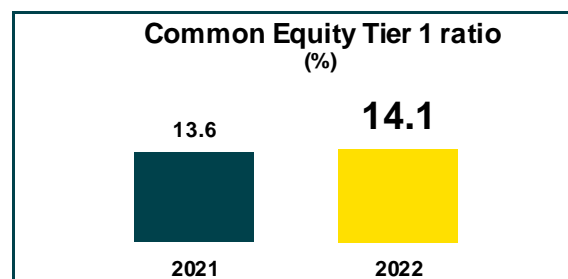
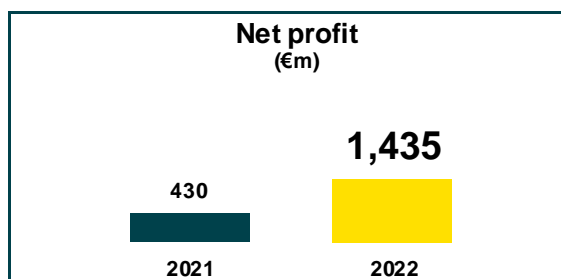
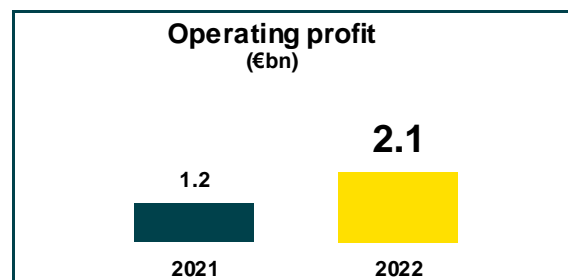
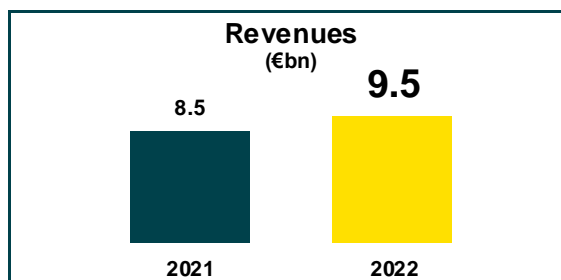


Press Release

For business editors
16 February 2023

Commerzbank reports highest net profit in more than ten years thanks to strong revenue performance – positive outlook for 2023

- Operating result in 2022 increased significantly to €2.1 billion (2021: €1.2 billion) despite one-off burdens in Poland – net profit more than tripled to €1.4 billion
- Revenues increased by 12% to €9.5 billion thanks to dynamic development in customer business and interest rate turnaround
- Costs reduced by 3.2% to €6.49 billion despite strong inflationary pressure and significant increase in compulsory contributions – cost-income ratio improved to 68.6% (2021: 79.3%)
- High credit quality maintained – risk result at minus €876 million (2021: minus €570 million) due to economic downturn and Russia – ~€500 million TLA still available
- 30 % pay-out ratio planned: dividend proposal of 20 cents per share and €122 million share buyback subject to ECB approval intended
- Outlook 2023: Net result well above 2022 expected and a pay-out ratio of 50% targeted



“We have delivered as promised: We achieved our strategic goals and more than tripled our net profit. That proves our strategy is working. Our turnaround is a success. Commerzbank is back.”

Manfred Knof, CEO

“Our strong net profit proves that we are able to buffer crises and high extraordinary burdens without affecting our capital base. That gives us the strength to distribute capital to our shareholders again.”

Bettina Orlopp, CFO

Commerzbank more than tripled its net profit in the 2022 financial year to more than €1.4 billion despite the difficult economic environment and high one-off burdens in Poland, thereby clearly exceeding the announced target of over €1 billion. This is the highest profit in more than ten years. The Common Equity Tier 1 ratio improved further to a very comfortable 14.1%. The Bank has therefore the capacity to resume returning capital to its shareholders. In accordance with its capital return policy, the Bank intends to distribute 30% of its net profit after deduction of AT1 coupon payments by planning a dividend of 20 cents per share and by applying for a share buyback programme of €122 million.

Thanks to a strong customer business and with the tailwind of higher interest rates, revenue momentum accelerated over the course of the year. In addition, the Bank was able to reduce costs despite increasing inflationary pressures. The loan book also proved to be resilient in the face of economic uncertainties and the consequences of the Russian war of aggression against Ukraine. With the still available Top-Level Adjustment (TLA) of almost €500 million, the Bank is well prepared for the continuing economic challenges.

“Commerzbank has delivered as promised: We achieved our strategic and financial goals in the 2022 financial year. Despite the difficult economic environment and the high one-off burdens in Poland, we more than tripled our net profit and thus increased it even more than expected. That proves our strategy is working. Our turnaround is a success. Commerzbank is back,” said the Chairman of the Board of Managing Directors Manfred Knof. “At the halfway point of our transformation programme, we are on track to becoming *the* digital advisory bank for Germany. We will continue to keep up the pace in the second half of the implementation of our ‘Strategy 2024’ and achieve our return targets. Without slackening on cost discipline, we are now focusing on the customer business and revenue. Especially in light of the current profound social and economic changes, our strengths in the advisory business are paying off.”

The transformation of the Bank is well on track and the new business model in Germany and abroad is in place. The planned gross reduction of around 10,000 full-time equivalents with almost 9,000 departures contracted mainly in Germany has been finalised for the most part. In adjusting its branch network, Commerzbank has reached its target of 450 locations in Germany envisaged in the “Strategy 2024” already by mid-2022. This year it will be heading to the new target size of around 400 branches.

The branch network is now complemented by the new advisory centre. As an additional sales channel, it bridges the gap between the branches, online banking, and mobile banking. Here, qualified advisors are available to customers via telephone, email, or video, including in the evenings and at weekends – covering all financial topics such as accounts, cards, securities investments, and real estate financing. At the same time, comdirect will continue to expand its digital offerings as a bank for digitally savvy customers. Furthermore, Commerzbank intends to

exploit revenue potential in asset management. In this context, business with affluent customers is to be expanded through targeted investments, especially to make Commerzbank even more attractive for new customer groups.

The Corporate Clients segment will build on its strengths as the leading bank for the Mittelstand and number one in foreign trade and leverage its advisory expertise to support its customers in the ongoing transformation of the economy. To this end, the Bank is responding to the current profound global shifts in world trade by adapting its foreign network as already communicated and will open new representative offices in Morocco and Jordan. With “Mittelstandsbank Direkt”, Commerzbank has also established the first comprehensive direct banking offering for small and medium-sized enterprises (SMEs) on the German market. Having migrated the first 6,000 customers to the new digital support model, the Bank will now further expand its offering, which will also be open to new customers.

The Bank will continue to drive the sustainable conversion of the economy and put an increased focus on environmental, social, and governance (ESG) issues. Already in 2022, the sustainable business volume increased to €246 billion (2021: €194 billion), for example through new ESG loans, green bonds, and sustainable investments. In addition, the Bank established a new ESG framework last year, which outlines the criteria for sustainable lending and explains reduction targets for CO₂-intensive sectors. For more than half of its lending volume to private and corporate customers or 85% of the financed emissions, Commerzbank has meanwhile set concrete CO₂ reduction targets resting on the scientifically based guidelines of the Science-Based Target Initiative (SBTi). In the current year, the Bank intends to further expand its ESG product range in the areas of financing, investments, derivatives, and research and thus build a sustainable ecosystem for Commerzbank customers. A focus in 2023 will be on the topics of biodiversity and social sustainability. This year, the sustainable business volume is to increase to €257 billion.

Strong revenues in customer business compensate for burdens in Poland

Buoyed by strong customer business, especially in the Corporate Clients segment, and thanks to the positive effects of the interest rate turnaround, Commerzbank increased its revenue by approximately 12% to €9.461 billion in 2022 (2021: €8.450 billion). This includes material one-off charges at the Polish subsidiary mBank. For the introduced so-called “credit holiday” scheme in Poland alone, negative revenue of €278 million plus a further €650 million in additional provisions for legal risks related to Swiss franc loans were incurred.

In the operating business, revenue momentum picked up strongly over the course of the year. As such, in the fourth quarter, underlying earnings in the Group saw an improvement of almost 30% year-on-year to reach €2.401 billion and by 18% for the entire year, amounting to €9.513 billion. Thanks to the tailwind from rising interest rates, net interest income for the full year 2022 increased by 33% to €6.459 billion (2021: €4.849 billion). In contrast, net commission income

declined by 2.4% to €3.519 billion (2021: €3.607 billion) due to a market-related downturn in the securities business.

Despite growing inflationary pressures, Commerzbank has reduced its operating expenses by 6.2% to €5.844 billion in 2022 (2021: €6.230 billion). This reflects the savings from branch closures and job cuts. It was partly offset by higher provisions for the variable remuneration of employees. Compulsory contributions increased by 37.4% to €642 million (2021: €467 million). Of this, €326 million were incurred at mBank alone, where the additional contribution of €91 million to the Institutional Protection Scheme and the increase of the Borrowers' Support Fund with a further €36 million had negative impacts. In addition, there was a further increase in the European bank levy. The Group's total expenses fell by 3.2% to €6.486 billion in 2022 (2021: €6.697 billion). The cost-income ratio improved significantly to 68.6% (2021: 79.3%) and thus has come a big step closer to the medium-term target of 60%.

The risk result in 2022 amounted to minus €876 million and was affected by the increased economic uncertainties in the course of the year and the economic impact of the Russian war of aggression against Ukraine. In this context, the Bank continues to have an additional general loan loss provision (Top-Level Adjustment, TLA) of €482 million, which will be available for expected secondary effects like supply chain disruptions or higher energy prices. The quality of the Bank's loan book remains very high with a non-performing loan ratio (NPE ratio) of only 1.1%.

In total, the operating result in 2022 increased by more than three quarters to reach €2.099 billion (2021: €1.183 billion). In the fourth quarter alone, the Bank significantly increased its operating result to €528 million (Q4 2021: €141 million). All in all, the net profit after tax and minority interests more than tripled to €1.435 billion (2021: €430 million).

The Common Equity Tier 1 ratio (CET 1 ratio) rose to a very comfortable 14.1% as of 31 December 2022 (December 2021: 13.6%, September 2022: 13.8%). This already takes into account the accrual for the planned pay-out of 30% of the net profit. As of end of December, the gap to the regulatory minimum requirement (MDA threshold) of around 9.5% was thus almost 470 basis points. The gap to the new MDA threshold, which is raised to around 10.1% in the first quarter of 2023 due to activated countercyclical and sector-specific capital buffers, is also very comfortable. The net return on tangible equity (RoTE) improved to 4.9% and thus made a leap forward towards the medium-term target of more than 7.3% in 2024.

Thanks to the good financial result of 2022, the Bank plans to distribute 30% of its 2022 net profit after deduction of AT1 coupon payments to its shareholders in line with its capital return policy. Thereof, €250 million will be paid through a 20 cents per share dividend if the planned proposal is approved by the Annual General Meeting at the end of May. In addition, with the approval of the Supervisory Board, the Board of Managing Directors has submitted an application for the approval

of a share buyback programme with a volume of €122 million to the European Central Bank (ECB) and the Finance Agency.

“Our strong net profit proves that we have increased the Bank’s competitiveness and resilience. Commerzbank is now able to buffer crises and high extraordinary burdens without affecting its capital base. This gives us the strength to resume capital distribution to our shareholders,” said Chief Financial Officer Bettina Orlopp. “It is important to us that our shareholders benefit from our financial success. We deliberately chose a combination of the planned dividend payment and the applied for share buyback programme. As the Board of Managing Directors, we are convinced that our strategy will continue to create much value in the coming years and that we will be able to distribute further capital to our shareholders in accordance with our capital return policy.”

Segment development: Strong revenue momentum in both segments

The Corporate Clients segment increased its operating result by a good 60% to €1.066 billion (2021: €656 million) and thereby achieved the best result since 2016. There were increases across all product and customer groups. Net interest income increased by 23% and net commission income by almost 6%. Overall, revenues climbed by almost 20% to €3.792 billion (2021: €3.169 billion). The segment was thus also able to more than offset the higher charges from the risk result. The cost-income ratio amounted to 60.1% (2021: 74.6%).

Backed by the interest rate turnaround, the Private and Small-Business Customers (PSBC) segment improved its operating result in Germany by 43% to €1.090 billion (2021: €760 million). Revenues increased by 8% to €4.321 billion (2021: 3.997 billion). This is based on an increase in net interest income of 22% to €2.246 billion (2021: €1.837 billion), while net commission income was down by almost 9% to €1.904 billion (2021: €2.089 billion). This reflects a €30 billion drop in securities volume to €189 billion as a result of weaker stock markets. In contrast, the segment’s lending volume continued to rise by around €3 billion to €124 billion in 2022. The mortgage volume increased to €95 billion, but new business cooled over the course of the year. The deposit volume increased by more than €7 billion to €155 billion in 2022, the increase in the fourth quarter amounted to €2 billion.

mBank benefited from the surge in interest rates in Poland and nearly doubled its underlying revenues to €1.227 billion (2021: €687 million). However, this was more than offset by the burdens from the possibility of interest and redemption deferrals for private real estate financing (“credit holidays”) introduced by the Polish government as well as the additional provisioning for legal risk of Swiss franc mortgages and the increase in compulsory contributions. Overall, mBank reported an operating result of minus €90 million (2021: minus €186 million).

Outlook 2023: Positive development expected to continue

Commerzbank expects another demanding year in view of the challenging environment. It remains however optimistic that it will continue its strong business performance and thus make further progress towards its medium-term goals. The Bank anticipates a further increase in net interest income to well above €6.5 billion with clear additional upside potential. Net commission income is expected to remain stable. The Bank is aiming for a further reduction in total costs to €6.3 billion, even though the cost-income ratio is the key steering metric. On the assumption of using TLA, the Bank expects a risk result of less than minus €900 million. It predicts the CET1 ratio to be around 14%. All in all, the Banks aims for a net result well above that of 2022. In addition, the Bank intends to increase the pay-out ratio to 50% of the consolidated profit after deduction of AT1 coupon payments. The outlook is based on the assumptions that there will be a mild recession and that there will be no further substantial exceptional charges at mBank.

Financial figures at a glance

in €m	2022	2021	22 vs 21 in %	Q4 2022	Q4 2021	Q4 22 vs Q4 21 in %	Q3 2022
Net interest income	6,459	4,849	+33.2	1,958	1,300	+50.7	1,621
Net commission income	3,519	3,607	-2.4	806	921	-12.6	849
Net fair value*	451	980	-54.0	-143	334		172
Other income	-967	-985	+1.9	-258	-459	+43.8	-757
Total revenues	9,461	8,450	+12.0	2,363	2,097	+12.7	1,886
<i>Revenues excl. exceptional items</i>	<i>9,513</i>	<i>8,062</i>	<i>+18.0</i>	<i>2,401</i>	<i>1,862</i>	<i>+28.9</i>	<i>2,066</i>
Risk result	-876	-570	-53.7	-222	-313	+29.0	-84
Operating expenses	5,844	6,230	-6.2	1,553	1,578	-1.6	1,429
Compulsory contributions	642	467	+37.4	59	65	-8.7	91
Operating profit or loss	2,099	1,183	+77.5	528	141		282
Restructuring costs	94	1,078	-91.3	40	26	+56.1	14
Pre-tax profit or loss	2,005	105		488	115		267
Taxes	612	-248		-41	-199	+79.4	228
Minorities	-42	-77	+45.7	57	-107		-155
Consolidated profit or loss**	1,435	430		472	421	+12.1	195



in €m	2022	2021	22 vs 21 in %	Q4 2022	Q4 2021	Q4 22 vs Q4 21 in %	Q3 2022
Cost-income ratio in operating business excl. compulsory contributions (%)	61.8	73.7		65.7	75.3		75.8
Cost-income ratio in operating business incl. compulsory contributions (%)	68.6	79.3		68.2	78.4		80.6
Operating RoTE (%)	7.2	4.2		7.2	2.0		3.8
Net RoTE (%)***	4.9	1.0		6.7	6.0		2.2
Net RoE (%)	4.7	1.0		6.5	5.8		2.2
CET 1 ratio (%)***	14.1	13.6		14.1	13.6		13.8
Leverage Ratio (%)	4.9	5.2		4.9	5.2		4.5
Total assets (€bn)	477	467		477	467		536

* 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 pay-out accrual and potential (fully discretionary) AT 1 coupons.

The figures for the year 2022 presented in this press release are preliminary and unaudited.

Today's annual press conference will be broadcast live on the [Commerzbank website](#) from 10.30 a.m. (CET) onwards.

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About Commerzbank

Commerzbank is the leading bank for the German Mittelstand and a strong partner for around 26,000 corporate client groups and almost 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.

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.