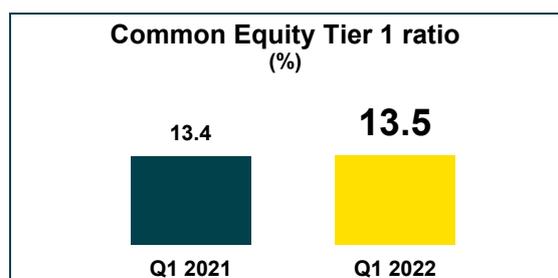
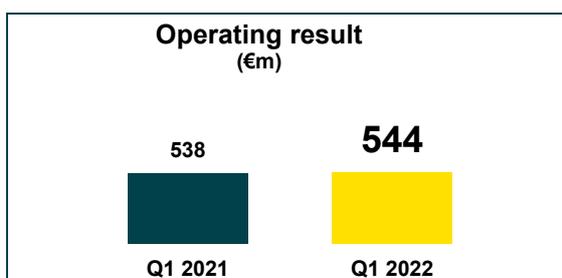
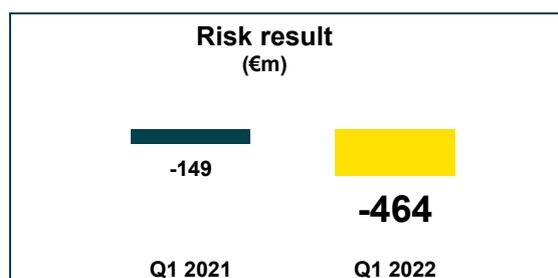
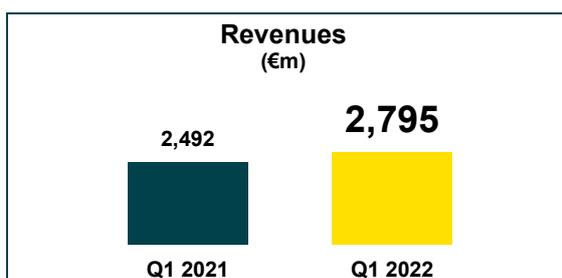


# IR Release

12 May 2022

## Commerzbank increases profit in first quarter: Strong customer business more than compensates for rise in risk result – Full year targets confirmed

- Revenues in the first quarter increased by 12% to €2.8bn (Q1 2021: €2.5bn) – strong customer business in all operating areas
- Costs in line with target – CIR significantly improved to 64% (Q1 2021: 72%)
- Risk result of minus €464m (Q1 2021: minus €149m) impacted by effects of the Russia-Ukraine war – €713m of top level adjustments available
- Operating result increased to €544m (Q1 2021: €538m) – net result more than doubled to €298m (Q1 2021: €133m)
- CET 1 ratio remains strong at 13.5%



“The strong development of our revenues proves that our strategy is working. The good start to the year has confirmed our expectation that we will generate a net result of more than €1 billion in 2022.”

**Manfred Knof, CEO**

“We have been able to more than compensate for the currently identifiable effects resulting from the Russia-Ukraine war. This shows how robust and resilient our customer business is in these challenging times.”

**Bettina Orlopp, CFO**

Commerzbank has continued its upwards trend in customer business in the first quarter 2022 and saw a double-digit percentage growth in its revenues. As previously announced on 26 April of this year, especially net interest income increased significantly thanks largely to the rate hikes in Poland. Net commission income further improved from an already high level a year ago. With the strong revenues, the Bank was able to overcompensate the higher risk provisioning due to the significant increase in economic and geopolitical uncertainties as a consequence of the Russian war against Ukraine. Furthermore, the cost-reduction programme is on target. In total, the operating result has increased, while the net result more than doubled to €298 million which was slightly better than announced in the pre-release. This means, the Bank is on track to achieve its targets for the full year.

“The strong development of our revenues in the first quarter proves that our ‘Strategy 2024’ is working. The good start to the year has confirmed our expectation that we will generate a net result of more than €1 billion in 2022. We remain determined to pay a dividend for this year. Our strong capital basis gives us the necessary leeway for this,” said Manfred Knof, Chief Executive Officer of Commerzbank.

Commerzbank has also continued to push ahead with its strategic initiatives in the first months of this year and made further progress on its goal of becoming *the* digital advisory bank for Germany. With “money mate” a new service which makes securities trading simpler and faster for retail customers was launched. In Private and Wealth Management, a new portfolio management product has been successfully launched which takes advantage of the expertise of the 50 specialists in the Chief Investment Office. It has already attracted an inflow of €300 million in the first weeks since the start.

There are also new features in the banking app. It is now possible to easily open an account and the launch of the digitalised consumer loan has been started. In the Corporate Clients segment, the development of Mittelstandsbank Direkt is making good progress. After the start with 1,000 clients last year, 2,000 clients are currently being migrated to the direct banking service. In addition, the Corporate Clients portal has been relaunched – and will gradually include new digital services.

Commerzbank has made good progress with its sustainability strategy and registered a good start to the year with its sustainable business products. With a volume of €101 billion at the end of the first quarter, the Bank is well on track to reach this year’s target of €207 billion. A loan product was launched for Mittelstand in which concrete sustainability targets are defined between a company and Commerzbank, leading to a lower interest rate once these targets are reached. For the first time, the Bank has published its non-financial report in line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). Beginning with the CO<sub>2</sub>-intensive loan portfolios in the energy generation sector and the automotive production sector, concrete CO<sub>2</sub> reduction targets have been determined on the basis of the “Science-based Targets Initiative”.

### **Exposure in Russia significantly reduced**

Following the Russian war on Ukraine, the Bank has stopped new business in Russia. In compliance with all the applicable sanctions, the Bank is only accompanying existing German and international customers. It will continuously adapt its business strategy and risk assessment to the current situation. Since mid-February, the Bank has reduced its net exposure to Russia by 36% to less than €1.2 billion by the end of April.

Thanks to the strong customer business in the first quarter, Commerzbank increased its revenues by 12% to €2,795 million (Q1 2021: €2,492 million). Net interest income improved by 12% to €1,401 million (Q1 2021: €1,254 million) benefitting significantly from higher interest rates in Poland as well as from the higher loan volume and increased pricing of deposits. Following on from a strong result a year ago, net commission income showed growth of a further 2% to €972 million (Q1 2021: €951 million). It benefitted from good volumes in payment transactions with corporate clients as well as from an increasing securities business with private customers. Positive contribution to the revenues also came from a strong capital markets business and valuation effects of hedging instruments.

The risk result in the first quarter was minus €464 million (Q1 2021: minus €149 million). This is dominated by provisioning effects of almost half a billion euros in connection to Russia. The Bank formed a top level adjustment (TLA) of €334 million as an additional provision. There were also negative effects from rating changes in the loan portfolio. This was offset to some extent by the partial release of the TLA formed in connection with the Covid pandemic. Without these effects, the base risk result was minus €104 million. In total, TLAs of €713 million were available by the end of March.

In the first quarter, Commerzbank has made further progress in reducing its cost base. The operating costs declined by 2% to €1,440 million (Q1 2021: €1,469 million). This is a result of personnel reductions, lower consulting fees, and savings in connection with the leaner branch network. On the other side, the burden from compulsory contributions increased again, by 3.2% to €347 million (Q1 2021: €336 million). This is mainly due to a further increase in the European bank levy. Total costs for the quarter amounted to €1,787 million (Q1 2021: €1,806 million). Overall, the cost-income ratio in the first quarter improved significantly to 63.9% (Q1 2021: 72.5%).

All in all, the operating result increased to €544 million (Q1 2021: €538 million). Before risk costs it rose by 47% to €1,008 million (Q1 2021: €686 million). In total, the Bank improved its net result after taxes and minority interests to €298 million (Q1 2021: €133 million).

The Common Equity Tier 1 ratio (CET 1 ratio) at the end of March was a robust 13.5% (end of 2021: 13.6%). This already includes an accrual for the planned dividend payment. The risk-weighted assets (RWA) remained stable compared to the previous quarter. The Bank was able to

offset increases from rating migrations due to Russia. The buffer to the current regulatory requirement (MDA threshold) of 9.4% stands at around 410 basis points.

“Thanks to very strong business in all customer segments, we have generated double-digit growth in our revenues in the first quarter and lowered the costs as planned. Pre provision profit rose by nearly 50% to over €1 billion. We have been able to more than compensate for the currently identifiable effects resulting from the Russia-Ukraine war. This shows how robust and resilient our customer business is in these challenging times. This is also true for our comfortable capital base, with which we are not only capable of paying a dividend, but are also well-equipped to deal with further uncertainty,” said Bettina Orlopp, Chief Financial Officer of Commerzbank.

### **Development of the segments**

The Private and Small-Business Customers (PSBC) segment again benefited from the trend towards investment in securities in Germany. Net inflow amounted to €3 billion in the quarter. However at the end of March, the total volume of securities was around €8 billion less than at the end of 2021 due to lower valuations on the stock markets. The loan volume increased by around €2 billion to €123 billion, mainly thanks to robust mortgage financing in the first quarter. Moreover, the Bank made further progress with the introduction of pricing on large deposits. In the meantime a volume of €22 billion has already been priced in the PSBC segment, around €3 billion more than at the end of 2021.

Overall, the Private and Small-Business Customers segment increased its revenues in the first quarter by nearly 11%, to €1,469 million (Q1 2021: €1,329 million). In particular mBank showed a considerable improvement in revenues. It benefited significantly from the rises in Polish interest rates and was able to increase its net interest income by 86% year-on-year. mBank also improved its net commission income by nearly 19%. It was able to clearly offset for the increase of €41 million in provisions for the loan portfolio in Swiss francs. In Germany, the segment also posted a rise in revenues. These were 4% higher year-on-year. Progress with costs and a slight rise in the risk result led to an operating result of €403 million for the segment, an increase of more than 60% (Q1 2021: €250 million).

The Corporate Clients segment increased its revenues by nearly 12% to €926 million (Q1 2021: €829 million). The Mittelstandsbank continued its upwards trend, with revenue growth in all business lines. The International Corporates division was able to more than compensate for the strategy-driven decrease in its lending business through growth in transaction banking and capital markets business. The Institutionals division also saw a slight rise in revenues compared to the same quarter of the previous year.

The operating costs in the segment declined by more than 5%. This contrasted with a significantly higher risk result of minus €286 million (Q1 2021: minus €52 million). In total, the Corporate Clients

segment booked an operating result of minus €7 million (Q1 2021: €101 million); before the risk result the figure was €279 million and thus 82% higher year-on-year.

## Outlook

Based on the assumptions that there will be no material additional provisions for the loan portfolio of mBank in Swiss francs and that effects from Russia will remain contained, Commerzbank confirms its outlook for 2022. The Bank expects underlying interest and commission income to increase – driven by higher net interest income in mBank from rates increases in Poland. Costs are to be reduced to €6.3 billion. The risk result is expected to come in below €700 million, assuming usage of TLAs. The Bank targets a net result of more than €1 billion. The Common Equity Tier 1 ratio is expected to be more than 13%. Commerzbank intends to propose a dividend with a pay-out ratio of 30% of the net result – after AT1 coupon payments – for the business year 2022.

## Financial figures at a glance

| in €m                                   | Q1 2022      | Q1 2021      | Q1 22 vs.<br>Q1 21 in % | Q4 2021      | Q1 22 vs.<br>Q4 21 in % | FY 2021      |
|---|--------------|--------------|-------------------------|--------------|-------------------------|--------------|
| Net interest income                     | 1,401        | 1,254        | +11.7                   | 1,300        | +7.8                    | 4,849        |
| Net commission income                   | 972          | 951          | +2.1                    | 924          | +5.2                    | 3,616        |
| Net fair value*                         | 353          | 360          | -2.0                    | 334          | +5.4                    | 980          |
| Other income                            | 69           | -73          | -                       | -459         |                         | -985         |
| <b>Total revenues</b>                   | <b>2,795</b> | <b>2,492</b> | <b>+12.1</b>            | <b>2,099</b> | <b>+33.1</b>            | <b>8,459</b> |
| <i>Revenues excl. exceptional items</i> | <i>2,739</i> | <i>2,308</i> | <i>+18.7</i>            | <i>1,864</i> | <i>+46.9</i>            | <i>8,071</i> |
| Risk result                             | -464         | -149         |                         | -313         | -48.5                   | -570         |
| Operating expenses                      | 1,440        | 1,469        | -2.0                    | 1,581        | -8.9                    | 6,239        |
| Compulsory contributions                | 347          | 336          | +3.2                    | 65           |                         | 467          |
| <b>Operating profit or loss</b>         | <b>544</b>   | <b>538</b>   | <b>+1.1</b>             | <b>141</b>   |                         | <b>1,183</b> |
| Restructuring costs                     | 15           | 465          | -96.8                   | 26           | -42.3                   | 1,078        |
| <b>Pre-tax profit or loss</b>           | <b>529</b>   | <b>73</b>    |                         | <b>115</b>   |                         | <b>105</b>   |
| Taxes                                   | 199          | -83          |                         | -199         |                         | -248         |
| Minorities                              | 32           | 23           | +39.5                   | -107         |                         | -77          |
| <b>Consolidated profit or loss**</b>    | <b>298</b>   | <b>133</b>   |                         | <b>421</b>   | <b>-29.4</b>            | <b>430</b>   |

| in €m  | Q1 2022 | Q1 2021 | Q1 22 vs.<br>Q1 21 in % | Q4 2021 | Q1 22 vs.<br>Q4 21 in % | FY 2021 |
|--|---------|---------|-------------------------|---------|-------------------------|---------|
| Cost-income ratio in operating business excl. compulsory contributions (%) | 51.5    | 59.0    |                         | 75.3    |                         | 73.8    |
| Cost-income ratio in operating business incl. compulsory contributions (%) | 63.9    | 72.5    |                         | 78.4    |                         | 79.3    |
| Operating RoTE (%)   | 7.6     | 7.8     |                         | 2.0     |                         | 4.2     |
| Net RoTE (%)***  | 4.0     | 1.5     |                         | 6.0     |                         | 1.0     |
| Net RoE (%)  | 3.9     | 1.5     |                         | 5.8     |                         | 1.0     |
| CET 1 ratio (%)***   | 13.5    | 13.4    |                         | 13.6    |                         | 13.6    |
| Leverage Ratio (%)   | 4.7     | 4.7     |                         | 5.2     |                         | 5.2     |
| Total assets (€bn)   | 526     | 538     |                         | 473     |                         | 473     |

\* 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. Following the integration of Comdirect, private and small-business customers benefit from the services offered by one of Germany's most advanced online banks combined with personal advisory support on site. Its Polish subsidiary mBank S.A. is an innovative digital bank that serves approximately 5.6 million private and corporate customers, predominantly in Poland, but also in the Czech Republic and Slovakia. 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.