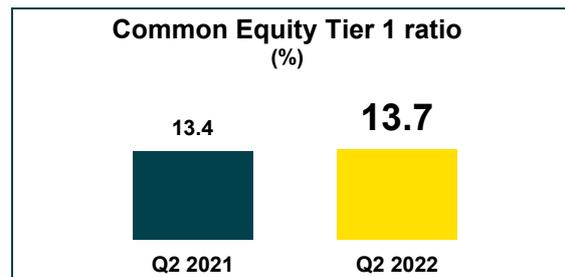
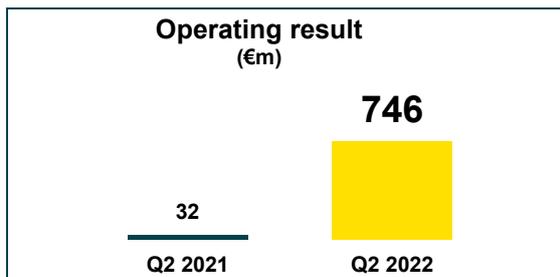
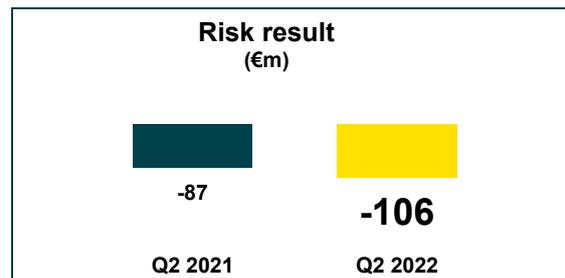
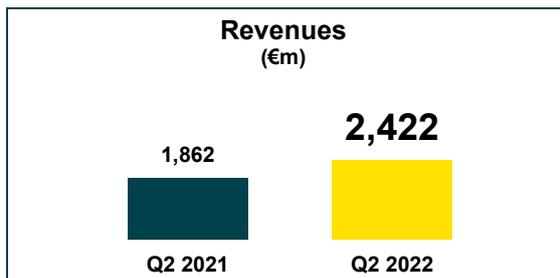


IR release

3 August 2022

Commerzbank doubles operating result to 1.3 billion euros in the first six months of the year

- Revenues in the second quarter increased to €2.4bn (Q2 2021: €1.9bn) based on strong customer business and rising interest rates
- Operating costs on track despite growing inflationary pressure – cost-income ratio in Q2 improved significantly to 65% (Q2 2021: 94%)
- Risk result of minus €106m (Q2 2021: minus €87m) reflects low number of defaults – TLA of €564m available for future challenges
- Operating result in Q2 increased to €746m (Q2 2021: €32m) – net result further improved to €470m (Q2 2021: minus €527m)
- CET 1 ratio increased to 13.7% – outlook confirmed



“In the first six months, we have increased revenues above our expectations and more than doubled our operating profit. The strong development of our result is clear testimony to the effectiveness of our Strategy 2024.”

Manfred Knof, CEO

“For 2022, we continue to expect a net result of more than 1 billion euros. With our comfortable capital base and our conservative risk provisioning we are well equipped for upcoming challenges.”

Bettina Orlopp, CFO

Commerzbank has continued its upwards trend in the first six months of 2022 and has more than doubled its operating result. Thanks to a strong customer business and rising interest rates, revenues significantly increased. The Bank reduced its operating costs as planned despite growing inflationary pressure and has been able to more than compensate for the significant increase in compulsory contributions. The low risk result reflects the high quality of the loan book. In total, the Bank generated a net profit of €768 million in the first six months of the year compared with a loss in the first six months of 2021. With its high portfolio quality, the comfortable capital base and the available top level adjustments (TLA) of €564 million the Bank is well equipped for future economic challenges. Commerzbank has confirmed its profit outlook for the year.

“In the first six months, we have increased our revenues in both segments above our expectations and more than doubled our operating profit. The strong development of our result is clear testimony to the effectiveness of our Strategy 2024 also in a phase of low economic growth,” said Manfred Knof, Chief Executive Officer of Commerzbank. “We have succeeded in enhancing the resilience of Commerzbank during a very difficult period.”

Commerzbank has also consistently progressed with its strategic initiatives. By the end of the year, the Bank intends to have largely contracted the necessary personnel reduction of 10,000 gross full-time equivalents. As of the end of June, the reduction of 7,700 positions has already been locked in. In the optimisation of its branch network, as targeted in the Strategy 2024, Commerzbank had already reached its goal of 450 locations in Germany by the end of June. In line with this, the set-up of the advisory centres is progressing at full speed. Having already introduced 3 pilot locations, the other locations will begin operating from mid-September onwards. The objective is to advise around 8 million private and small business customers from these centers by the end of the year.

The Bank is making good progress on its path to becoming *the* digital advisory bank for Germany. Its financial analysis service that is already widely used in the banking app, has been further enhanced and integrated into the Bank’s online banking offering. Moreover, the service “Financial Compass” was rolled out in the banking app. Customers can use it to keep track of their financial situation and receive individual recommendations.

The Bank is on schedule in the development of the “Mittelstandsbank Direkt” for corporate clients. Since the second quarter, 3,000 clients are already being served here. A further 3,000 clients will follow over the course of the year. With “Mittelstandsbank Direkt”, Commerzbank creates the first true direct bank for corporate clients in Germany. There has also been excellent progress in the simplification of the trading platform: the Bank has already decommissioned 56 of the 78 targeted applications.

Commerzbank is also stepping up the pace when it comes to sustainability. It presented a new ESG framework, which defines concrete targets for sustainable portfolio management. The Bank

has already set clear CO₂ reduction targets for half of the credit volume until the year 2030, above all for CO₂-intensive industries such as energy generation. In June, the Bank also issued its third green bond with a volume of €500 million.

Strong customer business testimony to operational strength of Commerzbank

In the second quarter, Commerzbank increased its revenues by 30% to €2,422 million (Q2 2021: €1,862 million) thanks to strong customer business and rising interest rates. Driven by significant interest rate hikes in Poland and the rise in long-term interest rates in Germany, net interest income increased by 26% to €1,478 million (Q2 2021: €1,173 million). Compared to an already strong result in the previous year, the Bank also improved net commission income by a further 5% to €896 million (Q2 2021: €852 million). This was above all supported by high volumes in payment transactions in the Corporate Clients segment as well as by a high level of transaction business at mBank.

In the first six months, revenues increased by around 20% to €5,216 million (H1 2021: €4,353 million). As already announced, Commerzbank expects a revenue burden in the third quarter due to new legislation in Poland allowing private borrowers “credit holidays” for mortgage loans.

With minus €106 million (Q2 2021: minus €87 million), the risk result in the second quarter was in line with expectations. The ratio of non-performing loans remained low at 0.8%. With €27 million, the basic loan loss provisions were also at a low level. In addition, there were charges of €228 million in connection with the Russia-Ukraine war, which were covered to a large extent by the existing top level adjustment (TLA). As of the end of June, the Bank has a total of €564 million TLA available for potential further direct effects from the Russia-Ukraine war, as well as for secondary effects such as the interruption of supply chains or high energy prices. Driven by provisioning effects in connection to Russia booked in the first quarter, the risk result was at minus €570 million after the first six months (H1 2021: minus €235 million). Since the beginning of the Russian invasion of Ukraine, the Bank has reduced its Russian net exposure by around 45% to net €1.02 billion by mid-July.

The Bank is on track with its cost-reduction programmes. In the second quarter, the operating costs declined by more than 16% to €1,425 million (Q2 2021: €1,704 million). This particularly reflects personnel reductions and savings from the optimised branch network. In addition, there was a negative one-off effect in the previous year. The reductions were again offset by higher compulsory contributions, which more than tripled to €144 million (Q2 2021: €39 million), above all due to new charges in Poland. Total expenses decreased by 10% to €1,570 million (Q2 2021: €1,743 million). Therefore, the cost-income ratio in the second quarter was 65% (Q2 2021: 94%). Total expenses in the first six months declined by 5.4% to €3,356 million (H1 2021: €3,548 million).

All in all, the operating result increased considerably in the second quarter to €746 million (Q2 2021: €32 million); in the first six months the operating result was €1,289 million (H1 2021: €570 million). The result for the quarter after taxes and minority interests amounted to €470 million (Q2 2021: minus €527 million). After six months the Bank has generated a net profit of €768 million (H1 2021: minus €394 million).

The Common Equity Tier 1 ratio (CET 1 ratio) as of 30 June increased to 13.7% (Q1 2022: 13.5%). This already includes a deferral for the planned dividend payment of 30% of the net profit. Furthermore, the ratio already reflects an increase in the credit RWA due to an anticipated effect of model adjustments. The buffer to the current regulatory requirement (MDA threshold) of 9.4% was about 430 basis points at the end of June.

“With our comfortable capital base and our conservative risk provisioning we are well equipped for upcoming challenges. Thanks to the strong development of our operating business and the progress in costs we continue to expect a net result of more than 1 billion euros for the year 2022. This, however, assumes that there will be no material additional provisions for the Swiss franc loan portfolio at mBank and no severe deterioration in the general development of the economy. In this respect, natural gas supplies to the German economy remain a major source of uncertainty,” said Bettina Orlopp, Chief Financial Officer of Commerzbank.

Development of the segments

Despite its deep transformation, the Private and Small-Business Customers (PSBC) segment increased its revenues in Germany in the second quarter to €1,141 million (Q2 2021: €872 million). Thereby, the segment benefitted from the rise in long-term interest rates, pricing of deposits and positive market value adjustments because of benefits from early mortgage repayments. The loss of around 89,000 net customers was again significantly lower than expected. The net inflow in the securities business was €2.5 billion. However, total volume of securities declined by €22 billion to €188 billion as a result of market developments in the second quarter. The credit volume slightly increased to more than €123 billion. All in all, the Private and Small-Business Customers segment increased its operating result in Germany to €377 million (Q2 2021: €99 million) in the second quarter.

Revenues at mBank increased by 56% to €402 million (Q2 2021: €257 million) in the second quarter. A major contribution came from the 123% increase in net interest income, while net commission income also improved by 14%. This contrasted with major charges: the politically agreed new Institutional Protection Scheme in Poland had a negative impact of €83 million on the compulsory contributions. Furthermore, the booking of additional provisions for Swiss franc loans burdened revenues by €40 million. For the third quarter, mBank expects additional charges of €210 to €290 million for “credit holidays” and of around €30 million for the extension of a support

fund for distressed borrowers. In the second quarter, mBank contributed a total of €103 million (Q2 2021: €40 million) to the operating result of Commerzbank.

The Corporate Clients segment increased its revenues by almost 15% to €882 million (Q2 2021: €768 million). This was mainly due to strong transaction and capital market business in all business divisions, while the loans business contributed stable revenues despite the strategic concentration on capital-efficient business. In total, the segment improved its operating result by nearly 35% to €325 million (Q2 2021: €241 million).

Outlook

Commerzbank confirms its outlook for the year 2022 based on the assumptions that there will not be a severe deterioration of the economic environment, for instance due to a natural gas shortage, and that there will be no material additional provisions for the Swiss franc loan portfolio at mBank. All in all, the Bank expects higher revenues this year despite the expected burdens from Poland. This growth will be driven by significantly higher underlying net interest income thanks to rising interest rates while underlying net commission income is expected to be at the level of last year. Commerzbank sticks to its operational cost reduction target, but now anticipates total costs of €6.4 billion as a result of the higher compulsory contributions in Poland of approximately €100 million. This should be more than offset by a stronger increase in revenues. The risk result is expected to be about minus €700 million based on the assumption of using the TLA. All in all, the Bank continues to anticipate a net profit of more than €1 billion and a CET 1 ratio of more than 13% at the end of the year. It intends to propose a dividend for the 2022 financial year with a pay-out ratio of 30% based on the net result after deduction of the AT1 coupon payments.

Financial figures at a glance

in €m	Q2 2022	Q2 2021	Q2 22 vs. Q2 21 in%	Q1 2022	H1 2022	H1 2021	H1 22 vs. H1 21 in %
Net interest income	1,478	1,173	+26.0	1,401	2,879	2,427	+18.6
Net commission income	896	852	+5.2	972	1,868	1,803	+3.6
Net fair value*	69	125	-44.6	353	422	485	-13.0
Other income	-22	-288	+92.5	69	47	-361	
Total revenues	2,422	1,862	+30.1	2,795	5,216	4,353	+19.8
<i>Revenues excl. exceptional items</i>	<i>2,311</i>	<i>1,884</i>	<i>+22.7</i>	<i>2,739</i>	<i>5,049</i>	<i>4,192</i>	<i>+20.5</i>
Risk result	-106	-87	-22.8	-464	-570	-235	

in €m	Q2 2022	Q2 2021	Q2 22 vs. Q2 21 in%	Q1 2022	H1 2022	H1 2021	H1 22 vs. H1 21 in %
Operating expenses	1,425	1,704	-16.4	1,440	2,865	3,173	-9.7
Compulsory contributions	144	39		347	491	375	+31.1
Operating profit or loss	746	32		544	1,289	570	
Restructuring costs	25	511	-95.2	15	39	976	-96.0
Pre-tax profit or loss	721	-478		529	1,250	-406	
Taxes	226	40		199	425	-43	
Minorities	25	8		32	57	31	+84.7
Consolidated profit or loss**	470	-527		298	768	-394	
Cost-income ratio in operating business excl. compulsory contributions (%)	58.8	91.5		51.5	54.9	72.9	
Cost-income ratio in operating business incl. compulsory contributions (%)	64.8	93.6		63.9	64.3	81.5	
Operating RoTE (%)	10.3	0.5		7.6	8.9	4.1	
Net RoTE (%)***	6.7	-9.3		4.0	5.4	-3.9	
Net RoE (%)	6.5	-8.9		3.9	5.2	-3.8	
CET 1 ratio (%)***	13.7	13.4		13.5	13.7	13.4	
Leverage Ratio (%)	4.6	4.6		4.7	4.6	4.6	
Total assets (€bn)	535	544		526	535	544	

* 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.