

Press Release

For business editors
22 July 2021

Commerzbank retains securities settlement in-house – outsourcing project stopped

- **Exceptional write-off in the amount of around €200 million necessary in Q2**
- **Growth of securities transactions makes in-house settlement profitable**

Today, Commerzbank's Board of Managing Directors decided to end the project for outsourcing securities settlement to HSBC Transaction Services GmbH with immediate effect. The reasons for the decision are technical implementation risks and changed market conditions. Due to the project stop, the Bank is anticipating an exceptional write-off of around €200 million in the second quarter of 2021. The write-off will not impact the liquidity or the Common Equity Tier 1 (CET1) capital of the Bank. Furthermore, provisions in the double-digit millions will be set aside.

This year's cost target of €6.5 billion remains valid in operational terms. However, the expenses for the exceptional write-off come in addition.

With this step, Commerzbank reduces complexity in its transformation and will firstly continue to modernise its own system landscape. The IT delivery organisation of Commerzbank introduced two years ago will make an important contribution to this. As part of its strategy 2024, the Bank has created a dedicated Key Area for Securities & Brokerage.

Since the launch of the outsourcing project in 2017, the market and technological environment have undergone substantial change. "After careful consideration, we have taken the decision to stop the outsourcing project owing to the high implementation risks. The significant growth in trading volume and the ongoing technological development are allowing us to continue securities settlement profitably," commented COO Jörg Hessenmüller.

The transfer of positions to the systems of the subsidiary company of HSBC planned for the middle of 2021 will not be carried out. Master data already transferred and tax statements relating to securities business are to be transferred back to Commerzbank by the beginning of 2022. Client business will not be affected by this.

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About Commerzbank

Commerzbank is the leading bank for the German Mittelstand and a strong partner for around 30,000 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 direct banks combined with personal advisory support on site. Its Polish subsidiary mBank S.A. is an innovative digital bank that serves approximately 5.5 million private and corporate customers, predominantly in Poland, but also in the Czech Republic and Slovakia. In 2020, Commerzbank generated gross revenues of some €8.2 billion with almost 48,000 employees.

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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.