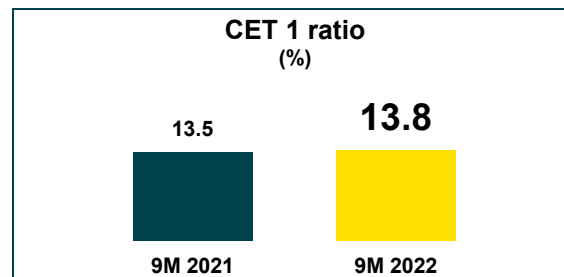
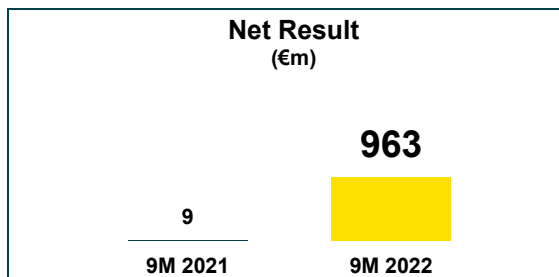
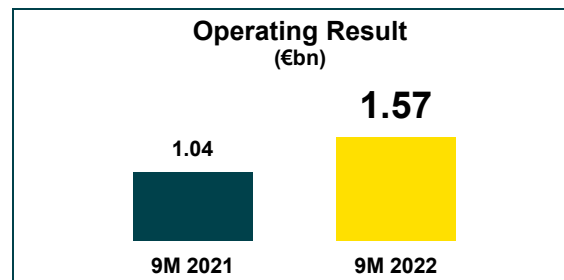
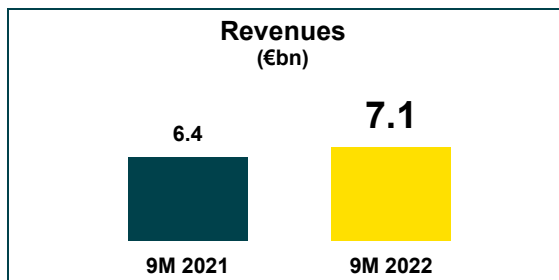


IR release

09. November 2022

Commerzbank continues strong business performance – key targets confirmed

- Revenues up by 12% to €7.1 billion as of the end of September thanks to strong customer business and rising rates – one-off burdens in Poland compensated
- Costs on track despite rising inflationary pressures, cost-income ratio improved to 69%
- Quality of the loan book remains high – Risk result in Q3 at minus €84 million – €500 million TLA available for future challenges
- Operating result after nine months at €1.57 billion (9M 2021: €1.04 billion)
- Net result after nine months at €963 million (9M 2021: €9 million)
- CET 1 ratio further improved to 13.8%
- Group targets for 2022 and 2024 with RoTE of more than 7.3% and cost-income ratio of 60% confirmed



“We have made great progress in the execution of our ‘Strategy 2024’ and are well on track to achieving our targets. The focus in the next phase will be targeting our revenue potential even more consistently in both customer segments.”

Manfred Knof, CEO

“In the third quarter, we once again demonstrated our revenue strength and generated a triple-digit million profit despite the high burdens in Poland. Our financial targets for 2024 show that we are very confident about the ongoing development of Commerzbank.”

Bettina Orlopp, CFO

During the first nine months of this year, Commerzbank has already earned net €963 million after taxes and has therefore nearly achieved its targeted net result of more than €1 billion for the full year. As a result, Commerzbank continues to confirm its intent to pay a dividend. Over the course of the third quarter, revenue momentum continued to increase driven by strong customer business and rising interest rates. This enabled the Bank to compensate for the high burdens in Poland that have previously been announced. The loan portfolio continued to prove robust in the face of increasing economic uncertainties. In the third quarter, the risk result amounted to only minus €84 million. Because of the available top-level adjustments (TLA) of €500 million and the continuing comfortable capital base, the Bank is well prepared for upcoming economic challenges.

In the transformation of the Bank, additional important milestones have been achieved in the restructuring and reorganisation. In line with the planned gross reduction of around 10,000 full-time equivalents defined in the “Strategy 2024”, a reduction of around 8,350 positions has already been contracted, most of them in Germany. A further 1,100 full-time equivalents related to optimisation of locations outside of Germany shall be realised in the coming quarters. All 12 locations of the advisory centre for the German retail banking business have started operating. Furthermore, the original target for rationalising the branch network has been achieved ahead of schedule. The establishment of “Mittelstandsbank Direkt” in the Corporate Clients segment has also been successfully completed. By the end of November, the first 6,000 customers will have been transferred to the first direct bank offering for Mittelstand customers in the German market. The Environmental, Social and Governance (ESG) strategy has also been firmly anchored within the Group. One example of this is the achievement of €185 billion in sustainable business volume generated during the first nine months of the financial year. Thus, Commerzbank is well on track to reach the target of €207 billion by the end of the year.

“We have made great progress in the execution of our ‘Strategy 2024’ and are well on track to achieving our targets. This has made Commerzbank more resilient in a difficult environment. This is also reflected in our operating business that is continuing to show a very good progress despite the challenging market environment,” commented Manfred Knof, Chief Executive Officer of Commerzbank. “The focus in the next phase will be to maintain strict cost discipline while targeting our revenue potential even more consistently in both customer segments.”

For the next phase of the implementation of the “Strategy 2024”, the Bank has defined new priorities to continue developing revenue potential while continuing to focus on further efficiency increases in both customer segments. The successful launch of “Mittelstandsbank Direkt” in the Corporate Clients segment will be opened up for new customers in the coming year. Furthermore, the international network will be optimised in line with the changing trade corridors. As a result, Commerzbank will continue to be represented in all locations where its customers require it. The Bank thereby strengthens its position as the leading trade finance bank for Germany.

Positioning the Bank as a digital advisory bank is at the centre of the private customer strategy, benefitting from a needs-based product portfolio and full utilisation of the growth potential of its two-brand model. comdirect is the bank for digitally savvy who require no advisory service. Commerzbank stands for personal customer relationships and advisory services, both at branches and digitally. A large proportion of customer requirements will be addressed via its new advisory centre as well as via digital channels. The personal advisory service offering by Commerzbank will be tailored more to the needs of wealthy customers and clients with greater requirement for advisory service.

Commerzbank confirmed the most important financial goals of “Strategy 2024”. The Bank targets a return on tangible equity (RoTE) of more than 7.3% and a cost-income ratio of 60%. Based on the positive development of the customer business and supported by higher interest rates, the revenue forecast for the year 2024 has been raised to €10 billion; the previous target was €9.1 billion. The Bank is implementing the cost cutting programme as planned. As expected, costs will be above the level of €5.4 billion previously targeted, in particular due to the sustained inflationary pressures. Costs of €6.0 billion are now expected for 2024. Overall, Commerzbank now anticipates an operating result of around €3.2 billion for 2024, against the previous forecast of €3.0 billion.

Strong revenues in customer business compensate for burdens in Poland

Against the backdrop of a continued strong customer business and rising interest rates, Commerzbank increased its revenues by 12% to €7,098 million (9M 2021: €6,353 million) from January to September. This compensated for burdens at its Polish subsidiary mBank. As already announced, one-off charges of €270 million were booked in Poland during the third quarter for so-called “credit holidays”. Further provisions relating to Swiss franc loans amounted to €477 million. The momentum of revenues continued to gather pace in the customer business. Accordingly, underlying net interest income increased by more than 40% to €1.6 billion year-on-year, while underlying net commission income fell by around 3% to €849 million, primarily as a consequence of weaker securities markets. Total revenues in the third quarter amounted to €1,886 million (Q3 2021: €2,004 million). Without the burdens in Poland, revenues would have been exceeded by more than one quarter year-on-year.

Despite growing inflationary pressures, Commerzbank continues to be on track with its costs. Operating expenses were reduced by 7.8% to €4,291 million (9M 2021: €4,652 million) by the end of September compared with the equivalent period last year. This was driven by the savings from reductions in full-time equivalents and optimisation of the branch network. By contrast, compulsory contributions rose by almost 45% to €583 million (9M 2021: €402 million). This reflects continuing burdens in Poland where the additional contribution of €91 million to the Institutional Protection Scheme and the increase of a Borrower Support Fund with a further €39 million had a negative impact. In addition, there was a higher European bank levy. Total costs reduced by 3.6% to €4,873

million (9M 2021: €5,054 million) in the first nine months. Thus, the cost-income ratio was 69% (9M 2021: 80%).

The risk result after nine months was minus €654 million (9M 2021: minus €257 million), primarily due to Russia effects booked in the first half of the year. During the third quarter, the risk result amounted to minus €84 million (Q3 2021: minus €22 million) supported by a partial reduction of the top-level adjustment (TLA). The ratio of non-performing loans remained low at 0.9%. At the end of September, the Bank had an additional TLA of €500 million available for potential further direct effects emanating from the war between Russia and Ukraine and for secondary effects such as interruptions to supply chains, high energy prices, and the possibility of deterioration of the economic situation.

The operating result improved by 51% to €1,571 million (9M 2021: €1,042 million) during the period from January to September. The third quarter contributed €282 million (Q3 2021: €472 million) to this. The quarterly result after tax and minority interests amounted to €195 million (Q3 2021: €403 million). After nine months, from January to September, it amounted to €963 million (9M 2021: €9 million).

The Common Equity Tier 1 ratio (CET 1 ratio) increased slightly to 13.8% as of 30 September. Once again, this is net of a deferral for a planned pay-out ratio of amounting to 30% of the net profit. The buffer to the current regulatory requirement (MDA threshold) of 9.4% was 435 basis points as of the end of September.

“In the third quarter, we once again demonstrated our revenue strength and generated a triple-digit million profit despite the high burdens in Poland. We are on track to reach our target of more than €1 billion net profit this year. We continue to be firmly committed to the payment of a dividend,” said Bettina Orlopp, Chief Financial Officer of Commerzbank. “Our financial targets for 2024 show that we are very confident about the ongoing development of Commerzbank beyond year-end. Nevertheless, we continue to remain cautious about the potential risks in the current economic environment.”

Development of the segments

The Private and Small-Business Customers (PSBC) segment succeeded in slightly increasing the deposit volumes and maintaining its loan volumes despite intensifying concerns about the economy during the third quarter. The volume of mortgage business remained stable at €94 billion. In contrast, the volume of securities in custody declined by €6 billion to €182 billion (Q2 2022: €188 billion) in the third quarter, mainly due to the weak market developments. As a result, net commission income in the PSBC segment in Germany fell by around 10% to €451 million in the third quarter compared with the previous year. This contrasted with an increase in underlying interest income by nearly 16% to €556 million so that total underlying revenues went up by 8% to

€1,075 million (Q3 2021: €996 million). Due to decreased operating expenses, the cost-income ratio improved to 65% (Q3 2021: 74%). The operating result of PSBC Germany rose to €321 million (Q3 2021: €292).

The development of mBank in Poland was impacted during the third quarter by the one-off burdens previously mentioned. The charges more than offset the overall good revenue development in the operating business. Without the negative revenues resulting from the introduction of possible deferrals of interest and repayment of private mortgage financing (“credit holidays”) and additional provision for Swiss franc loans, revenues would have increased by 49% to €469 million. Instead, mBank had to book negative revenues amounting to minus €278 million in the third quarter. The operating result of mBank was minus €528 million.

The Corporate Clients segment achieved its best quarterly result for the past seven years. The segment generated growth across all client and product groups. Underlying net interest income rose by 25% to €521 million (Q3 2021: €417 million) and benefitted from a stable lending business and an increase in deposits. On the basis of a strong transaction banking and capital markets business, underlying net commission income went up by more than 7% to €332 million (Q3 2021: €309 million). Overall, revenues increased by more than 31% to €1,021 million (Q3 2021: €775 million). Because operating expenses continued to fall, the segment improved its cost-income ratio to 49% (Q3 2021: 69%). Thanks to the release of provisions in connection with the reduction of Russia exposure, the risk result amounted to plus €13 million (Q3 2021: minus €29 million). Overall, the segment achieved an operating result of €536 million (Q3 2021: €215 million).

Outlook

Commerzbank anticipates an increase in interest income to more than €6 billion in 2022, while net commission income is likely to be slightly lower than in 2021. The Bank continues to target total costs at €6.4 billion, although pressure from inflation continues to increase. Based on the assumption of TLA usage, the Bank expects a risk result of around minus €700 million. Overall, the Bank confirms its target of a net profit of more than €1 billion this year. The CET 1 ratio is expected to be more than 13.5%. The Bank intends to propose a pay-out ratio of 30% of the net result for the 2022 financial year after deduction of the AT1 coupon payments. The outlook is based on the assumptions that there will not be a significant deterioration in the economic situation, for example due to potential rationing of natural gas.

Financial figures at a glance

in €m	Q3 2022	Q3 2021	Q3 22 vs Q3 21 in %	Q2 2022	9M 2022	9M 2021	9M 22 vs 9M 21 in %
Net interest income	1,621	1,122	+44.5	1,478	4,500	3,549	+26.8
Net commission income	849	887	-4.3	894	2,714	2,685	+1.0
Net fair value*	172	160	+7.0	69	594	645	-8.0
Other income	-757	-165		-22	-709	-527	-34.6
Total revenues	1,886	2,004	-5.9	2,420	7,098	6,353	+11.7
<i>Revenues excl. exceptional items</i>	<i>2,066</i>	<i>2,013</i>	<i>+2.7</i>	<i>2,309</i>	<i>7,112</i>	<i>6,200</i>	<i>+14.7</i>
Risk result	-84	-22		-106	-654	-257	
Operating expenses	1,429	1,483	-3.6	1,423	4,291	4,652	-7.8
Compulsory contributions	91	27		144	583	402	+44.8
Operating profit or loss	282	472	-40.3	746	1,571	1,042	+50.8
Restructuring costs	14	76	-81.0	25	54	1,052	-94.9
Pre-tax profit or loss	267	396	-32.5	721	1,517	-10	
Taxes	228	-6		226	653	-49	
Minorities	-155	-1		25	-98	30	
Consolidated profit or loss**	195	403	-51.6	470	963	9	
Cost-income ratio in operating business excl. compulsory contributions (%)	75.8	74.0		58.8	60.4	73.2	
Cost-income ratio in operating business incl. compulsory contributions (%)	80.6	75.4		64.8	68.7	79.6	
Operating RoTE (%)	3.8	6.6		10.3	7.2	4.9	
Net RoTE (%)***	2.2	5.8		6.7	4.3	-0.7	
Net RoE (%)	2.2	5.6		6.5	4.2	-0.7	
CET 1 ratio (%)***	13.8	13.5		13.7	13.8	13.5	
Leverage Ratio (%)	4.5	4.6		4.6	4.5	4.6	
Total assets (€bn)	543	541		535	543	541	

* Net income from financial assets and liabilities measured at fair value through profit and loss.

** Consolidated profit or loss attributable to Commerzbank shareholders and investors in additional equity components.

*** Reduced by potential dividend accrual and potential (fully discretionary) AT 1 coupons.

About Commerzbank

Commerzbank is the leading bank for the German Mittelstand and a strong partner for around 28,000 corporate client groups and around 11 million private and small-business customers in Germany. The Bank's two Business Segments – Private and Small-Business Customers and Corporate Clients – offer a comprehensive portfolio of financial services. Commerzbank transacts approximately 30 per cent of Germany's foreign trade and is present internationally in almost 40 countries in the corporate clients' business. The Bank focusses on the German Mittelstand, large corporates, and institutional clients. As part of its international business, Commerzbank supports clients with German connectivity and companies operating in selected future-oriented industries. In the Private and Small-Business Customers segment, the Bank is at the side of its customers with its brands Commerzbank and comdirect: online and mobile, in the advisory centre, and personally in its branches. Its Polish subsidiary mBank S.A. is an innovative digital bank that serves approximately 5.7 million private and corporate customers, predominantly in Poland, as well as in the Czech Republic and Slovakia. In 2021, Commerzbank generated gross revenues of some €8.5 billion with around 46,500 employees.

Disclaimer

This release contains forward-looking statements. Forward-looking statements are statements that are not historical facts. In this release, these statements concern inter alia the expected future business of Commerzbank, efficiency gains and expected synergies, expected growth prospects and other opportunities for an increase in value of Commerzbank as well as expected future financial results, restructuring costs and other financial developments and information. These forward-looking statements are based on the management's current plans, expectations, estimates and projections. They are subject to a number of assumptions and involve known and unknown risks, uncertainties and other factors that may cause actual results and developments to differ materially from any future results and developments expressed or implied by such forward-looking statements. Such factors include the conditions in the financial markets in Germany, in Europe, in the USA and other regions from which Commerzbank derives a substantial portion of its revenues and in which Commerzbank holds a substantial portion of its assets, the development of asset prices and market volatility, especially due to the ongoing European debt crisis, potential defaults of borrowers or trading counterparties, the implementation of its strategic initiatives to improve its business model, the reliability of its risk management policies, procedures and methods, risks arising as a result of regulatory change and other risks. Forward-looking statements therefore speak only as of the date they are made. Commerzbank has no obligation to update or release any revisions to the forward-looking statements contained in this release to reflect events or circumstances after the date of this release.