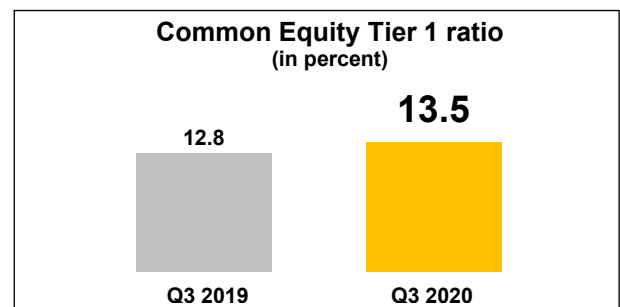
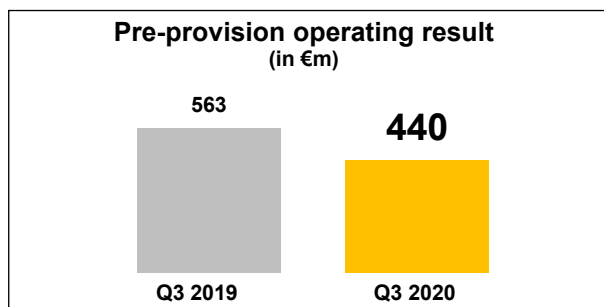
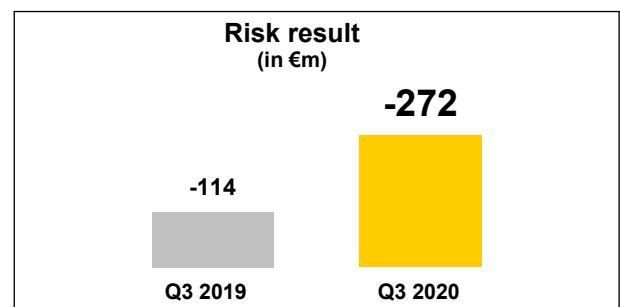
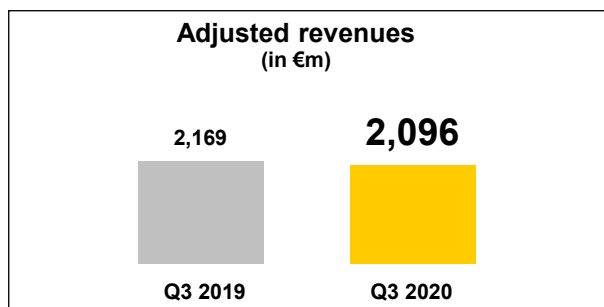


IR release

5 November 2020

Commerzbank reports stable customer business and strong capital ratio in spite of corona

- Underlying revenues in Q3 at €2.1bn (Q3 2019: €2.2bn)
- Operating expenses continued to fall to €1.52bn (Q3 2019: €1.56bn) despite IT investments
- Risk result at €-272m (Q3 2019: €-114m) includes impact of €181m from coronavirus effects – low NPE ratio of 0.9 % reflects ongoing good quality of loan book
- Operating profit at €168m (Q3 2019: €449m) due to risk result
- Net result at €-69m (Q3 2019: €297m) driven by booked restructuring charge of €201m following progress in transformation of the Bank
- Common Equity Tier 1 ratio slightly elevated to strong 13.5% – capital buffer to regulatory requirements increased further



“We continue to be at the side of our customers, and we’re making progress towards becoming a more sustainable bank. The successful merger with comdirect enables us to take an important step towards becoming more profitable and even better for our customers.” **Martin Zielke, CEO**

“We have a stable customer business and a strong capital position. This represents a good basis for future impacts arising from the coronavirus crisis and for the further realignment of the Bank. We have paved the way for further cost savings.” **Bettina Orlopp, CFO**

For the third quarter 2020, Commerzbank reported a stable customer business in spite of the coronavirus crisis and made significant progress in transforming the Bank. Thanks to strong net commission income, underlying revenues remained almost stable. The operating result was €168 million. This reflects the further risk provisioning as a consequence of the coronavirus pandemic. The Bank has continued to bring down operating costs. It has laid the foundation for further cost reductions with the launch of further programmes for the necessary headcount reduction and the closure of about 200 branches. In the third quarter, the Bank booked a restructuring charge of €201 million for these items, which brought the net result to minus €69 million. Nevertheless, the Common Equity Tier 1 ratio improved to a strong 13.5% at the end of September 2020 and continued to be clearly above all regulatory requirements.

Good progress was made in business development. The Bank benefited from a high level of securities trading activities in the Private and Small-Business Customers segment and continued to grow the customer base. The completed merger with comdirect a few days ago will enable Commerzbank to combine the services of one of the most advanced online banks in Germany with personal advisory capability at local level and achieve targeted synergies. In the Corporate Clients segment, the Bank sustained its leading position in debt capital market business and acted, among other things, as joint lead manager for the issuance of the inaugural Green Bond of the Federal Republic of Germany. The Bank took further steps on sustainability. It very successfully issued its second own Green Bond and expanded its offering of more sustainable investments with the new mutual fund Klimavest. Furthermore, Commerzbank has been one of the official supporters of the Task Force on Climate-related Financial Disclosures (TCFD) since the beginning of September 2020. The Bank will thus take into account climate risks in managing its loan portfolio and will make those climate risks transparent in future.

“In spite of the challenging environment, we continue to be at the side of our customers, and we are making progress towards becoming a more sustainable bank. The successful merger with comdirect has enabled us to take an important step towards becoming more profitable and at the same time even better for our customers,” commented Martin Zielke, Chairman of the Board of Managing Directors of Commerzbank. “By combining comdirect and Commerzbank under one roof, we are bundling the strengths of the two banks and providing our customers with an outstanding digital offering, coupled with personal advisory capability and a presence at local level.”

Group revenues amounted to €2,033 million (Q3 2019: €2,182 million) in the third quarter. In addition to exceptional items and valuation effects, the year-on-year decrease was due to a further addition of €71 million to the legal provisions for foreign currency loans at mBank. This was counteracted positively by the growth of more than 6% in net commission income, primarily thanks to a strong securities business. Once again, CommerzVentures, the Banks’s venture capital fund, made a positive contribution, this time of €43 million.

Although the Bank continued to invest in IT and the digitalisation of its business model, **operating expenses** came down year-on-year to €1,521 million (Q3 2019: €1,559 million). This was driven by strict cost management, less business travel and the ongoing headcount reduction. However, the lower operating costs contrasted with the almost 20% increase in compulsory contributions, which amounted to €72 million.

The **risk result** of minus €272 million (Q3 2019: minus €114 million) was again driven by the coronavirus crisis. The coronavirus effects amounted to €181 million, of which €70 million were booked as a top-level adjustment for expected future credit losses. Overall, the quality of the loan book remained high with the ratio of non-performing exposures continuing to be low at 0.9%.

The **operating profit** fell to €168 million (Q3 2019: €449 million) as a result of exceptional items and the risk result. The pre-provision result was €440 million (Q3 2019: €563 million). The pre-tax profit amounted to minus €43 million (Q3 2019: €441 million). This reflects the restructuring charge amounting to €201 million booked in the third quarter. The **net result** attributable to Commerzbank shareholders and investors in additional equity components was minus €69 million (Q3 2019: €297 million).

The **Common Equity Tier 1 ratio** (CET 1 ratio) rose slightly to 13.5% (end of June 2020: 13.4%). The Bank benefited from lower risk-weighted assets. As a result of the successful issuance of a further AT1 bond in September, the Bank was able to reduce the regulatory requirements for Common Equity Tier 1 (“MDA threshold”) to currently around 9.8%, the buffer at the end of the third quarter was around 370 basis points. Over the medium term, the Bank intends to maintain a distance of at least around 200 basis points through the cycle.

“We have a strong capital position and a healthy risk profile. This represents a good basis for future impacts arising from the coronavirus crisis and for the further realignment of the Bank,” said Bettina Orlopp, Chief Financial Officer of Commerzbank. “We are continuing to work strategically on costs. We have paved the way for further cost savings through the agreed branch closures and the new programmes for headcount reduction.”

Development of the segments

The **Private and Small-Business Customers** (PSBC) segment continued to grow in terms of customers and assets in the third quarter of this year. The increased usage of digital channels supported the segment’s acquisition of around 82,000 net new customers. The Bank has already gained around 327,000 net new customers since the beginning of the year. From the end of June to the end of September, the loan volume rose by around €2 billion to €110 billion. The main contributor to this increase was mortgage lending. The

lending volume rose to €84 billion on the back of a strong new business, a year-on-year increase of 7%. The volume of consumer loans reflected the general consumer caution in the context of the coronavirus crisis and amounted to €3.9 billion. During the third quarter, the securities volume grew by over €7 billion, with net inflows contributing €2 billion. Contributions to securities savings plans increased by more than 50% in the first nine months of this year compared to the previous year. This included many customers investing in securities for the first time. In the first nine month of 2020, the number of digital securities transactions almost doubled compared to the year before. The new brokerage function in the Commerzbank mobile app, started in July, has also contributed to the success of the securities business.

In the ongoing challenging negative interest rate environment, the underlying revenues for the segment amounted to €1,164 million (Q3 2019: €1,234 million) in the third quarter. Weaker net interest income contrasted with the increased net commission income as a result of a significantly higher level of customer activities. Lower revenues from modelled deposits in Germany and cuts of the Polish interest rate were factors contributing to the lower net interest income. Excluding the further addition of €71 million to legal risk provision for foreign currency loans at mBank, the segment's underlying revenues remained stable. Operating costs at €872 million were slightly up year-on-year (Q3 2019: €867 million). At the end of the third quarter, the risk result of minus €130 million was significantly higher year-on-year as a result of the coronavirus pandemic (Q3 2019: minus €87 million). Overall, the operating result for the segment decreased to €83 million (Q3 2019: €313 million). The segment achieved an underlying pre-provision result of €224 million (Q3 2019: €316 million).

The **Corporate Clients** segment generated underlying revenues of €806 million (Q3 2019: €831 million) thanks to an overall stable customer business. The International Corporates division shows stable revenues from loan business and benefited from a positive capital markets business with, among other things, a higher contribution from debt capital market issuances. The reduced revenues year-on-year in the Mittelstand and Institutionals divisions reflect the impact of the coronavirus pandemic on the economy. Around the end of the quarter, international trade started to gather pace again, and the Bank saw first indications of recovery in the trade finance business which will normally be reflected in the revenues with some delay. Revenues in the business with the German Mittelstand increased compared with the previous quarter. One of the factors driving this was higher demand for currency hedges from customers. Loan volumes in business with Mittelstand and International Corporates fell by around €6 billion to €89 billion compared to the previous quarter. This reflects the reduced level of loan drawings after the peak in March as well as selective new business with a focus on existing customers and RWA efficiency.

Overall, the Corporate Clients segment generated an operating profit of €74 million. The reduction in costs to €590 million (Q3 2019: €602 million) had a positive impact. The risk result of the segment was minus €120 million (Q3 2019: minus €30 million) owing to the impact of the coronavirus crisis. However, the operating

profit excluding the risk result and adjusted for exceptional items was almost stable with €212 million (Q3 2019: €221 million).

In the **Others and Consolidation** segment Commerzbank reported an operating profit of €12 million (Q3 2019: minus €12 million) in the third quarter. The positive impact of CommerzVentures more than offset negative valuation effects from inter alia exchange rate fluctuations.

Outlook

Commerzbank expects largely stable customer revenues for the Private and Small-Business Customers segment in 2020. For Corporate Clients, the Bank expects a stronger impact from the coronavirus. The Bank continues its cost management and targets a cost base including IT investments slightly below the level of 2019. At the moment, the Bank continues to expect a risk result between minus €1.3 billion and minus €1.5 billion for 2020, however subject to the further development of the coronavirus pandemic. In light of the expected risk result and booked restructuring charge, the Bank anticipates a negative net result for the year. The Bank now expects at least 13% for the Common Equity Tier 1 ratio at the end of the year.

Financial figures at a glance

in €m	Q3 2020	Q3 2019	Q3 2020 vs Q3 2019 in %	Q2 2020	9M 2020	9M 2019	9M 2020 vs 9M 2019 in %
Net interest income	1,226	1,259	-2.6	1,278	3,824	3,764	+1.6
Net commission income	812	763	+6.4	791	2,481	2,270	+9.3
Net fair value*	25	15	+73.4	163	-116	127	-
Other income	-30	145	-	42	-30	305	-
Revenues	2,033	2,182	-6.8	2,273	6,158	6,467	-4.8
<i>Revenues excl. exceptional items</i>	2,096	2,169	-3.4	2,278	6,399	6,453	-0.8
Operating expenses	1,521	1,559	-2.4	1,526	4,551	4,705	-3.3
Compulsory contributions	72	60	+19.4	73	445	388	+14.8

in €m	Q3 2020	Q3 2019	Q3 2020 vs Q3 2019 in %	Q2 2020	9M 2020	9M 2019	9M 2020 vs 9M 2019 in %
Risk result	-272	-114	-	-469	-1,067	-370	-
Operating profit or loss	168	449	-62.5	205	94	1,004	-90.6
Impairments on intangible assets	-	-		-	-	-	
Restructuring costs	201	-	-	-	201		
Current pre-tax profit or loss (discontinued operations)	-11	-7	-41.6	6	40	-7	
Pre-tax profit or loss (Group)	-43	441	-	211	-67	997	-
Taxes	12	101	-88.5	-24	60	228	-73.7
Minorities	15	43	-66.6	13	36	87	-59.1
Consolidated profit or loss**	-69	297	-	221	-162	681	-
Cost/income ratio in operating business excl. compulsory contributions (%)	74.8	71.4		67.1	73.9	72.8	
Cost/income ratio in operating business incl. compulsory contributions (%)	78.3	74.2		70.4	81.1	78.8	
Operating RoTE (%)	2.3	6.6		2.9	0.4	5.0	
Net RoTE (%)***	-1.6	4.5		3.2	-1.2	3.5	
Net RoE (%)	-1.5	4.0		2.9	-1.1	3.2	
CET 1 ratio (%)****	13.5	12.8		13.4	13.5	12.8	
Leverage Ratio, Basel 3 fully loaded (%)	4.8	4.7		4.7	4.8	4.7	
Total assets (€bn)	544	513		551	544	513	

* 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 coupons.

**** Includes net results reduced by dividend accrual if applicable 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 subsidiary mBank in Poland is an innovative digital bank. The integration of comdirect enables Commerzbank to combine the services of one of Germany's most advanced online banks with a personal advisory offering at local level. The Bank serves around 11.6 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.