness between the instrument and the benchmark. Credit spreads are quoted in terms of the number of basis points above (or below) the quoted benchmark. The wider (higher) the credit spread in relation to the benchmark, the lower the instrument's creditworthiness, and vice versa for narrower (lower) credit spreads.
- Recovery rates, survival and default probabilities:
  Supply and demand as well as the arbitrage relationship with asset swaps tend to be the dominant factors driving pricing of credit default swaps (CDS). Models for pricing credit default swaps tend to be used more for exotic structures and off-market default swap valuation for which fixed interest payments above or below the market rate are agreed. These models calculate the implied default probability of the reference asset as a means of discounting the cash flows expected in a credit default swap. The model inputs are credit spreads and recovery rates that are used to interpolate ("bootstrap") a time series of survival probabilities of the reference asset. A typical recovery rate assumption in the default swap market for senior unsecured contracts is 40%. Assumptions about recovery rates are a factor determining the shape of the survival probability curve. Different recovery rate assumptions translate into different survival probability rates. For a given credit spread, a high recovery rate assumption implies a higher probability of default (relative to a low recovery rate assumption) and hence a lower survival probability. There is a relationship over time between default rates and recovery rates of corporate bond issuers. The correlation between the two is an inverse one: an increase in the default rate (defined as the percentage of issuers defaulting) is generally associated with a decline in the average recovery rate. In practice, market participants use market spreads to determine implied default probabilities. Estimates of default probabilities also depend on the joint loss distributions of the parties involved in a credit derivative transaction. The copula function is used to measure the correlation structure between two or more variables. The copula function creates a joint distribution while keeping the characteristics of the two independent marginal distributions.
- Repo spread:
  The repo curve parameter is an input parameter that is relevant for the pricing of repurchase agreements (repos). Generally, these are short-dated maturities ranging from O/N up to 12 months. Beyond 12-month maturities the repo curve parameter may become unobservable, particularly for emerging market underlyings, due to the lack of available independent observable market data. In some cases, proxy repo curves may be used to estimate the repo curve input parameter. Where this is deemed insufficient, the input parameter will be classified as unobservable. Furthermore, mutual-fund-related repos may also contain unobservable repo curve exposures.
- Price:
  Certain interest rate and loan instruments are accounted for on the basis of their price. It follows that the price itself is the unobservable parameter of which the sensitivity is estimated as a deviation in the net present value of the positions.
- Inflation volatility:
  Inflation volatility represents the degree of fluctuation in financial instruments that transfer inflation risk between parties. This is based on a historical time series of cash flows, linked to the inflation trend.
- Correlation betwenn shares and FX rates:
  Correlation is a parameter that measures the movements between two instruments. It is measured by a correlation

coefficient. In this specific case, the parameter refers to the shares and FX rates correlation.

- Mean reversion:
  Mean reversion represents the long-term trend of prices and returns towards a mean price or average. This long-term average may be either a historical average of a price or return or some other relevant average.
- Surrender rate:
  The surrender rate refers to the percentage of policyholders who terminate their life insurance policies before their regular expiry dates and receive a portion of the premiums paid.
- Lapse rate:
  The lapse rate refers to the percentage of policyholders who let their cover lapse through non-payment of premiums. In general, the lapse rate is higher for policies with higher premiums, longer durations and lower accumulation of net present value.

The following ranges for the material unobservable parameters were used in the valuation of our level 3 financial instruments:

€m		30.6.2024			30.6.2024	
	Valuation techniques	Assets	Liabilities	Significant unobservable input parameters	Range	
Loans and advances		**814**	**–**			
Repos	Discounted cash flow model	526	–	Repo spread (bps)	322	509
Other loans	Discounted cash flow model	288	–	Credit spread (bps)	62	354
Debt securities		**1,418**	**–**			
Interest-rate-related transactions	Spread based model	1,418	–	Credit spread (bps)	170	293
	Discounted cash flow model	–	–	Price (%)	0%	218%
of which: ABS	Discounted cash flow model	615	–	Price (%)	0%	218%
Equity instruments		**960**	**–**			
Equity-related transactions	Discounted cash flow model	960	–	Price (%)	90%	110%
Derivatives		**1,008**	**272**			
Equity-related transactions	Discounted cash flow model/Option pricing model	826	279	IRR (%)	10%	20%
		–	–	Lapse rates (%)	1.1%	1.3%
		–	–	Surrender rate (%)	0.0%	4.1%
Credit derivatives (incl. PFI and IRS)	Discounted cash flow model	17	– 28	Credit spread (bps)	72	97
Interest-rate-related transactions	Option pricing model	164	22	Mean Reversion (%)	1.00%	1.20%
Delivery commitments arising from short sales of securities	Spread based model	**–**	**1**	Credit spread (bps)	**170**	**293**
Total		**4,199**	**274**			

€m		31.12.2023			31.12.2023	
	Valuation techniques	Assets	Liabilities	Significant unobservable input parameters	Range	
Loans and advances		**863**	**428**			
Repos	Discounted cash flow model	511	428	Repo spread (bps)	267	495
Other loans	Discounted cash flow model	353	–	Credit spread (bps)	108	626
Debt securities		**955**	**–**			
Interest-rate-related transactions	Spread based model	955	–	Credit spread (bps)	178	287
	Discounted cash flow model	–	–	Price (%)	0%	222%
of which: ABS	Discounted cash flow model	404	–	Price (%)	0%	222%
Equity instruments		**933**	**–**			
Equity-related transactions	Discounted cash flow model	933	–	Price (%)	90%	110%
Derivatives		**959**	**194**			
Equity-related transactions	Discounted cash flow model/Option pricing model	732	163	IRR (%)	10%	20%
		–	–	Lapse rates (%)	0.9%	1.1%
		–	–	Surrender rate (%)	0.0%	4.5%
Credit derivatives (incl. PFI and IRS)	Discounted cash flow model	21	5	Credit spread (bps)	36	55,800
Interest-rate-related transactions	Option pricing model	206	26	Mean Reversion (%)	– 1.83%	– 1.45%
		–	–	Inflation Volatility	– 25.66%	20.28%
Total		**3710**	**622**			

The table below shows the impact on the income statement of reasonable parameter estimates on the edges of these ranges for instruments in level 3 of the fair value hierarchy. The sensitivity analysis for financial instruments in level 3 of the fair value hierarchy is broken down by type of financial instrument:

€m	30.6.2024		
	Positive effects on income statement	Negative effects on income statement	Changed parameters
Loans and advances	**8**	**– 8**	
Repos	5	– 5	Repo spread
Other loans	2	– 2	Credit spread
Debt securities	**23**	**– 23**	
Interest-rate-related transactions	23	– 23	Price
of which: ABS	12	– 12	Price
Equity instruments	**9**	**– 9**	
Equity-related transactions	9	– 9	Price
Derivatives	**20**	**– 21**	
Equity-related transactions	19	– 20	IRR, price, lapse rates, surrender rates
Credit derivatives (incl. PFI and IRS)	–	–	Credit spread, price
Interest-rate-related transactions	1	– 1	Mean Reversion, Inflation Volatility

€m	31.12.2023		
	Positive effects on income statement	Negative effects on income statement	Changed parameters
Loans and advances	**4**	**– 4**	
Repos	1	– 1	Repo spread
Other loans	3	– 3	Credit spread
Debt securities	**24**	**– 24**	
Interest-rate-related transactions	24	– 24	Price
of which: ABS	12	– 12	Price
Equity instruments	**9**	**– 9**	
Equity-related transactions	9	– 9	Price
Derivatives	**22**	**– 23**	
Equity-related transactions	21	– 22	IRR, price, lapse rates, surrender rates
Credit derivatives (incl. PFI and IRS)	0	– 0	Credit spread, price
Interest-rate-related transactions	1	– 1	Mean Reversion, Inflation Volatility

The selected parameters lie at the extremes of their range of reasonable possible alternatives. In practice, however, it is unlikely that all unobservable parameters would simultaneously lie at the extremes of their range of reasonable possible alternatives. Consequently, the estimates provided are likely to exceed the actual uncertainty in the fair values of these instruments. The purpose of these figures is not to estimate or predict future changes in fair value. The unobservable parameters were either shifted by between 1 and 10 % as deemed appropriate by our independent valuation experts for each type of instrument or a measure of standard deviation was applied.

Day one profit or loss

The Commerzbank Group has entered into transactions where the fair value was calculated using a valuation model, where not all material input parameters were observable in the market. The initial carrying value of such transactions is the fair value. The difference between the transaction price and the fair value under the model is termed the "day one profit or loss". The day one profit or loss is basically not recognised immediately in the income statement but over the term of the transaction. As soon as there is a quoted market price on an active market for such transactions or all material input parameters become observable, the accrued day one profit or loss is immediately recognised in the income statement in the net income from financial assets and liabilities measured at fair value through profit or loss. A cumulated difference between the transaction price and fair value determined by the model is calculated for the level 3 items in all categories. Material impacts result only from financial instruments of the HFT category.

The amounts changed as follows:

€m	Day-one profit or loss		
	Financial assets – Held for trading	Financial liabilities – Held for trading	Total
Balance as at 1.1.2023	**–**	**3**	**3**
Allocations not recognised in income statement	–	14	14
Reversals recognised in income statement	–	– 5	– 5
Balance as at 31.12.2023	**–**	**13**	**13**
Allocations not recognised in income statement	–	5	5
Reversals recognised in income statement	–	– 1	– 1
Balance as at 30.6.2024	**–**	**17**	**17**

b) Financial instruments measured at amortised cost

IFRS 7 additionally requires disclosure of the fair values for financial instruments not recognised in the balance sheet at fair value. The measurement methodology to determine fair value in these cases is explained below.

The nominal value of financial instruments that fall due on a daily basis is taken as their fair value.

Market prices are not available for loans. In the case of loans, the Bank therefore applies a discounted cash flow (DCF) model.

The cash flows are discounted using a risk-free interest rate plus premiums for risk costs, refinancing costs, operating expenses and equity costs. The risk-free interest rate is determined based on swap rates (swap curves) that match the corresponding maturities and currencies. These can usually be derived from external data.

In addition, the Bank applies a premium in the form of a calibration constant that includes a profit margin. The profit margin is reflected in the model valuation of loans such that fair value as at the initial recognition date corresponds to the disbursement amount.

Data on the credit risk costs of major banks and corporate customers are available in the form of credit spreads.

In the case of securities accounted for in the amortised cost category of IFRS 9, fair value is determined based on available market prices (level 1), assuming an active market exists. If there is no active market, recognised valuation methods are to be used to determine the fair values. In general, an asset swap pricing model is used for the valuation. The parameters applied comprise yield curves and the asset swap spreads of comparable benchmark instruments.

For deposits, a DCF model is generally used for determining fair value, since market data are usually not available. In addition to the yield curve, own credit spread and a premium for operating expenses are also taken into account. Credit spreads of the respective counterparties are not used in the measurement of liabilities.

The fair value of debt securities issued is determined on the basis of available market prices. If no prices are available, the discounted cash flow model is used to determine the fair values. A number of different factors, including current market interest rates and own credit spread are taken into account in determining fair value.

With respect to each of the explanations provided above, if available market prices are applied, they are to be classified as level 1. Otherwise, classification is made at level 2 or level 3, depending on the input parameters used (observable or not observable).

30.6.2024 | €bn	Fair value	Carrying amount	Difference	Level 1	Level 2	Level 3
Assets	**401.9**	**410.4**	**– 8.4**	**11.8**	**139.1**	**251.0**
Cash on hand and cash on demand	104.1	104.1	–	–	104.1	–
Financial assets – Amortised cost	297.9	308.8	– 11.0	11.8	35.0	251.0
Loans and advances	268.7	278.4	– 9.7	–	20.4	248.3
Debt securities	29.1	30.4	– 1.3	11.8	14.6	2.7
Value adjustment on portfolio fair value hedges	–	– 2.6	2.6	–	–	–
Liabilities	**438.1**	**434.9**	**3.2**	**31.4**	**404.3**	**2.4**
Financial liabilities – Amortised cost	438.1	438.0	0.1	31.4	404.3	2.4
Deposits	395.0	395.2	– 0.2	–	394.1	0.9
Debt securities issued	43.1	42.8	0.3	31.4	10.2	1.5
Value adjustment on portfolio fair value hedges	–	– 3.1	3.1	–	–	–

31.12.2023 | €bn	Fair value	Carrying amount	Difference	Level 1	Level 2	Level 3
Assets	**381.7**	**389.5**	**– 7.8**	**10.4**	**125.0**	**246.3**
Cash on hand and cash on demand	93.1	93.1	–	–	93.1	–
Financial assets – Amortised cost	288.6	298.7	– 10.1	10.4	31.9	246.3
Loans and advances	260.6	268.9	– 8.4	–	16.8	243.8
Debt securities	28.0	29.8	– 1.8	10.4	15.1	2.5
Value adjustment on portfolio fair value hedges	–	– 2.3	2.3	–	–	–
Liabilities	**419.9**	**416.5**	**3.4**	**20.2**	**396.7**	**2.9**
Financial liabilities – Amortised cost	419.9	419.8	0.0	20.2	396.7	2.9
Deposits	379.1	379.3	– 0.2	–	377.2	1.9
Debt securities issued	40.8	40.5	0.3	20.2	19.6	0.9
Value adjustment on portfolio fair value hedges	–	– 3.3	3.3	–	–	–

(29) Information on netting of financial instruments

Below we present the reconciliation of gross amounts before netting to net amounts after netting, as well as the amounts for existing netting rights that do not meet the accounting criteria for netting – separately for all financial assets and liabilities carried on the balance sheet that:

- are already netted in accordance with IAS 32.42 (financial instruments I),
  and
- are subject to an enforceable, bilateral master netting agreement or a similar agreement but are not netted in the balance sheet (financial instruments II).

Assets | €m	30.6.2024		31.12.2023	
	Reverse repos	Positive fair values of derivative financial instruments	Reverse repos	Positive fair values of derivative financial instruments
Gross amount of financial instruments	92,825	129,404	88,497	132,352
Carrying amount not eligible for netting	24,564	1,920	27,357	1,666
a) Gross amount of financial instruments I and II	68,261	127,484	61,140	130,686
b) Amount netted in the balance sheet for financial instruments I[1]	31,561	110,416	43,863	110,369
c) Net amount of financial instruments I and II = a) – b)	36,700	17,068	17,276	20,317
d) Master agreements not already accounted for in b)				
Amount of financial instruments II which do not fulfil or only partially fulfil the criteria under IAS 32.42[2]	8,467	10,600	6,400	12,393
Fair value of financial collateral relating to financial instruments I and II not already accounted for in b)[3]				
Non-cash collateral[4]	27,051	18	8,463	2
Cash collateral	43	3,529	2,006	4,102
e) Net amount of financial instruments I and II = c) – d)	1,139	2,921	407	3,820
f) Fair value of financial collateral of central counterparties relating to financial instruments	470	–	–	14
g) Net amount of financial instruments I and II = e) – f)	668	2,921	407	3,805

[1] For positive fair values, additional €6,926m (previous year: €7,136m) variation margins will be paid.
[2] Lower amount of assets and liabilities.
[3] Excluding rights or obligations to return arising from the transfer of securities.
[4] Including financial instruments not reported on the balance sheet (e.g. securities provided as collateral in repo transactions).

Liabilities | €m	30.6.2024		31.12.2023	
	Repos	Negative fair values of derivative financial instruments	Repos	Negative fair values of derivative financial instruments
Gross amount of financial instruments	86,356	124,887	75,160	129,069
Carrying amount not eligible for netting	17,774	1,185	14,811	1,019
a) Gross amount of financial instruments I and II	68,582	123,702	60,349	128,050
b) Amount netted in the balance sheet for financial instruments I[1]	31,561	108,062	43,863	109,079
c) Net amount of financial instruments I and II = a) − b)	37,021	15,640	16,486	18,971
d) Master agreements not already accounted for in b)				
Amount of financial instruments II which do not fulfil or only partially fulfil the criteria under IAS 32.42[2]	8,467	10,600	6,400	12,393
Fair value of financial collateral relating to financial instruments I and II not already accounted for in b)[3]				
Non-cash collateral[4]	6,541	–	–	–
Cash collateral	133	3,138	144	4,325
e) Net amount of financial instruments I and II = c) − d)	21,880	1,901	9,942	2,253
f) Fair value of financial collateral of central counterparties relating to financial instruments I	21,572	–	9,535	44
g) Net amount of financial instruments I and II = e) − f)	308	1,901	407	2,209

[1] For negative fair values, additional €9,280m (previous year: €8,426m) variation margins will be paid.
[2] Lower amount of assets and liabilities.
[3] Excluding rights or obligations to return arising from the transfer of securities.
[4] Including financial instruments not reported on the balance sheet (e.g. securities provided as collateral in repo transactions).

(30) Derivatives

The total effect of netting amounted to €117,342m as at 30 June 2024 (previous year: €117,505m). On the assets side, €110,416m of this was attributable to positive fair values (previous year: €110,369m) and €6,926m to claims for variation margins (previous year: €7,136m). Netting on the liabilities side involved negative fair values of €108,062m (previous year: €109,079m) and liabilities for variation margins payable of €9,280m (previous year: €8,426m).

Notes to the balance sheet (non-financial instruments)

(31) Intangible assets

€m	30.6.2024	31.12.2023	Change in %
Goodwill	112	–	.
Other intangible assets	1,574	1,394	12.9
Customer relationships	130	4	.
In-house developed software	1,188	1,151	3.2
Purchased software and other intangible assets	256	240	6.8
Total	**1,686**	**1,394**	**20.9**

The additions to goodwill and customer relationships are attributable to the first-time consolidation of Aquila Capital Investmentgesellschaft (see Note 6).

(32) Fixed assets

€m	30.6.2024	31.12.2023	Change in %
Land and buildings	175	181	– 3.6
Rights of use (leases)	1,369	1,426	– 4.0
Office furniture and equipment	351	357	– 1.7
Leased equipment (operating lease)	388	388	– 0.2
Total	**2,283**	**2,352**	**– 3.0**

(33) Other assets

€m	30.6.2024	31.12.2023	Change in %
Irrevocable payment commitments	181	287	– 36.9
Precious metals	198	138	43.7
Accrued and deferred items	296	241	22.7
Defined benefit assets recognised	658	655	0.5
Other assets	1,441	1,356	6.3
Total	**2,774**	**2,677**	**3.6**

(34) Other liabilities

€m	30.6.2024	31.12.2023	Change in %
Liabilities attributable to film funds	81	81	–
Liabilities attributable to non-controlling interests	130	55	.
Accrued and deferred items	484	462	4.7
Lease liabilities	1,601	1,674	– 4.3
Other liabilities	3,325	2,328	42.8
Total	**5,621**	**4,599**	**22.2**

(35) Provisions

€m	30.6.2024	31.12.2023	Change in %
Provisions for pensions and similar commitments	619	657	– 5.8
Other provisions	2,934	2,895	1.3
Total	**3,553**	**3,553**	**– 0.0**

The provisions for pensions and similar commitments relate primarily to direct pension commitments in Germany (see Annual Report 2023, page 355 ff.). The actuarial assumptions underlying these obligations at 30 June 2024 were: a discount rate of 4.0 % (previous year: 3.7 %) and an expected adjustment to pensions of 2.5 % (previous year: 2.5 %).

Other provisions consisted primarily of restructuring provisions provisions for contingent liabilities as well as and provisions for personnel-related matters.

Legal disputes

In case of legal proceedings or possible third-party recourse claims for which provisions need to be recognised, and which are contained in "Other provisions", neither the duration of the proceedings nor the level of utilisation of the provision can be predicted with certainty as at the date the provision is recognised. The provisions cover the costs expected according to our judgment as at the reporting date.

- Commerzbank and its subsidiaries operate in a large number of jurisdictions subject to different legal and regulatory requirements. In isolated cases in the past, infringements of legal and regulatory provisions have come to light and have been prosecuted by government agencies and institutions. Some companies within Commerzbank Group are currently still involved in a number of such cases.
- Commerzbank and its subsidiaries are especially active in the area of investment advisory within the Private and Small-Business Customers segment. The legal requirements for investor- and investment-oriented advisory services have been made more rigorous, especially in recent years. Commerzbank and its subsidiaries have consequently been involved in a number of legal disputes, some of which are still pending, with investors who claim to have received poor or inadequate investment advice and who demand compensation for damages or the reversal of investment transactions where information regarding commission fees was lacking (e.g. for closed-end funds).
- A subsidiary of Commerzbank was involved in a South American bank which has since been liquidated. A number of investors and creditors of this bank have launched various legal actions in Uruguay and Argentina against the subsidiary, and, in some cases, Commerzbank as well, alleging liability as shareholders as well as breaches of duty by the persons nominated by the subsidiary for the banks' supervisory boards. In addition, the subsidiary was involved in two funds which raised money from investors and were managed by third parties. The liquidators of these funds have launched court proceedings in the USA demanding the repayment of amounts received by the subsidiary from the funds. We have not set out the provision amounts to avoid influencing the outcome of the proceeding.
- In 2017, a Polish court admitted a class action lawsuit against mBank alleging the ineffectiveness of index clauses in loan agreements denominated in Swiss francs. A total of 1 731 plaintiffs have joined the class action. The plaintiffs appealed the claim's dismissal by the court of first instance. In January 2024, the court of appeal referred the case back to the court of first instance for a new hearing.
  Independently of this, numerous borrowers of loans indexed in foreign currencies have also filed individual lawsuits for the same reasons. In addition to the class action, 23 099 other individual proceedings were pending as at 30 June 2024 (previous year: 22 602). mBank has contested these claims.
  As at 30 June 2024, there were 5 876 final rulings relating to loans indexed in foreign currencies in individual proceedings against mBank, of which 114 were decided in favour of mBank and 5 762 were decided against mBank.
  On 25 April 2024, the Polish Supreme Court decided, among other things, that the limitation period for a bank's claim for repayment generally begins when the borrower asserts invalidity. In some cases, this may result in the bank's claim for repayment of the capital being time-barred.
  mBank will monitor how the case law develops following the Polish Supreme Court's decision, how discussions evolve about interpreting the decision, and whether there is any move to change the law; and it will continue to examine any possible implications for the provisions. It cannot be ruled out that future events, such as decisions of the Polish Supreme Court or the ECJ, may have a significant negative impact in the future on the estimation of the legal risk connected with mortgage loans denominated in Swiss francs or other foreign currencies.
  mBank established a settlement programme beginning in the fourth quarter of 2022 that is aimed at all customers with active loans indexed in Swiss francs, including those who

already have lawsuits against the bank. Customers will be offered the option of having their loans converted into zloty loans with a fixed or variable interest rate as well as the cancellation of an individually negotiated part of the outstanding loan value. As at the reporting date, mBank had accounted for risks in connection with future settlement payments in the amount of €223m.

mBank reviews the implications of the case law on an ongoing basis and adjusts the model's parameters, including the number of borrowers who are still expected to sue, the nature of the judgements that are expected, the amount of the Bank's loss in the event of a judgement and the acceptance rate for settlements, as necessary. The methodology used to calculate the provision is based on parameters that are varied, discretionary and in some cases associated with considerable uncertainty. Fluctuations in the parameters as well as their interdependencies and rulings of the Polish courts and the ECJ may mean that the amount of the provision has to be adjusted significantly in the future.

As at 30 June 2024, the portfolio of loans indexed in foreign currencies that had not been fully repaid had a carrying amount of 2.4bn Polish zloty. The portfolio of fully repaid loans and loans for which a settlement had been agreed or final ruling had been issued amounted to 12.6bn Polish zloty at the time of disbursement. Overall, the Group recognised a provision of €2.0bn for the risks arising from the matter, including potential settlement payments and the class action lawsuit (previous year: €1.9bn). In the case of loans that have not yet been fully repaid, the legal risks are taken into account in the gross carrying amounts of the receivables directly when estimating the cash flows.

- In 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 general terms and conditions to be void. This mechanism stipulated that the customer's consent to certain changes in the contract was given after a certain period of time if the customer had not objected. The Bank has examined the impact of this case law on its business units and products, as the charges introduced or increased for consumers as a result of the mechanism for changes to banks' general terms and conditions may be void. The Bank is being sued for repayment in some cases. We have not stated the provision amounts to avoid influencing the outcome of the proceedings.
- Based on the circular on cum/cum transactions published by the Federal Ministry of Finance (BMF) in 2017, the tax auditors commented on the treatment of these transactions in the form of audit notes. The tax office reduced the credit for capital gains taxes accordingly. In response, Commerzbank made value adjustments to tax credits shown in the balance sheet and set up additional provisions for possible repayment claims in order to reflect the changed risk situation fully and appropriately. The BMF published a revised version of its circular on cum/cum transactions on 9 July 2021. In view of the potential impact of the BMF circular, the provision was adjusted in the second quarter of 2021. Based on current knowledge, the tax risks arising from this issue have thereby been adequately covered. The possibility of further charges over and above the provisions recognised by the Bank cannot be completely ruled out.
- With respect to securities lending transactions, Commerzbank is exposed to compensation claims (including in court) from third parties for crediting entitlements that have been denied. In the context of these securities lending transactions, the contracting parties were obliged to reimburse Commerzbank for dividends and withholding tax. However, the tax offices of various contracting parties partially refused or subsequently disallowed subsequent crediting against corporate income tax. We have not stated the provision amounts to avoid influencing the outcome of the proceedings.
- A subsidiary of Commerzbank was sued by a customer in May 2014 for compensation due to alleged fraudulent misselling of derivative transactions. Its complaint was rejected in May 2024. It paid the demanded amount, and the proceedings were terminated.
- In June 2023, the Bank was sued in a Russian court by the beneficiary of a guarantee that the Bank had issued on behalf of a customer in Germany. The Bank had issued a performance guarantee in 2021 in favour of a Russian company to secure the customer's obligations under a construction contract. The applicable sanctions regime prevented the customer from performing its obligations. The Russian company then demanded payment from the Bank under the guarantee. The sanctions regime is now preventing the Bank from performing its obligations under the guarantee.

  In June 2024, the Russian court ordered the Bank and two of its Russian subsidiaries jointly and severally to pay the guaranteed amount plus interest. The Bank will appeal the verdict. The Russian court had already ordered the seizure of assets belonging to the Bank and one of the subsidiaries, Commerzbank (Eurasija), in May 2024. The Bank has commenced proceedings before the International Court of Arbitration seeking a declaration that it is not obliged to pay under the guarantee, but the decision is still pending. The Bank has also obtained an injunction from a London court prohibiting the Russian company from continuing the proceedings in Russia because they are in breach of an arbitration provision in the guarantee.

(36) Contingent liabilities and lending commitments

€m	30.6.2024	31.12.2023	Change in %
Contingent liabilities	49,899	47,824	4.3
Lending commitments	81,306	80,204	1.4
Total	**131,205**	**128,028**	**2.5**

As at 30 June 2024, contingent liabilities for legal risks amounted to €583m (previous year: €429m) and related to the following material issues:

- A customer sued Commerzbank for recovery of monies in April 2016. The claimant is demanding the repayment of interest which, in its view, was wrongly paid to Commerzbank under a settlement agreement, the release of collateral that Commerzbank is holding as security for a counterclaim against the claimant, and the reimbursement of fees. The litigation is based on a complex tax structure for corporate clients. The tax authorities refused to recognise the structure, and the claimant responded by commencing several tax proceedings which proved unsuccessful. The Bank won the case in the first instance, but the claimant has appealed. Commerzbank is continuing to defend itself against the claim.
- A Commerzbank subsidiary together with another bank was sued for damages in February 2020 due to alleged unfair price collusion in connection with the levying of settlement fees. The claimant is accusing the defendants of having been involved in unfair agreements in connection with credit card payments in breach of national and European competition and consumer protection laws. The subsidiary is defending itself against the claim.
- A Commerzbank subsidiary, together with another bank, was sued for damages in May 2018 due to alleged unfair price collusion in connection with the levying of settlement fees. The claimant is accusing the defendants of having been involved in unfair agreements in connection with credit card payments in breach of national and European competition and consumer protection laws. A legal remedy against the second instance judgement in favour of the banks is still possible.
- In 2018, a subsidiary of Commerzbank was sued by a customer for compensation for an allegedly unlawful realisation of collateral. The claim is based on the subsidiary's realisation of collateral in 2012 to satisfy its claims under currency and interest rate transactions. The customer claims that the realisation has prevented it from continuing its business activities. The subsidiary is defending itself against the claim.
- A subsidiary of the Bank was sued for damages in May 2023. A customer had assigned receivables to the subsidiary to secure liabilities. The claimant is a shareholder of the third-party debtor, which is insolvent. The claimant alleges that the defendant is responsible for the insolvency and is demanding compensation. The subsidiary is defending itself against the claim.
- Commerzbank and its Russian subsidiary Commerzbank (Eurasija) have been sued in Russia by customers of a Russian central securities depository. The latter maintains an account at Commerzbank in Germany, which allegedly holds, among other things, funds that belong to the claimants. The central securities depository and its assets (including the credit balance on the account) are subject to the current sanctions. The claimants are therefore unable to access their funds at the central securities depository and are instead demanding compensation from Commerzbank in Russia. In March 2024, a court of first instance issued a judgement ordering Commerzbank and Commerzbank (Eurasija) to pay damages. Commerzbank has appealed the judgement. In another case, the court first ordered a seizure and then, in July 2024, ordered Commerzbank and Commerzbank (Eurasija) to pay damages. Commerzbank will appeal the judgement. It is also continuing to defend itself against the remaining claims.
- In June 2023 and June 2024, Commerzbank was called upon to pay under three guarantees that it had issued on behalf of a customer for the benefit of the customer's business partners in Russia. The Bank refused to pay under the guarantees, partly due to sanctions. No legal proceedings are currently pending in this respect.

The risks arising from tax matters concern the following cases:

- Since September 2019 the public prosecutor's office in Cologne has been conducting investigations at Commerzbank in connection with equity transactions around the dividend record date (cum-ex transactions). It is investigating on suspicion that the Bank (including Dresdner Bank) was involved in cum-ex transactions in various roles, including by supplying shares to third parties who were allegedly acting as short sellers. According to the current understanding, these proceedings do not involve Commerzbank's own tax credit claims with regard to capital gains tax and the solidarity surcharge on dividends.

The Bank is cooperating fully with authorities conducting investigations into cum-ex transactions.

Other contingent liabilities
Irrevocable payment obligations for the EU bank levy and the compensation facility of German banks remain unchanged at €287m compared to 31 December 2023 (see Annual Report 2023, page 368).

Segment reporting

(37) Segment reporting

Segment reporting reflects the results of the operating segments within the Commerzbank Group.

There were no changes to the structure of the internal organization that changed the composition of the reportable segments in 2024.

Further information on the segments is provided in the interim management report section of this Interim Report.

1.1.-30.6.2024 | €m	**Private and Small Business Customers**	**Corporate Clients**	**Others and Consolidation**	**Group**
Net interest income	2,421	1,389	394	4,204
Dividend income	12	2	– 1	13
Risk result	– 75	– 175	– 24	– 274
Net commission income	1,135	690	– 26	1,799
Net income from financial assets and liabilities measured at fair value through profit or loss	– 36	322	– 343	– 58
Net income from hedge accounting	4	– 0	– 28	– 25
Other net income from financial instruments	– 52	2	89	39
Current net income from companies accounted for using the equity method	– 1	3	–	2
Other net income	– 495	12	– 76	– 559
Income before risk result	**2,987**	**2,420**	**8**	**5,415**
Income after risk result	**2,911**	**2,245**	**– 16**	**5,141**
Operating expenses	1,784	1,033	204	3,021
Compulsory contributions	165	1	– 0	166
Operating profit or loss	**963**	**1,211**	**– 220**	**1,954**
Restructuring expenses	–	–	2	2
Pre-tax profit or loss	**963**	**1,211**	**– 222**	**1,953**
Assets	**181,355**	**139,483**	**239,248**	**560,087**
Liabilities	**243,088**	**171,786**	**145,213**	**560,087**
Carrying amount of companies accounted for using the equity method	**49**	**123**	**–**	**172**
Average capital employed[1]	**6,912**	**10,338**	**8,453**	**25,704**
Operating return on equity (%)[2]	**27.9**	**23.4**		**15.2**
Cost/income ratio in operating business (excl. compulsory contributions) (%)	**59.7**	**42.7**		**55.8**
Cost/income ratio in operating business (incl. compulsory contributions) (%)	**65.2**	**42.7**		**58.8**

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

1.1.-30.6.2023 | €m[1]	Private and Small Business Customers	Corporate Clients	Others and Consolidation	Group
Net interest income	2,209	1,323	544	4,076
Dividend income	1	3	– 0	3
Risk result	– 177	– 115	15	– 276
Net commission income	1,123	656	– 22	1,756
Net income from financial assets and liabilities measured at fair value through profit or loss	– 80	260	– 270	– 90
Net income from hedge accounting	– 3	– 1	10	7
Other net income from financial instruments	– 17	– 3	37	18
Current net income from companies accounted for using the equity method	– 1	4	–	3
Other net income	– 456	– 35	13	– 477
Income before risk result	**2,778**	**2,207**	**312**	**5,297**
Income after risk result	**2,602**	**2,092**	**328**	**5,021**
Operating expenses	1,726	1,028	191	2,945
Compulsory contributions	201	72	39	312
Operating profit or loss	**674**	**992**	**98**	**1,764**
Restructuring expenses	–	–	8	8
Pre-tax profit or loss	**674**	**992**	**90**	**1,756**
Assets	**173,963**	**135,282**	**192,358**	**501,603**
Liabilities	**211,608**	**163,647**	**126,348**	**501,603**
Carrying amount of companies accounted for using the equity method	**30**	**133**	**–**	**163**
Average capital employed[2]	**6,808**	**10,458**	**7,124**	**24,391**
Operating return on equity (%)[3]	**19.8**	**19.0**		**14.5**
Cost/income ratio in operating business (excl. compulsory contributions) (%)	**62.1**	**46.6**		**55.6**
Cost/income ratio in operating business (incl. compulsory contributions) (%)	**69.4**	**49.9**		**61.5**

[1] Prior-year figures adjusted due to IFRS 8.29.
[2] Average CET1 capital fully loaded. Reconciliation carried out in Others and Consolidation.
[3] Annualised.

Other notes

(38) 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.

	30.6.2024	31.12.2023	Change in %
Common Equity Tier (€bn)	25.5	25.7	– 0.8
Tier 1 capital (€bn)	28.7	28.9	– 0.7
Equity (€bn)	34.2	33.9	0.9
Risk-weighted assets (€bn)	172.9	175.1	– 1.3
of which : credit risk	142.7	144.0	– 1.0
of which : market risk[1]	7.6	8.3	– 7.9
of which : operational risk	22.6	22.8	– 0.9
Common Equity Tier 1 ratio (%)	14.8	14.7	0.5
Equity Tier 1 ratio (%)	16.6	16.5	0.6
Total capital ratio (%)	19.8	19.3	2.2

[1] Includes credit valuation adjustment risk.

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

	30.6.2024	31.12.2023	Change in %
Leverage ratio exposure (€bn)	641	592	8.3
Leverage ratio (%)	4.5	4.9	– 9.4

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

	30.6.2024	31.12.2023	Change in %
NPE ratio (%)	0.8	0.8	– 2.7

(39) Related party transactions

As part of its normal business, Commerzbank Aktiengesellschaft and/or its consolidated companies engage in transactions with related entities and persons (for further information, see Annual Report 2023, p. 378 f.).

Significant changes

The assets relating to entities controlled by the German federal government amounted to €78,731m as at 30 June 2024 (previous year: €61,470m). The increase was mainly due to an increase in the Deutsche Bundesbank's balance of €76,786m (previous year: €60,175m). Income from federal companies amounted to €1,705m as of 30 June 2024 (previous year period: €1,068m). The increase was mainly due to the increase in receivables compared to the same period last year and the rise in interest rates.

There were no other significant transactions or changes in transactions with related parties or companies during the period under review.

Boards of Commerzbank Aktiengesellschaft

Supervisory Board

Dr. Jens Weidmann
Chairman
Former President of the Deutsche Bundesbank and Professor of Practice in Central Banking at the Frankfurt School of Finance & Management

Uwe Tschäge[1]
Deputy Chairman
Banking professional
Commerzbank Aktiengesellschaft

Heike Anscheit[1]
Banking professional
Commerzbank Aktiengesellschaft

Gunnar de Buhr[1]
Banking professional
Commerzbank Aktiengesellschaft

Harald Christ
Managing Partner
Christ & Company Consulting GmbH

Dr. Frank Czichowski
Former Senior Vice President / Treasurer
KfW Bankengruppe

Sabine U. Dietrich
Former member of the Board of Managing Directors
BP Europa SE

Dr. Jutta A. Dönges
Chief Financial Officer
Uniper SE

Kerstin Jerchel[1]
Labour Director and Managing Director
Stadtwerke Verkehrsgesellschaft Frankfurt am Main GmbH
(until 30.4.2024)

Burkhard Keese
Chief Financial Officer
Lloyd's of London

Maxi Leuchters[1]
Head of Department for Corporate Law and Management
Hans Böckler Foundation

Daniela Mattheus
Lawyer and Management Consultant

Nina Olderdissen[1]
Banking professional
Commerzbank Aktiengesellschaft

Sandra Persiehl[1]
Bank employee
Commerzbank Aktiengesellschaft

Michel Schramm[1]
Banking professional
Commerzbank Aktiengesellschaft

Caroline Seifert
Management Consulting for transformation

Dr. Gertrude Tumpel-Gugerell
Former Member of the Executive Board of the European Central Bank

Sascha Uebel[1]
Banking professional
Commerzbank Aktiengesellschaft

Frederik Werning[1]
Trade Union Secretary
Section for Banking
ver.di District Münsterland
(since 30.4.2024)

Frank Westhoff
Former member of the Board of Managing Directors
DZ BANK AG

Stefan Wittmann[1]
Trade Union Secretary
ver.di Trade Union National Administration

Klaus-Peter Müller
Honorary Chairman

[1] Elected by the Bank's employees.

Board of Managing Directors

Dr. Manfred Knof
Chairman

Dr. Bettina Orlopp
Deputy Chairwoman

Michael Kotzbauer

Sabine Mlnarsky

Dr. Jörg Oliveri del Castillo-Schulz
(until 30.6.2024)

Thomas Schaufler

Bernhard Spalt
(since 1.1.2024)

Responsibility statement by the Board of Managing Directors

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, we confirm that the consolidated interim Group financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group, and that the interim Group management report provides a true and fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the rest of the financial year.

Frankfurt/Main, 5 August 2024
The Board of Managing Directors

Manfred Knof	Bettina Orlopp	Michael Kotzbauer
Sabine Mlnarsky	Thomas Schaufler	Bernhard Spalt

Review report

To COMMERZBANK Aktiengesellschaft, Frankfurt am Main

We have reviewed the condensed interim consolidated financial statements comprising the statement of profit or loss, condensed statement of comprehensive income, balance sheet, statement of changes in equity and statement of cash flows (condensed presentation) and the notes (selected explanatory notes) together with the interim group management report of COMMERZBANK Aktiengesellschaft, Frankfurt am Main, for the period from 1 January to 30 June 2024, that are part of the semi-annual financial report according to Section 115 of WpHG [Wertpapierhandelsgesetz: German Securities Trading Act]. The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" as adopted by the EU, and of the interim group management report in accordance with the requirements of WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IAS 34 "Interim Financial Reporting", as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Frankfurt am Main, 5 August 2024
KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Wiechens	Böth
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Significant Group companies

Germany
Commerz Real AG, Wiesbaden

Abroad
Commerzbank (Eurasija) AO, Moscow
Commerzbank Finance & Covered Bond S.A., Luxembourg
Commerz Markets LLC, New York
mBank S.A., Warsaw

Operative foreign branches
Amsterdam, Beijing, Brno (office), London, Madrid, Milan, New York, Paris, Prague, Shanghai, Singapore, Tokyo, Vienna, Zurich

Representative Offices and Financial Institutions Desks
Abidjan, Addis Abeba, Almaty, Amman, Ashgabat, Bangkok, Beijing (FI Desk), Brussels (Liaison Office to the European Union), Buenos Aires, Cairo, Casablanca, Dhaka, Dubai, Ho Chi Minh City, Istanbul, Johannesburg, Kiev, Lagos, Luanda, Melbourne, Moscow (FI Desk), Mumbai, New York (FI Desk), Panama City, São Paulo, Seoul, Shanghai (FI Desk), Singapore (FI Desk), Taipei, Tashkent, Tokyo (FI Desk), Zagreb

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

Disclaimer

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

COMMERZBANK

2024/2025 Financial calendar	
6 November 2024	Interim financial information as at 30 September 2024
13 February 2025	Annual Results Press Conference
End-March 2025	Annual Report 2024
9 May 2025	Interim financial information as at 31 March 2025
15 May 2025	Annual General Meeting
6 August 2025	Interim Report as at 30 June 2025
6 November 2025	Interim financial information as at 30 September 2025

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