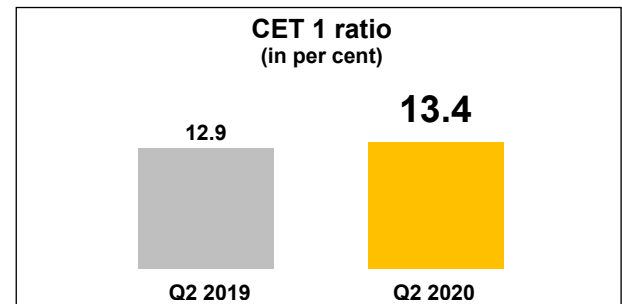
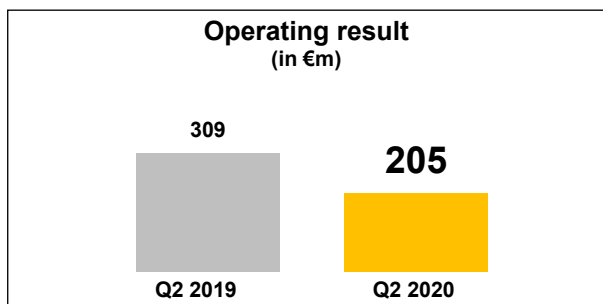
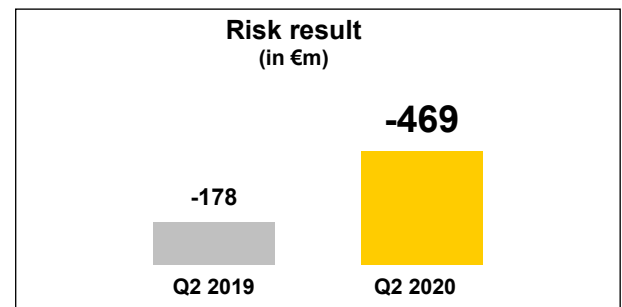
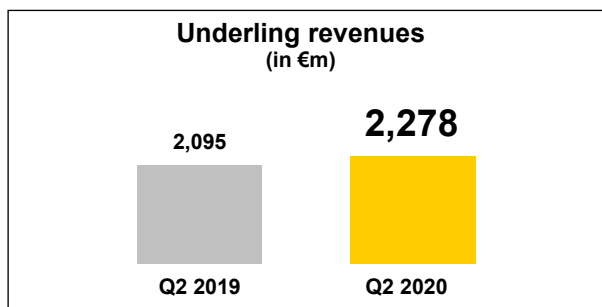


IR release

5 August 2020

Commerzbank generates profit for quarter in spite of corona – costs and capital on track

- Underlying revenues in second quarter of 2020 increased to €2.3bn (Q2 2019: €2.1bn) – significant growth in net commission income
- Operating costs continue to fall to €1.53bn despite IT investments (Q2 2019: €1.58bn)
- Risk result at €-469m (Q2: 2019: €-178m) includes impact of €-175m from single case and coronavirus effects of €-131m
- Ongoing low NPE ratio of 0.8% reflects good quality of loan book
- Operating profit at €205m (Q2 2019: €309m) – net result at €220m (Q2 2019: €279m)
- Common Equity Tier 1 ratio increased to 13.4% without usage of regulatory transitional rules



„In the second quarter, we achieved a positive result in spite of the coronavirus and we were able to support our customers in overcoming the consequences of the pandemic. That is the top priority.“

Martin Zielke, CEO

„We increased our revenues and our CET 1 ratio in the second quarter, but the operating profit was negatively impacted by the risk result. It is all the more important that we reduce our costs in order to be able to cushion future burdens.“

Bettina Orlopp, CFO

In the second quarter of 2020 Commerzbank generated an operating profit of €205 million in spite of significantly higher negative impact from the risk result. Overall, client business was stable. The Corporate Clients segment slightly increased revenues thanks to good capital market business. In the Private and Small-Business Customer segment, the Bank reported further growth in customers and in loan and securities volume primarily on the back of its digital offerings. Overall, the Bank increased revenues by almost 7% year-on-year. This reflects a significant increase in net commission income and reversals of valuation effects. The latter had a significant negative effect on the previous quarter. In Q2 valuation effects partly recovered in line with expectations. The Bank brought down operating costs by 3.3%. This contrasted with a significantly higher risk result of minus €469 million. It included additional effects of minus €131 million resulting from the coronavirus and an impact of €175 million from a single case. Although the Bank did not make use of the new regulatory transitional rules, the Common Equity Tier 1 ratio increased from 13.2% in the previous quarter to 13.4% and is clearly above all requirements.

“In the second quarter, we achieved a positive result in spite of the coronavirus and we were able support our customers in overcoming the consequences of the pandemic. That is the top priority in times like this,” said Martin Zielke, Chairman of the Board of Managing Directors of Commerzbank. “We have benefited from the fact that in recent years we have positioned the Bank to be much more robust and more digital.”

Since the beginning of the coronavirus crisis, Commerzbank has received around 21,000 loan applications with a volume of €20 billion and the Bank has approved KfW-loans in the amount of around €7 billion. This puts the Bank's market share for KfW loans up to €100 million at around 15 %. Furthermore, the Bank granted payment holidays for more than 33,000 loans with a volume in excess of €3.4 billion. The digital offerings of the Bank gained additional momentum. As a consequence, the number of active users of the online banking portal and the banking app achieved a new record with 2.7 million in June. The banking app of Commerzbank alone had almost 1.6 million active participants in June. Approximately every two weeks, the offering was expanded by new functions, such as the possibility to order securities on the app or to use Apple Pay without a credit card. The virtual debit card necessary for this has already been ordered more than 100,000 times following its introduction in the middle of June.

Group revenues increased by 6.8% to €2,273 million (Q2 2019: €2,129 million) in the second quarter. They benefited from robust growth of 7% in net commission income, primarily thanks to strong securities business. The first reversals of negative valuation effects from the first quarter made a positive contribution to the increase in revenues. The venture capital fund of Commerzbank, Commerz Ventures, made a positive contribution of around €50 million. Excluding exceptional items, revenues grew by €184 million to €2,278 million (Q2 2019: €2,095 million).

Operating costs continued their downward trajectory by €53 million to €1,526 million (Q2 2019: €1,579 million) in spite of IT investments, as a result of sustained cost management in the second quarter. The

ongoing programme of headcount reductions also contributed to this. At the end of June 2020, the number of full-time positions in the Group was around 39,700, which is around 1,000 FTEs less year-on-year. The reduced operating costs contrasted with compulsory contributions amounting to €73 million, which went up once again with an increase of €10 million year-on-year (Q2 2019: €63 million).

The **risk result** increased significantly in the second quarter to minus €469 million (Q2 2019: minus €178 million). Of this, minus €175 million are due to a large single case. The effects of the coronavirus also had a negative impact on the risk result totalling €131 million. This includes a provisional recognition of €84 million for potential corona-related effects. The quality of the loan book remained high thanks to the massive reduction of risk over past years with a ratio of non-performing loans continuing to be low at 0.8%.

Overall, the Bank generated an **operating profit** of €205 million (Q2 2019: 309 million) in the second quarter. The pre-tax profit amounted to €211 million (Q2 2019: €329 million). The Bank therefore generated a **net result** attributable to shareholders of €220 million (Q2 2019: €279 million). This also reflects a low tax ratio because, among other things, the valuation gain of Commerz Ventures does not trigger a tax expense.

The **Common Equity Tier 1 ratio** (CET 1 ratio) improved to 13.4% at the end of June (end of March 2020: 13.2%; end of June 2019: 12.9%), while the Bank did not use the new regulatory transitional rules. The increase in Risk weighted Assets was overcompensated by capital build as a result of the net profit in Q2, lower regulatory deductions, and positive effects from the revaluation reserve. As at 30 June 2020, the Bank was more than 300 basis points above the regulatory requirement for Common Equity Tier 1 (“MDA threshold”), which could be reduced from 10.8% to 10.1% by the successful issuance of AT 1 and Tier 2 capital instruments in the second quarter. The leverage ratio was 4.7% (June 2019: 4.5%) and hence also clearly above the requirements.

“We increased our revenues and our CET 1 ratio in the second quarter, but the operating profit was negatively impacted by the risk result,” commented Bettina Orlopp, Chief Financial Officer of Commerzbank. “It is all the more important that we reduce our costs in order to be able to cushion future burdens. We are working on this and have stepped up the cost target for this year.”

Development of the segments

The **Private and Small-Business Customers** (PSBC) segment continued its growth in the second quarter and gained 103,000 net new customers in Germany primarily through digital channels. The segment now totals around 11.5 million customers. At the end of June, the loan and securities volume rose to €262 billion (end of March: €239 billion). The volume of mortgage lending grew by 7% to €84 billion on the back of strong new business. The volume of consumer loans remained stable at €3.8 billion (end of March 2020: €3.8 billion) as a consequence of the brake on consumer spending imposed by the coronavirus. The higher

securities volume reflects the recovery in the equity markets and net inflows of €4.2 billion. Comdirect contributed strongly. The legal merger of Comdirect with Commerzbank is currently in its final phase and is likely to be completed at the beginning of the fourth quarter.

Total revenues for the segment fell back slightly to €1,194 million (Q2 2019: €1,222 million). This includes an increase in the legal provision for foreign currency loans at mBank by €42 million. While net commission income rose by 9% thanks to the high level of securities activities and the recovery in the stock markets, net interest income came down. Aside from reduced consumption in the corona crisis, this is also due to lower contributions from deposits. In addition, mBank was affected by a reduction of interest rates in Poland. The negative impact arising from the risk result of the segment amounted to €153 million (Q2 2019: minus 48 million) in the second quarter of this year, with €77 million of this being attributable to mBank. The operating costs were reduced to €864 million (Q2 2019: €873 million). Overall, the operating profit for the segment decreased to €112 million (Q2 2019: €248 million).

The **Corporate Clients** segment slightly increased revenues to €791 million in the second quarter (Q2 2019: €776 million). The driver for this development was the International Corporates division, which benefited from strong capital market business for debt products. In particular, the Bank's bonds business achieved its strongest quarter in the last five years. Primarily at the beginning of the quarter, there was also a high demand for loans from international large corporates which had a positive effect. On a quarterly average, the loan volume in Mittelstand and International Corporates was €95 billion (Q1 2020: €89 billion). This enabled the segment to more than compensate for the effects of the lower level of economic activities and reduced international trade resulting from the coronavirus pandemic in the segment's Mittelstand and Institutionals divisions.

The risk result of the Corporate Clients segment was minus €289 million (Q2 2019: minus €127 million) mainly owing to the mentioned single case. The segment reduced operating costs by almost 6% to €583 million (Q2 2019: €619 million). The total operating result of the segment was therefore minus €89 million (Q2 2019: €21 million). Before risk provision, earnings amounted to €201 million and were therefore €53 million higher year-on-year.

In the **Others and Consolidation** segment, Commerzbank reported an operating profit of €181 million (Q2 2019: €2 million) in the second quarter of the current year. The main reason here is the partial reversal of negative Q1 effects from long-term hedging transactions. Furthermore, the Bank reported the valuation gain of Commerz Ventures here.

Outlook

On the assumptions that there will be no second lockdown, economic activities gradually recover, and the government support programmes prove to be effective, the Bank expects largely stable customer revenues for the Private and Small-Business Customers segment over the course of this year. For Corporate Clients, the Bank expects a stronger impact from the coronavirus. The Bank continues its cost management and is now targeting a cost base including IT investments slightly below the level of 2019. The risk result for the year 2020 is expected between €1.3 billion and €1.5 billion. In light of the expected risk result and potential restructuring charges, the Bank anticipates a negative net result for the year. The target for the Common Equity Tier 1 ratio continues to be at least 12.5% in line with reduced regulatory requirements.

Financial figures at a glance

in €m	Q2 2020	Q2 2019	Q2 2020 vs Q2 2019 in %	Q1 2020	H1 2020	H1 2019	H1 2020 vs H1 2019 in %
Net interest income	1,278	1,274	+0.3	1,320	2,597	2,505	+3.7
Net commission income	791	739	+7.0	877	1,668	1,507	+10.7
Net fair value*	163	28	-	-304	-141	113	-
Other income	42	87	-51.9	-42	-	160	-
Revenues	2,273	2,129	+6.8	1,851	4,125	4,285	-3.7
<i>Revenues excl. exceptional items</i>	2,278	2,095	+8.8	2,024	4,303	4,285	+0.4
Operating expenses	1,526	1,579	-3.3	1,503	3,030	3,146	-3.7
Compulsory contributions	73	63	+16.3	301	374	328	+14.0
Risk result	-469	-178	-	-326	-795	-256	-
Operating profit or loss	205	309	-33.8	-278	-74	555	-
Impairments on intangible assets	-	-	-	-	-	-	-
Restructuring costs	-	-	-	-	-	-	-
Current pre-tax profit or loss (discontinued operations)	6	19	-69.3	44	50	-	-
Pre-tax profit or loss (Group)	211	329	-35.9	-234	-24	555	-

in €m	Q2 2020	Q2 2019	Q2 2020 vs Q2 2019 in %	Q1 2020	H1 2020	H1 2019	H1 2020 vs H1 2019 in %
Taxes	-22	20	-	74	52	110	-53.2
Minorities	13	30	-56.6	8	21	44	-51.6
Consolidated profit or loss**	220	279	-21.2	-316	-96	401	-
Cost/income ratio in operating business excl. compulsory contributions (%)	67.1	74.2		81.2	73.5	73.4	
Cost/income ratio in operating business incl. compulsory contributions (%)	70.4	77.1		97.4	82.5	81.1	
Operating RoTE (%)	2.9	4.7		-4.0	-0.5	4.2	
Net RoTE (%)***	3.1	4.4		-5.2	-1.0	3.2	
Net RoE (%)	2.9	4.0		-4.7	-0.9	2.9	
CET 1 ratio (%)****	13.4	12.9		13.2	13.4	12.9	
Leverage Ratio, Basel 3 fully loaded (%)	4.7	4.5		4.7	4.7	4.5	
Total assets (€bn)	551	518		517	551	518	

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

** Consolidated profit or loss attributable to Commerzbank shareholders and investors in additional equity components.

*** Net RoTE after deduction of dividend accrual and (fully discretionary) AT 1 coupon.

**** Includes net results reduced by dividend accrual and from Q3 2019 onwards additionally reduced by (fully discretionary) AT1 coupons.

About Commerzbank

Commerzbank is a leading international commercial bank with branches and offices in nearly 50 countries. The Bank's two business segments – Private and Small-Business Customers and Corporate Clients – offer a comprehensive portfolio of financial services precisely tailored to their customers' needs. Commerzbank transacts approximately 30% of Germany's foreign trade and is the market leader in German corporate banking. The Bank offers its sector expertise to its corporate clients in Germany and abroad and is a leading provider of capital market products. Its subsidiaries, Comdirect in Germany and mBank in Poland, are two innovative online banks. With approximately 800 branches going forward, Commerzbank has one of the densest branch networks in Germany. The Bank serves around 11.5 million private and small-business customers nationwide and over 70,000 corporate clients, multinationals, financial service providers, and institutional clients worldwide. Its Polish subsidiary mBank S.A. has around 5.7 million private and corporate customers, predominantly in Poland, but also in the Czech Republic and Slovakia. In 2019, Commerzbank generated gross revenues of €8.6 billion with approximately 48,500 employees.

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.