

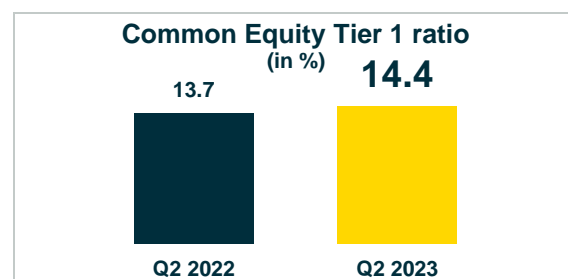
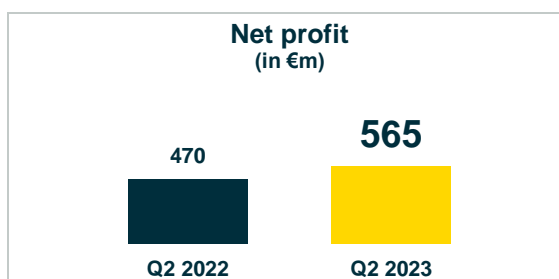
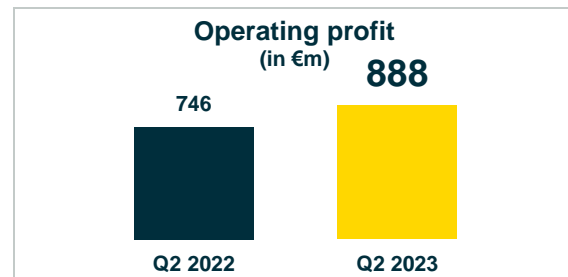
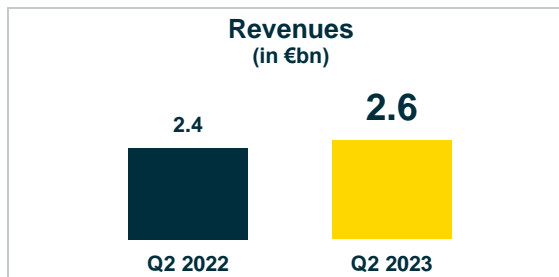
Press Release

For business editors

4 August 2023

Commerzbank with strong first half of the year – net profit increased by almost 50% to €1.1 billion

- Operating result up by 19% to €888 million in Q2, net profit increased by 20% to €565 million
- Q2 revenues improved by 9% to €2.6 billion with strong contributions from customer business and momentum due to higher interest rates – burdens in Poland offset
- Costs reduced by 2% to €1.5 billion (Q2 2022: €1.6 billion) – cost-income ratio in the first half of the year at 61% (H1 2022: 64%)
- Q2 risk result of minus €208 million (Q2 2022: minus €106 million) in line with expectations – credit quality remains high
- CET1 ratio increased to 14.4% – Bank to apply to ECB and German Finance Agency for approval of further share buyback
- Full year outlook for net interest income increased to at least €7.8 billion – net profit for 2023 expected well above 2022



“The first half of the year was yet another good one for Commerzbank. We are consistently implementing our strategy and have significantly increased profits thanks to strong revenues from our customer business.”

Manfred Knof, CEO

“After the strong first half of the year and based on our expectations for the second half, we will apply to ECB and German Finance Agency for approval of a further share buyback as part of the planned 50% pay-out.”

Bettina Orlopp, CFO

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Commerzbank continued its upward trend in the second quarter of 2023. Thanks to its ongoing strong customer business and the continued momentum from interest rate developments, the Bank further increased its revenues and profitability. In the first six months of 2023, Commerzbank already earned more than €1.1 billion – an increase of almost 50% year-on-year while compensating for new burdens from mBank's Swiss franc mortgages of €347 million in the second quarter. Thanks to its active cost management, Commerzbank was able to withstand the high inflationary pressure. The cost-income ratio improved to 61% in the first half of the year. The quality of the loan book remained high, and the risk result was in line with expectations.

Commerzbank's ongoing transformation is increasingly paying off. In addition to the positive effects from interest rate developments, the Bank also noticeably improved its capital deployment in the Corporate Clients segment by reducing business with low RWA efficiency. Furthermore, the digitalisation of the retail banking business continues to pick up speed. Through its digital offering and services, the Bank has significantly expanded customer accessibility in recent months and thus further strengthened the basis for its new retail business model.

"The first half of the year was yet another very good one for Commerzbank. We are consistently implementing our strategy and have significantly increased profits thanks to strong revenues from our customer business, despite additional high burdens from Swiss franc mortgages in Poland. We are fully on track to achieve our targets for 2023 and 2024," said Commerzbank's Chairman of the Board of Managing Directors, Manfred Knof.

Operating performance: Net interest income at record level

Revenues increased by 8.7% to €2.629 billion in the second quarter (Q2 2022: €2.420 billion) despite the additional burdens from the Swiss franc mortgages at the Polish subsidiary mBank. Thanks to the continued rise in Euro interest rates, revenues were once again driven by net interest income, which increased by 44.1% to a record level of €2.130 billion (Q2 2022: €1.478 billion). In contrast, net commission income fell by 6% to €841 million (Q2 2022: €894 million) because of a weaker securities business driven by the turnaround in interest rates and less revenues of Commerz Real.

Despite inflationary pressures, total costs were reduced by 2.2% to €1.533 billion (Q2 2022: €1.568 billion), mainly due to a decrease in compulsory contributions to €52 million (Q2 2022: €144 million). This reflects among other things lower compulsory contributions in Poland. Operating expenses increased to €1.481 billion (Q2 2022: €1.423 billion) as a result of earlier increases of accruals for variable compensation and general salary increases. Overall, the cost-income ratio fell to 58% in the second quarter (Q2 2022: 65%). In the first half of 2023, the Bank's costs decreased by 2.8% to €3.257 billion (H1 2022: €3.353 billion), and the cost-income ratio amounted to 61% (H1 2022: 64%).

The risk result of minus €208 million in the second quarter (Q2 2022: minus €106 million) was in line with expectations. This includes a one-off effect from the adjustment of internal credit risk models. All in all, credit quality continued to be high with a non-performing exposure (NPE) ratio of

only 1.1%; the number of loan defaults remained at a moderate level. For possible future defaults, the Bank maintains a top-level adjustment (TLA) of €456 million (Q1 2023: €482 million). After the first six months of 2023, the Bank's risk result amounted to minus €276 million (H1 2022: minus €570 million).

Overall, Commerzbank improved its operating result by 19.1% to €888 million in the second quarter (Q2 2022: €746 million). For the first half of the year, the operating result reached €1.764 billion (H1 2022: €1.289 billion). Net profit after tax and minority interests increased by 20.2% to €565 million in the second quarter and by 49.1% to €1.145 billion in the first half of the year.

The Common Equity Tier 1 ratio (CET1 ratio) rose further to 14.4% as of 30 June 2023 (Q1 2023: 14.2%). This already includes the accrual for the planned pay-out ratio of 50% of the 2023 net profit. With 436 basis points, the buffer to the regulatory minimum requirement (MDA threshold) of around 10.1% remains very comfortable. Supported by the dynamic revenue development and the low risk result compared to the previous year, the return on tangible equity (RoTE) rose to 8.1% in the first half of the year (H1 2022: 5.4%), but is expected to be lower for the year as a whole.

“Commerzbank's transformation is increasingly paying off. We are benefiting from our enhanced profitability, our strict cost discipline, and our conservative risk management, creating the basis for the targeted higher pay-out ratio for our shareholders. After the strong first half of the year and based on our expectations for the second half, we will apply to the ECB and the German Finance Agency for approval of a further share buyback as part of the planned 50% pay-out,” said Chief Financial Officer Bettina Orlopp.

Segment development: Increase in deposits in PSBC

Despite increasing competition for deposits, the Private and Small-Business Customers (PSBC) segment in Germany increased deposits to €153 billion in the second quarter (Q1 2023: €151 billion). The lending volume amounted to €124 billion (Q1 2023: €124 billion). At €95 billion, the volume of mortgage loans in Germany remained stable compared to the previous quarter, with new business picking up in the second quarter. Thanks to the positive stock market performance, the securities volume increased to €208 billion (Q1 2023: €202 billion). However, customers traded less due to the lower market volatility. In addition, higher deposit rates led to a restraint in investment. Together with lower fees at Commerz Real the segment's net commission income decreased to €450 million (Q2 2022: €495 million).

Net interest income amounted to €573 million in the second quarter (Q2 2022: €585 million). The reason for the slight decline is the impact of lower prepayments of mortgages, which is largely offset at Group level. All in all, the Private and Small-Business Customers segment in Germany generated an operating result of €297 million in the second quarter (Q2 2022: €378 million).

With its strong customer business, mBank was able to almost offset the new burdens from Swiss franc mortgages. Without the effects from the Swiss franc mortgages, mBank would have more

than doubled its operating profit to €335 million in the second quarter (Q2 2022: €143 million). This was mainly driven by strong growth in net interest income. Taking into account the ruling by the European Court of Justice (ECJ) on a competitor's foreign currency loans, mBank booked an additional provision for legal risks totalling €347 million in the second quarter. As a result, mBank's operating result was minus €14 million in the second quarter (Q2 2022: €103 million).

The Corporate Clients segment remained on its successful track, increasing revenues by 27.4% to €1.124 billion in the second quarter (Q2 2022: €882 million). All three client segments – Mittelstand, International Corporates, and Institutionals – contributed to this positive development. Again, this development was driven by net interest income from deposits. Deposit volumes remained stable at €96 billion (Q1 2023: €95 billion), with increased interest rates gradually being passed on. Despite muted demand due to the economic situation, the segment maintained its lending volume at the previous quarter's level of €86 billion (Q1 2023: €86 billion). The risk result was minus €169 million (Q2 2022: minus €52 million). It was influenced by a few larger defaults and a one-off effect from the adjustments of internal credit risk models amounting to minus €65 million. Overall, the operating result of the segment improved by 37.7% to €447 million.

Outlook improved

Commerzbank continues to expect a net profit for the full year 2023 well above the previous year's result of €1.4 billion and maintains its target of a pay-out ratio of 50% of net profit after deduction of AT1 coupon payments. As part of this pay-out, the Bank will apply to the European Central Bank (ECB) and the German Finance Agency for approval of a further share buyback based on the half year result and its expectations for the second half. Thanks to higher interest rates and the so far lower-than-expected deposit beta, the Bank improved its outlook for net interest income to a minimum of €7.8 billion for the full year of 2023 with some offsetting effects expected in the fair value result. Previously, the Bank had forecasted an increase in net interest income to around €7 billion with further upside potential. Net commission income, however, is now expected to be slightly below the previous year's level.

In view of the expected higher variable compensation due to the good business development, the Bank adjusted its cost outlook slightly and now anticipates total expenses of €6.4 billion for this year. Previously, the target was €6.3 billion. The cost-income ratio remains the key performance indicator with a target of 60% in 2024. For the risk result, the Bank expects less than minus €800 million (previously less than minus €900 million) with the final amount being subject to TLA usage. For the CET1 ratio, the Bank is now aiming for at least 14%. The outlook continues to be based on the assumption of only a mild recession and also depends on the further development of mBank's Swiss franc mortgages.

Financial figures at a glance

in €m	Q2 2023	Q2 2022	Q2 23 vs. Q2 22 in %	Q1 2023	H1 2023	H1 2022	H1 23 vs. H1 22 in %
Net interest income	2,130	1,478	+44.1	1,947	4,076	2,879	+41.6
Net commission income	841	894	-6.0	915	1,756	1,864	-5.8
Net fair value ¹	-17	69		-72	-90	422	
Other income	-324	-22		-122	-446	47	
Total revenues	2,629	2,420	+8.7	2,668	5,297	5,213	+1.6
<i>Revenues excl. exceptional items</i>	<i>2,621</i>	<i>2,309</i>	<i>+13.5</i>	<i>2,655</i>	<i>5,276</i>	<i>5,046</i>	<i>+4.6</i>
Risk result	-208	-106	-95.5	-68	-276	-570	+51.6
Operating expenses	1,481	1,423	+4.1	1,464	2,945	2,861	+2.9
Compulsory contributions	52	144	-64.0	260	312	491	-36.5
Operating profit or loss	888	746	+19.1	875	1,764	1,289	+36.8
Restructuring costs	4	25	-85.6	4	8	39	-80.5
Pre-tax profit or loss	885	721	+22.6	871	1,756	1,250	+40.5
Taxes	338	226	+49.5	279	617	425	+45.2
Minorities	-19	25		12	-6	57	
Consolidated profit or loss²	565	470	+20.2	580	1,145	768	+49.1
Cost/income ratio in operating business excl. compulsory contributions (%)	56.3	58.8		54.9	55.6	54.9	
Cost/income ratio in operating business incl. compulsory contributions (%)	58.3	64.8		64.4	61.5	64.3	
Operating RoTE (%)	11.8	10.3		11.8	11.8	8.9	
Net RoTE (%)	7.9	6.7		8.3	8.1	5.4	
Net RoE (%)	7.6	6.5		8.0	7.8	5.2	
CET1 ratio (%) ³	14.4	13.7		14.2	14.4	13.7	
Leverage ratio	4.9	4.6		4.8	4.9	4.6	
Total assets (€bn)	502	529		497	502	529	

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

² Net profit attributable to Commerzbank shareholders and investors in additional equity components.

³ Reduced by pay-out accrual and potential (fully discretionary) AT1 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.