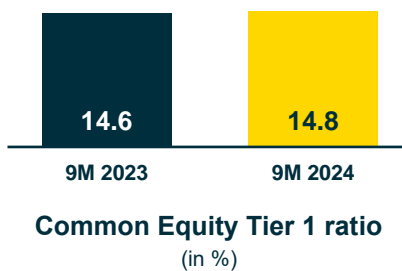
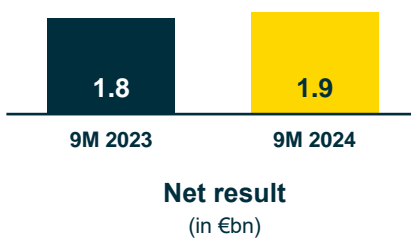
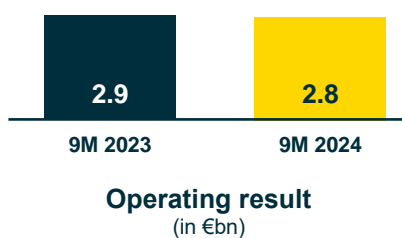
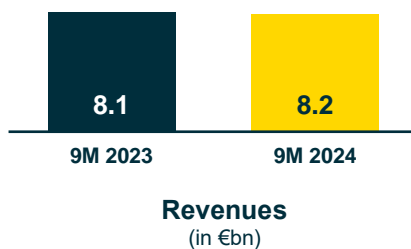


# Press Release

6 November 2024

## Commerzbank improves full-year outlook – Results after nine months ahead of plan

- Revenues increased to €8.2bn at end of September thanks to strong customer business (9M 23: €8.1bn)
- Loan volume of corporate clients in Mittelstand business increased by 3% to €62bn in Q3
- 9M net commission income up 4% to €2.7bn
- Net interest income after nine months at consistently high level of €6.3bn despite rate cuts
- 9M costs stable at €4.8bn – cost-income ratio at 59%
- Operating result after nine months almost stable at €2.8bn despite decreasing interest rates
- 9M net result up 5% to €1.9bn
- Risk result after nine months at minus €529m – non-performing exposure ratio remains low at 0.9%
- High CET1 ratio of 14.8% (9M 23: 14.6%) expected to rise to around 15% at year-end and underpins potential for capital return
- Outlook for full year: net result target of around €2.4bn confirmed – targets for net commission income and net interest income raised
- Third share buyback: buyback of first tranche of around €600m approved – applied for approval for second tranche of up to €400m



“We are convinced that we will increase our net result again this year. The customer business developed very well in the third quarter. We are particularly pleased with the growth in net commission income. This shows that our growth initiatives are increasingly paying off, thanks to the very consistent implementation of our strategy. This helps us to cushion the effect of decreasing interest rates and to broaden our revenue base for the future.”

**Bettina Orlopp, CEO**

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Commerzbank has improved its outlook for the 2024 financial year after the first nine months: net interest income and net commission income developed better than anticipated in the third quarter, which is why the Bank is raising its targets for both key figures. The Bank also confirms its forecast for 2024 of achieving a higher net result than in 2023. It anticipates a net result of around €2.4bn after reaching €2.2bn in the 2023 financial year. This means the Bank is once again heading for a record profit for the full year. In the third quarter, growth in net commission income accelerated to around 8% compared to the same quarter of the previous year. Growth in the securities business and asset management as well as in the syndication business and trade finance had a particularly positive effect. In contrast, net interest income fell slightly due to the European Central Bank's (ECB's) recent interest rate cuts, but the Bank benefited from the continuing high volume of deposits. Despite the economically challenging environment, the credit volume in the Corporate Clients segment rose to €100bn in the third quarter. In the Mittelstand alone, the loan volume increased by 3% compared to the previous quarter to €62bn. The loan book remains robust. Between January and September, revenues rose to a total of €8.2bn. With €1.9bn after taxes and minorities, the Bank earned 5% more in the first nine months of this year than in the same time of the previous year.

The Bank continued implementing its strategic initiatives in the third quarter. A few weeks after successfully acquiring a majority stake in Aquila Capital, the Bank started the distribution of Aquila products with the launch of the European long-term investment fund (ELTIF) "AC One Planet". The demand from Commerzbank customers for this long-term fund, which invests in pioneering projects in the field of renewable energy, is very high. The Bank is also expanding its offering for ultra-high-net-worth individuals and family offices, substantiating Commerzbank's growth ambitions in this segment. The relevant skill sets and highly specialised departments will be brought together in a separate division. In addition to the existing services in Berlin, Düsseldorf, Frankfurt am Main and Munich, the Bank is also establishing two new locations in Hamburg and Stuttgart for comprehensive advisory services for this customer group.

The Bank is also continuing to implement its strategic plans abroad. To further strengthen its technological development, Commerzbank has opened a new "IT factory" in Malaysia. Commerzbank is furthermore making good progress in its commitment to sustainability: growth in the Green Infrastructure Finance division, which focuses on project financing for renewable energies and other green infrastructure, already exceeded the record year 2023 after nine months. Between January and September, net growth in the financing volume amounted to around €1.1bn (full year 2023: €1bn).

"Our figures and our strong customer business emphasise that our strategy is paying off. Even in an environment of decreasing interest rates, we are delivering stable revenues and strong results. We believe we have great potential for growth, particularly in asset management and wealth management. In the lending business, we want to continue to grow in the Mittelstand business", said Bettina Orlopp, Commerzbank's CEO. "To further increase the Bank's profitability in the coming years and create sustainable value for our shareholders, we are currently working hard on upgrading our strategy for the coming years. The results will be presented on 13 February 2025."

### **Strong customer business: growth in commissions almost offsets decline in interest income**

Driven by the ongoing strength of customer business, Commerzbank's revenues remained at a high level in the third quarter at €2,735m (Q3 2023: €2,755m) – despite provisions of €227m for legal risks from foreign currency loans at Polish subsidiary mBank. The Bank benefited from accelerated growth in net commission income of around 8% to €894m (Q3 2023: €831m), to which both customer segments contributed. As anticipated, net interest income fell slightly to €2,048m (Q3 2023: €2,166m, Q2 2024: €2,078m) as a result of

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the interest rate cuts, but remained at a high level. Between January and September, revenues increased to €8,150m compared to the same period last year (9M 2023: €8,052m).

Total costs increased only slightly in the third quarter to €1,594m (Q3 2023: €1,549m). Compulsory contributions rose to €64m (Q3 2023: €45m). Again, this was caused by the higher contributions to the Deposit Insurance Fund due to the increase in covered deposits. Operating expenses were also slightly higher than in the previous year at €1,530m (Q3 2023: €1,504m). This was primarily due to higher costs incurred by mBank as a result of investments in future business growth and foreign currency effects. Other drivers were general salary increases in Germany, higher accruals for share-based variable compensation as a consequence of the strong rise in the Commerzbank share price and the increased cost base since the acquisition of Aquila Capital in June. These effects were partially offset by active cost management. Between January and September, costs fell by a total of around 1% to €4,780m. The cost-income ratio was at 58.7% (9M 2023: 59.7%).

The risk result totalled minus €255m in the third quarter (Q3 2023: minus €91m). It includes around minus €147m from methodology updates, of which minus €97m alone are intended to cover climate and environmental risks. In the ongoing economically challenging environment, the loan book proved to be overall robust, with three large individual cases impacting the risk result by minus €130m. The non-performing exposure ratio (NPE ratio) was at low 0.9% (Q2 2024: 0.8%). The Bank's Top-Level Adjustment (TLA) decreased by €94m due to reassessment. Taking into account the reduction in the TLA, the Bank still has €242m (Q2 2024: €336m) available mainly to cover expected secondary effects from geopolitical crises and uncertainties from inflation. After nine months, the risk result was at minus €529m (9M 2023: minus €367m).

Overall, the operating result in the third quarter totalled €886m (Q3 2023: €1,116m). Between January and September, it remained almost stable at €2,841m (9M 2023: €2,879m). Net result after taxes and minority interests totalled €642m in the third quarter (Q3 2023: €684m), improving by 5% to €1,926m after nine months (9M 2023: €1,829m). The Bank is therefore well on track to achieve its target of generating a higher profit for the financial year 2024 than in the previous year.

Commerzbank's Common Equity Tier 1 ratio (CET1 ratio) was 14.8% as of 30 September (30 June 2024: 14.8%, 30 September 2023: 14.6%). The Bank continues to have a very comfortable buffer of 451 basis points to the regulatory minimum requirement (MDA threshold), which currently is 10.31%. Commerzbank has significant potential to return capital to its shareholders. The return on tangible equity (RoTE) was 8.7% in the third quarter (Q3 2023: 9.6%) and improved to 8.8% between January and September (9M 2023: 8.6%). After nine months, the Bank is on track to achieve its target of at least 8% for the full year.

"We are consistently implementing our plans for the return of capital. We have applied for the second tranche of our share buyback to the ECB and the German Finance Agency. By further sharpening the financial targets of our Strategy until 2027 in September, we have also made it clear that we will improve our profitability beyond our original plans. This will enable us to return even more capital to our shareholders in the coming years", said Bettina Orlopp.

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## Segment performance: mBank more than doubles its operating result

The Corporate Clients segment generated revenues of €1,121m in the third quarter (Q3 2023: €1,172m). After nine months, revenues were 5% higher compared to the same period of the previous year, totalling €3,541m. Net commission income rose by around 5% to €345m in the third quarter compared to the same quarter of the previous year. The syndication business and trade finance developed particularly strongly. Net interest income, however, fell, as anticipated, to €629m (Q3 2023: €718m, Q2 2024: €678m) because of the recent interest rate cuts. The credit volume increased to €100bn in the third quarter despite the challenging economic environment (Q2 2024: €99bn, Q3 2023: €97bn). The segment's operating result totalled €412m (Q3 2023: €645m) and largely reflects the increased risk result in the third quarter. After the first nine months of the financial year, the operating result, which totalled €1,623m, was almost on the same level as in the previous year (9M 2023: €1,637m).

The Private and Small-Business Customers segment (PSBC) in Germany recorded stable revenues of €1,044m in the third quarter (Q3 2023: €1,045m), despite the decline of interest rates. In the first nine months of the year, the segment's revenues increased to €3,276m (9M 2023: €3,240m). As anticipated, in the third quarter net interest income fell to €537m (Q3 2023: €596m). However, the decline could largely be offset by a significant increase in net commission income by 8% to €472m as well as valuation effects at the real estate subsidiary Commerz Real. The continued strength of the securities business had a positive effect on net commission income. Driven by the positive trend in the stock markets, the securities volume rose further to €238bn by the end of September (end of June: €233bn). The segment's average deposit volume was stable in the third quarter at €174bn (Q2 2024: €174bn) as well as the loan volume at an average of €125bn (Q2 2024: €125bn). The volume of mortgage loans also remained unchanged at €96bn (Q2 2024: €96bn). The segment's operating result of €251m (Q3 2023: €298m) reflects, amongst others, the acquisition of Aquila Capital in June as well as increased expenses for the deposit guarantee scheme. After nine months, the result was 11% higher compared to the same period last year at €985m (9M 2023: €885m).

The Polish subsidiary mBank continued its dynamic growth in customer business. Revenues increased by a strong 40% to €485m in the third quarter (Q3 2023: €346m), despite further provisions for legal risks for foreign currency loans totalling €227m (Q3 2023: €234m). Between January and September, mBank's revenues increased by one-third to €1,239m (9M 2023: €929m). In the third quarter, net interest income rose to €609m (Q3 2023: €561m), driven by the continued strong deposit and lending business. Net commission income also increased further, rising by around 13% to €91m. mBank contributed €203m to the Group's operating result in the third quarter, more than twice as much as a year ago (Q3 2023: €89m). Without the impact of the legal risks associated with foreign currency loans and "Credit Holidays", the operating result would even have risen to €404m in the third quarter (Q3 2023: €323m). In the first nine months of the year, mBank was able to more than double its operating result to €432m compared to the same period last year (9M 2023: €175m).

## Outlook 2024: targets for net commission and net interest income as well as CET1 ratio raised

After the first nine months of the year, Commerzbank confirms its profit target for the full year 2024: with a net result of around €2.4bn, it is targeting a higher net result than in the 2023 financial year. The outlook is subject to the future development of burdens from Russia and foreign currency loans at mBank. Based on the strong results of the third quarter, the Bank is raising its forecast for net interest income from around €8.1bn to around €8.2bn for the full year. Net commission income also developed better than planned: the

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Bank now anticipates that net commission income will exceed the previous year's figure by more than 5%. Previously, the Bank had anticipated net interest income to rise by 4%. On this basis, the Bank assumes revenues totalling €10.9bn. Commerzbank now anticipates a CET1 ratio of around 15%. Previously, it had assumed a ratio of more than 14%. Commerzbank is still aiming for a cost-income ratio of around 60% for the current year. The Bank expects a risk result lower than minus €800m for the full year assuming usage of TLA.

The Bank remains committed to its capital return plans and planned share buybacks: for this financial year, Commerzbank is aiming to return at least 70% of net result to its shareholders – but not more than the net result after deduction of AT1 coupon payments. On 4 November, the Bank decided to start its third share buyback programme soon. Previously, the German Finance Agency and ECB had given their approval for the first tranche of €600m. As planned, Commerzbank has applied to the ECB and the German Finance Agency for the second tranche of up to €400m, based on the third quarter results. By strengthening the financial targets of its Strategy until 2027 in September, the Bank is increasing its capital return potential.

## Financial figures at a glance

in €m	Q3 2024	Q3 2023	Q3 24 vs Q3 23 (in %)	Q2 2024	9M 2024	9M 2023	9M 24 vs 9M 23 (in %)
Net interest income	2,048	2,166	-5.5	2,078	6,251	6,242	+0.1
Net commission income	894	831	+7.6	879	2,693	2,587	+4.1
Net fair value result <sup>1</sup>	-67	-67	+0.7	-4	-124	-157	+20.8
Other income	-140	-175	+19.9	-284	-670	-621	-7.9
<b>Total revenues</b>	<b>2,735</b>	<b>2,755</b>	<b>-0.7</b>	<b>2,668</b>	<b>8,150</b>	<b>8,052</b>	<b>+1.2</b>
<i>Revenues excl. exceptional items</i>	2,753	2,727	+0.9	2,815	8,287	8,003	+3.5
Risk result	-255	-91		-199	-529	-367	-44.4
Operating expenses	1,530	1,504	+1.7	1,524	4,550	4,449	+2.3
Compulsory contributions	64	45	+43.6	75	230	357	-35.5
<b>Operating result</b>	<b>886</b>	<b>1,116</b>	<b>-20.5</b>	<b>870</b>	<b>2,841</b>	<b>2,879</b>	<b>-1.3</b>
Restructuring costs	2	6	-72.5	1	4	14	-74.7
Pre-tax result	885	1,109	-20.2	869	2,837	2,865	-1.0
Taxes	197	405	-51.4	289	807	1,022	-21.0
Minorities	46	20		42	103	14	
<b>Consolidated result<sup>2</sup></b>	<b>642</b>	<b>684</b>	<b>-6.2</b>	<b>538</b>	<b>1,926</b>	<b>1,829</b>	<b>+5.3</b>
Cost-income ratio in operating business excl. compulsory contributions (%)	55.9	54.6		57.1	55.8	55.3	
Cost-income ratio in operating business incl. compulsory contributions (%)	58.3	56.2		59.9	58.7	59.7	
Operating RoTE (%)	11.3	14.6		11.3	12.2	12.7	
Net RoTE (%) <sup>3</sup>	8.7	9.6		7.3	8.8	8.6	
Net RoE (%)	8.3	9.2		7.1	8.5	8.3	
CET1 ratio (%) <sup>3</sup>	14.8	14.6		14.8	14.8	14.6	
Leverage ratio	4.4	4.9		4.5	4.4	4.9	
Total assets (€bn)	565	510		560	565	510	

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

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

<sup>3</sup> 2023 reduced by pay-out accrual and potential (fully discretionary) AT1 coupons – 2024 excluding net result.

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Journalists can dial in to the press conference call on the results of the second quarter, which begins at 10.30 a.m. CET today using the telephone number +49 69 667738009. From 9.00 a.m. CET, you can also follow the conference call for analysts in English live [online](#). The financial publications and the recording of the conference call for analysts are available on the [internet](#).

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#### **About Commerzbank**

Commerzbank is the leading bank for the German Mittelstand and a strong partner for around 25,500 corporate client groups. In addition, it supports private and small-business customers in Germany with more than €400 billion assets under management. 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% of Germany's foreign trade and is present internationally in more than 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 a business relationship to Germany, Austria, or Switzerland 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, amongst others, 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.

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