

Commerzbank Lifts 2025 Forecast Despite Profit Drop

August 6, 2025

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FRANKFURT, Germany's Commerzbank has increased its full-year profit forecast for 2025, even after posting a 14% decline in second-quarter earnings, as the lender absorbs significant restructuring costs and continues to resist pressure from Italy's UniCredit over a potential merger.

The bank reported net profit of €462 million (£399 million) for the second quarter, down from €538 million (£465 million) during the same period last year. Despite the drop, the result surpassed analysts' expectations of €369 million (£319 million).

The decline was primarily attributed to €534 million (£461 million) in restructuring charges, tied to a previously announced plan to cut 3,900 jobs mainly in Germany as part of a broader strategy to streamline operations and improve long-term profitability.

Commerzbank has now raised its 2025 profit target to €2.5 billion (£2.16 billion), up from a prior estimate of €2.4 billion (£2.07 billion). The bank's leadership is aiming to demonstrate financial resilience and reinforce its position as an independent institution in the face of UniCredit's ongoing push for a merger.

UniCredit currently holds a 20.2% stake in Commerzbank and has expressed continued interest in a tie-up. However, opposition remains firm among Commerzbank executives, employee representatives, and the German federal government, which has voiced concerns about the foreign ownership of key national financial institutions.

Commerzbank has maintained that restructuring is essential to uphold its standalone strategy and avoid a foreign-led takeover. The improved earnings outlook appears to support this strategic direction.

The developments come amid broader consolidation trends across the European banking sector, with growing attention on cross-border mergers. German officials have repeatedly stressed the importance of keeping core financial infrastructure under domestic control.

With eurozone interest rates stabilising and one-off restructuring expenses expected to decline, Commerzbank is positioning itself for more stable performance in the coming quarters.

As of 5 August, the euro-dollar exchange rate stood at approximately \$1 = €0.8634.