

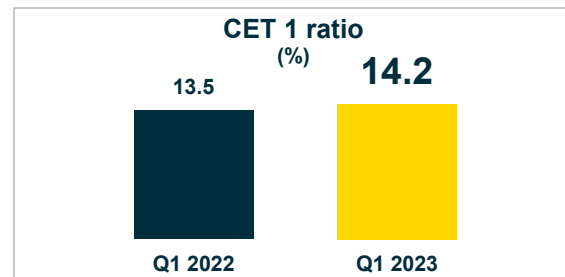
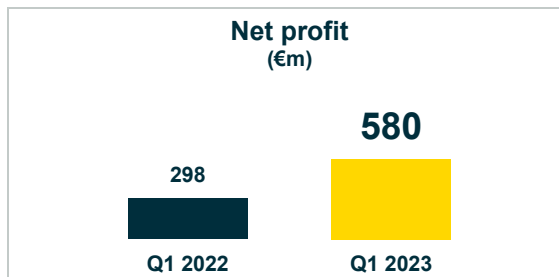
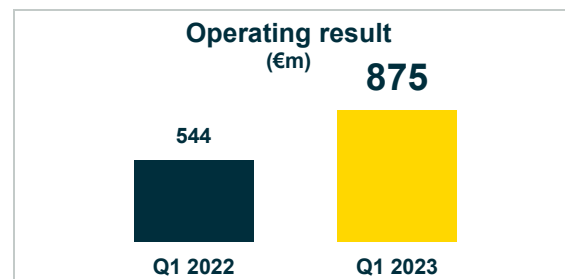
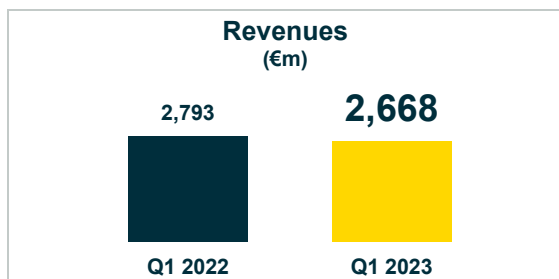
## Press Release

For business editors

17 May 2023

### Commerzbank with strong start to the year – net profit almost doubled

- Operating result increased by around 60% to €875 million in Q1, net profit improved to €580 million (Q1 2022: €298 million)
- Revenues of almost €2.7 billion (Q1 2022: €2.8 billion) reflect high net interest income and strong fee business, further burdens in Poland
- Costs of €1.7 billion (Q1 2022: €1.8 billion) on track – cost-income ratio of 65%
- Low risk result of minus €68 million with unchanged TLA proves high quality of loan book
- CET 1 ratio increased to 14.2%, first share buy-back programme approved
- Further progress with transformation of the Bank
- Outlook for 2023 confirmed – pay-out ratio of 50% targeted



“Our transformation is making good progress and is increasingly paying off. We had a very good start to the year, continuing the strong performance of the previous year. We are fully on track to meet our targets for 2023 including a pay-out ratio of 50%.”

**Manfred Knof, CEO**

“We are steering the Bank through a very dynamic environment with clear priorities. We continue to profit from the high quality of our loan book and our conservative risk management. We are also benefiting from our significantly improved profitability.”

**Bettina Orlopp, CFO**

Commerzbank had a very good start to the 2023 financial year. Despite the market turmoil and additional burdens from the Swiss franc mortgages of mBank, Commerzbank increased its operating result by more than 60% in the first quarter. Net profit almost doubled. The Bank continued to benefit from higher interest rates and a good fee business. As a result, the underlying net interest income reached a record high, even though the momentum slowed slightly compared to the previous quarter due to higher interest rates on deposits. In terms of costs, Commerzbank remained on target despite high inflationary pressure. The risk result was low, despite the tense macroeconomic situation. Whilst maintaining a comfortable capital ratio, the Bank accrued for the targeted pay-out ratio of 50% in the first quarter.

Meanwhile, the European Central Bank (ECB) and the Finance Agency have approved Commerzbank's first share buyback programme of €122 million. It complements the 20 cents per share to be proposed as a dividend at the Annual General Meeting on 31 May 2023. In line with its capital return policy, Commerzbank will distribute 30% of last year's net profit after deduction of AT 1 coupon payments.

"Commerzbank is in good shape. Our transformation is making good progress and is increasingly paying off. We had a very good start to 2023, continuing the strong performance of the previous year," said Chairman of the Board of Managing Directors Manfred Knof. "The interest rate development continues to give us a tailwind, and the fee business has delivered a good result. We are fully on track to meet our targets for 2023 including a pay-out ratio of 50%."

The Bank continued to move ahead with the implementation of its "Strategy 2024". As an example, the sector-specific service for large companies was expanded. In addition to around 90 German corporations that are already being served within the sector approach, this service has now been expanded to include around 300 German and international large corporates. The digital offerings have also been expanded. The new advisory centre, which creates the link between the branches and online and mobile banking in the Private and Small-Business Customer business, has further improved its processes and is being well received by customers.

A strategic focus continues to be the alignment of the Bank's business with sustainability criteria. Commerzbank has made significant progress on this topic since the beginning of the year. In March of the current year, it was the first German bank to receive the approval from the Science Based Targets initiative (SBTi) for its CO<sub>2</sub> reduction targets by 2030. In addition, the Bank launched the Impact Solutions Platform, a digital marketplace for small-business customers and corporate clients. Here, customers can connect with providers from the green tech sector and find innovative solutions for their sustainable transformation. In April, Commerzbank became a member of the biodiversity initiative Taskforce on Nature-related Financial Disclosures (TNFD). Their recommendations are the basis for consistent and comparable reporting practices regarding nature-related risks and opportunities.

Entering the second half of "Strategy 2024", the Bank also launched its new brand campaign "No time to hesitate. It's time for action." Following the successful turnaround and its return to the

leading German stock index Dax, Commerzbank is further increasing its visibility in the market. In the campaign, Commerzbank positions itself as a bank for ambitious customers who are encouraged to look ahead optimistically and tackle challenges despite multiple crises.

### **Strong operating performance: Significant increase in net interest income, good net commission income**

In the first three months of the current year, the Bank benefited from rising interest rates and the recovery on the stock markets. Overall, revenues amounted to €2.668 billion (Q1 2022: €2.793 billion). This reflects additional provisions for legal risks related to Swiss franc mortgages and the discontinuation of special conditions from the ECB's Targeted Longer-Term Refinancing Operations (TLTRO) programme. Adjusted for exceptional items and the charges from Poland, revenues increased slightly.

Net interest income rose by almost 39% year-on-year to €1.947 billion. Net commission income noticeably exceeded the previous quarters. At €915 million, it still remained below the exceptionally strong figure of the previous year's quarter (Q1 2022: €970 million).

Thanks to active management and lower compulsory contributions, costs were on track and slightly below the previous year despite high inflationary pressures. Overall, total expenses decreased by 3.4% to €1.724 billion in the first quarter (Q1 2022: €1.785 billion). Compulsory contributions fell by around a quarter to €260 million due to a decline in the European bank levy. In contrast, operating costs rose by 1.8% to €1.464 billion (Q1 2022: €1.438 billion) which are based on higher accruals for variable compensation due to the strong first quarter. The ongoing job reductions and a decline in administrative expenses had a positive effect on the cost base. The cost-income ratio was 64.6%.

The risk result was low at minus €68 million in the first quarter. At the same time, the Top-Level Adjustment (TLA) was almost unchanged at €483 million (Q4 2022: €482 million). The non-performing exposure ratio (NPE ratio) remained strong at 1.1%. In the first quarter of 2022, the risk result, marked by a significant TLA increase following the start of the war in Ukraine, had been minus €464 million.

In total, the Bank increased its operating result by 61% to €875 million in the first three months of 2023 (Q1 2022: €544 million). All in all, the net profit after tax and minority interests amounted to €580 million (Q1 2022: €298 million).

The Common Equity Tier 1 ratio (CET 1 ratio) increased slightly to 14.2% as of 31 March 2023 (31 December 2022: 14.1%, 31 March 2022: 13.5%). The gap to the regulatory minimum requirement (MDA threshold), which was raised to 10.01% in the first quarter due to activated countercyclical and sector-specific capital buffers, remains very comfortable at 420 basis points. The return on tangible equity (RoTE) improved to 8.3% (Q1 2022: 4.0 %), buoyed by the low risk result.

“We are steering the Bank through a very dynamic environment with clear priorities. In this respect, the high quality of our loan book and our conservative risk management are paying off. We are benefiting from the fact that we have – thanks to our considerable transformation progress – significantly improved profitability and substantially increased our resilience,” Chief Financial Officer Bettina Orlopp explained. “We were able to further increase our ability to pay out capital to our shareholders.”

### **Segment development: Revenue growth continued in the operating business**

In a challenging competitive environment, the business volume of the Private and Small-Business Customers segment in Germany remained largely stable. At €124 billion, the lending volume at the end of the quarter was almost unchanged, compared to the first quarter 2022 it was €1.8 billion higher. The mortgage volume was stable overall compared to the fourth quarter at around €95 billion. New mortgage business picked up over the course of the first quarter and exceeded the volume of the fourth quarter of 2022. Deposits amounted to €151 billion at the end of March and were higher year-on-year. Compared to the fourth quarter of 2022, the volume declined by about €3.5 billion due to cyclical and seasonal effects. The securities portfolio recovered significantly to €202 billion compared to the previous quarter thanks to higher stock market prices, but remained below the volume of the first quarter 2022. As of 31 March 2023, churn continued to be significantly below expectations with a net loss of 31,000 customers in the first quarter.

Overall, the segment increased its revenues in Germany by more than 8% to €1.147 billion (Q1 2022: €1.060 billion). This reflects a year-on-year improvement of 23% in net interest income. However, net interest income fell slightly compared to the fourth quarter mainly due to less benefits from prepayment of mortgages. The operating result increased by 7.4% to €290 million (Q1 2022: €270 million). This includes a higher risk result following the booking of additional TLA against the background of changed assumptions due to uncertainties from crises and the economy as well as the inflation and interest rate development.

mBank continued its strong operating performance in the first quarter, generating an operating result of €100 million (Q1 2022: €134 million) despite the new additional provisions for legal risks on Swiss franc mortgages of €173 million (Q1 2022: €41 million). Without these burdens and further negative effects of the “credit holidays” introduced by the Polish government, the operating result would have increased to €262 million (Q1 2022: €175 million).

The Corporate Clients segment continued its growth course driven by the positive development of net interest income from deposits. Net interest income of the segment was 36% higher than in the first quarter of 2022. Overall, revenues increased by approximately 16% to €1.078 billion (Q1 2022: €926 million) – the highest level since 2016. The strong operating result of €539 million (Q1 2022: minus €7 million) was also driven by a positive risk result of €54 million (Q1 2022: minus 286 million), which reflected the release of risk provisions following received repayments on

adjusted claims. The cost-income ratio improved further in the first quarter to 55% (Q1 2022: 69.9%).

### Outlook: Annual targets for 2023 confirmed

Commerzbank remains confident that it will continue its positive development in 2023 in a challenging environment. The Bank now expects net interest income to increase to around €7 billion and sees an additional upside potential depending on the actual development of the deposit beta. Net commission income is expected to be similar to the previous year's level. The Bank continues to aim for a reduction of total costs to €6.3 billion – despite the high inflationary pressure. The decisive steering parameter remains the cost-income ratio with the medium-term target of 60%. In addition, the Bank confirms the outlook for the risk result of less than minus €900 million on the assumption of using the TLA. The CET 1 ratio is expected to remain unchanged at around 14%. All in all, Commerzbank is aiming for a net profit well above that of 2022. The outlook depends on the development of mBank's Swiss franc mortgages and continues to be based on the assumption of a mild recession. In addition, the Board of Managing Directors is sticking to its target of a pay-out ratio of 50% of the Bank's net profit after deduction of AT 1 coupon payments.

### Key financial figures at a glance

In €m	Q1 2023	Q1 2022	Q1 23 vs. Q1 22 in %	Q4 2022	Q1 23 vs. Q4 22 in %	FY 2022
Net interest income	1,947	1,401	+38.9	1,958	−0.6	6,459
Net commission income	915	970	−5.6	806	+13.6	3,519
Net fair value result <sup>1</sup>	−72	353		−143	+49.4	451
Other income	−122	69		−258	+52.5	−967
<b>Total revenues</b>	<b>2,668</b>	<b>2,793</b>	<b>−4.5</b>	<b>2,363</b>	<b>+12.9</b>	<b>9,461</b>
<i>Revenues excl. exceptional items</i>	<i>2,655</i>	<i>2,737</i>	<i>−3.0</i>	<i>2,401</i>	<i>+10.6</i>	<i>9,513</i>
Risk result	−68	−464	+85.3	−222	+69.3	−876
Operating expenses	1,464	1,438	+1.8	1,553	−5.7	5,844
Compulsory contributions	260	347	−25.1	59		642
<b>Operating profit or loss</b>	<b>875</b>	<b>544</b>	<b>+61.0</b>	<b>528</b>	<b>+65.7</b>	<b>2,099</b>
Restructuring costs	4	15	−72.1	40	−89.7	94
<b>Pre-tax profit or loss</b>	<b>871</b>	<b>529</b>	<b>+64.8</b>	<b>488</b>	<b>+78.5</b>	<b>2,005</b>
Taxes	279	199	+40.3	−41		612
Minorities	12	32	−61.6	57	−78.2	−42
<b>Consolidated profit or loss<sup>2</sup></b>	<b>580</b>	<b>298</b>	<b>+94.8</b>	<b>472</b>	<b>+22.7</b>	<b>1,435</b>

In €m	Q1 2023	Q1 2022	Q1 23 vs. Q1 22 in %	Q4 2022	Q1 23 vs. Q4 22 in %	FY 2022
Cost-income ratio in operating business excl. compulsory contributions (%)	54.9	51.5		65.7		61.8
Cost-income ratio in operating business incl. compulsory contributions (%)	64.6	63.9		68.2		68.6
Operating RoTE (%)	11.8	7.6		7.2		7.2
Net RoTE (%) <sup>3</sup>	8.3	4.0		6.7		4.9
Net RoE (%)	8.0	3.9		6.5		4.7
CET 1 ratio (%) <sup>3</sup>	14.2	13.5		14.1		14.1
Leverage Ratio (%)	4.8	4.7		4.9		4.9
Total assets (€bn)	497	519		477		477

<sup>1</sup> Net income from financial assets and liabilities measured at fair value through profit and loss.

<sup>2</sup> Net profit attributable to Commerzbank shareholders and investors in additional equity components.

<sup>3</sup> Reduced by potential pay-out accrual and potential (fully discretionary) AT 1 coupons.

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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.