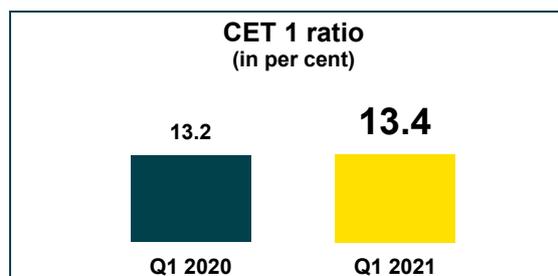
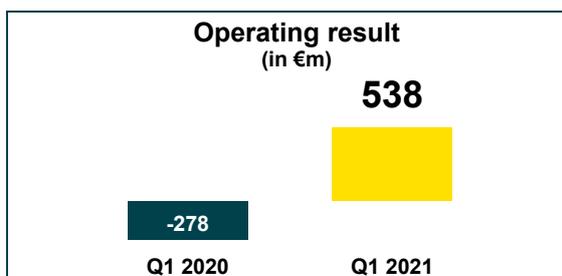
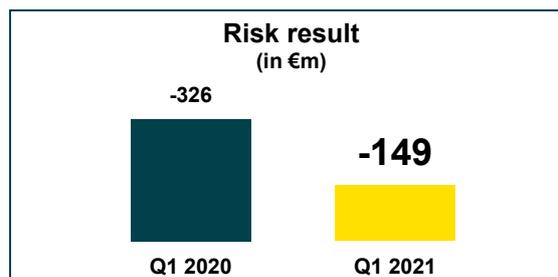
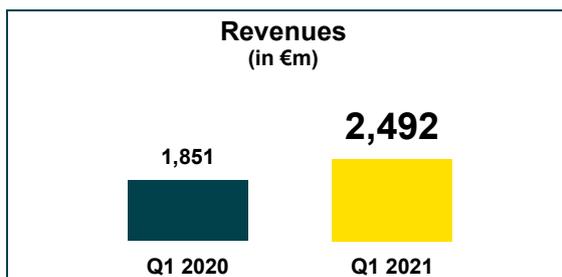


IR Release

12 May 2021

Commerzbank with strong results in the first quarter – transformation successfully started

- Revenues in Q1 increased by 35% to €2.49bn (Q1 2020: €1.85bn)
- Low risk result of minus €149m (Q1 2020: minus €326m)
- Strong operating result of €538m (Q1 2020: minus €278m)
- Net result of €133m (Q1 2020: minus €291m) despite restructuring charges of €465m
- Common Equity Tier 1 ratio improved to 13.4%
- Full year outlook raised after good start into the year
- Agreement reached with employee representatives for personnel reduction
- Ambitious sustainability goals defined



“We have already achieved some important milestones in our transformation and launched the key strategic projects. We are now consistently implementing these projects.”

Manfred Knof, CEO

“We started the year with very strong results, and we have achieved a positive net result after restructuring charges.”

Bettina Orlopp, CFO

Commerzbank made a very good start into the current year and generated a positive net result in the first quarter despite the ongoing pandemic and restructuring charges. Net commission income increased strongly thanks to a flourishing securities business. This enabled the Bank to largely compensate the impact from the negative interest-rate environment and the ongoing lower consumption resulting from coronavirus restrictions. In conjunction with stable expenses and a lower risk result, this led to an operating profit of €538 million. The Common Equity Tier 1 (CET 1) ratio of the Bank improved to 13.4% and continues to be significantly above the regulatory requirement (MDA). Following on from the positive start of the year, the Bank raised its full year outlook for revenues and the CET 1 ratio.

The transformation of Commerzbank launched in February through “Strategy 2024” is making good progress with the four core topics of profitability, sustainability, digitalisation, and customer centricity.

As already announced, the Bank quickly reached agreements with the employee representatives in Germany about a framework settlement of interests and a framework social plan concerning the necessary personnel reduction. The binding agreements form the basis for a maximally socially responsible downsizing. The Bank had already agreed a voluntary redundancy programme on a headcount reduction of 1,700 full-time equivalents for 2021.

The Bank is also proceeding quickly with the issue of sustainability and has defined ambitious goals for this area. It intends to increase the volume for sustainable financial products from the recent total of around €100 billion to €300 billion by the end of 2025. Furthermore, Commerzbank is one of the first German financial institutions to have made a commitment as a member of the Net-Zero Banking Alliance to reduce CO₂ emissions as far as possible and to achieve net-zero CO₂ emissions for the entire loan and investment portfolio by 2050, and for its own banking operations already by 2040.

Commerzbank is also making good progress on its digital offerings and in the area of customer centricity. Together with Deutsche Börse, it is investing in the fintech 360X as part of a strategic partnership. The goal is to develop new blockchain-based digital marketplaces and ecosystems for existing real asset classes such as art and real estate. The Bank also agreed a comprehensive cooperation for Equity Brokerage and Equity Research with Oddo BHF. Commerzbank is thereby reducing costs and complexity while improving the customer offer. Alongside market-leading stock analysis in the German-speaking regions of Germany, Austria, and Switzerland, customers will also receive even better access to European equity markets in future.

“After only a few months, we have already achieved some important milestones in our transformation and launched a large number of projects and measures in all parts of the Group. We are now consistently implementing these projects. The agreement with the employee representatives on the framework for the necessary headcount reduction is a decisive step,” commented Manfred Knof, Chief Executive Officer of Commerzbank. “After a very good start into the year, we are looking confidently to the future despite of the ongoing pandemic.”

Revenues in the first quarter increased by 35% to €2,492 million (Q1 2020: €1,851 million) primarily on the basis of a strong net commission income and positive valuation effects. The interest rate benefit from the Targeted Longer-Term Refinancing Operations (TLTRO) of the European Central Bank (ECB) amounted to €126 million in the first quarter. The underlying revenues excluding exceptional items rose to €2,308 million (Q1 2020: €2,024 million). This enabled the Bank to more than compensate the pressure of the negative interest-rate environment on net interest income.

The risk result at minus €149 million was below the year-on-year value (Q1 2020: minus €326 million). Despite of the ongoing coronavirus pandemic, the loan portfolio remained stable. This is also reflected by the continuing low ratio of non-performing exposures (NPE ratio) at 0.9% (year-end 2020: 1.0%). The additional provision formed last year for coronavirus effects anticipated for 2021 (“top-level adjustment”) was nearly unchanged at €495 million at the end of March.

Operating costs fell to €1,469 million (Q1 2020: €1,503 million). Administrative expenses benefited from lower spending for advertising, depreciation, and travel. The burden of compulsory contributions continued to rise by almost 12% to €336 million (Q1 2020: €301 million) as a result of higher contributions for the deposit guarantee scheme and for the European Bank Levy. Despite this additional burden, total expenses were at €1,806 million (Q1 2020: €1,804 million) and thus remained stable overall.

Total operating profit amounted to a strong €538 million (Q1 2020: minus €278 million). This more than compensated for the restructuring charges of €465 million booked in the first quarter. The consolidated profit attributable to Commerzbank shareholders amounted to €133 million (Q1 2020: minus €291 million) partly due to positive tax effects.

The CET 1 ratio increased to 13.4% by the end of March (end of December 2020: 13.2%) and is now around 380 basis points above the regulatory requirement (MDA) of currently 9.6%.

“We started the year with very strong results, and we have achieved a positive net result after restructuring charges. In particular, the strong securities business made a significant contribution to this result, and this enabled us to largely compensate for the effects arising from the negative interest-rate environment. Our improved capital ratio provides us with a solid basis for the further transformation,” said Bettina Orlopp, Chief Financial Officer at Commerzbank.

Development of the segments

The Private and Small-Business Customers segment continued its growth with loans and securities and increased the volume of its business in Germany to €307 billion by the end of March – a plus of €17 billion by comparison with year-end 2020 and €67 billion year-on-year. This was primarily due to strong securities business with an increase in volume of €15 billion since the beginning of the year. Out of this, €5 billion was net new money. Since the turn of the year, the loan volume went up by €2.4 billion to around €115 billion. Once again, the driver for this growth was successful mortgage business, which increased year-on-year by 7% to a volume of nearly €88 billion.

Total underlying revenues for the Private and Small-Business segment amounted to €1,338 million (Q1 2020: €1,329 million), despite of sustained pressure on net interest income. Owing to the securities business, net commission income increased by more than 11%. This enabled the segment to compensate for falling contributions from deposits, lower demand for consumer loans due to the pandemic, and the effect of the lockdown on payment transactions. Net interest income fell by around 10% due to the continuing negative interest-rate environment. Thanks to the significantly lower risk result, the segment generated an operating profit of €250 million (Q1 2020: €146 million).

The Corporate Clients segment maintained almost stable underlying revenues at €824 million (Q1 2020: €833 million) thanks to strong capital market business which enabled the segment to compensate the pandemic-related decrease in lending business. The International Corporates division benefited from improved bond and syndicated loan business, while lower demand for loans had an impact in the Mittelstand division. The effects of the coronavirus crisis led to lower transaction banking in the Institutionals division. Including exceptional items and valuation effects, total revenues for the segment increased by more than 11% to €842 million (Q1 2020: €755 million).

A low risk result of minus €52 million (Q1 2020: minus €165 million) and a further reduction in costs led to a positive operating result for the segment of €98 million (Q1 2020: minus €112 million).

Outlook

Given the strong results of the first quarter, revenues should slightly exceed the previous year. With the further progress of the transformation the Bank targets costs of around €6.5 billion. While uncertainty of the further development of the pandemic remains, a risk result in the range from minus €0.8 billion to minus €1.2 billion is anticipated. Based on current observations, a risk result up to minus €1 billion is likely. Based on the results of the first quarter, the Bank expects a CET 1 ratio of at least 12.5% – well above the targeted buffer of 200 to 250 basis points above the MDA.

Overall, Commerzbank expects a positive operating result. The expectations are based on the assumption that there is no fundamental change affecting the Swiss francs loan portfolio at mBank.

Financial figures at a glance

in €m	Q1 2021	Q1 2020	Q1 2021 vs Q1 2020 in %	Q4 2020	Q1 2021 vs Q4 2020 in %	FY 2020
Net interest income	1,254	1,320	-5.0	1,151	+8.9	4,975
Net commission income	951	877	+8.5	837	+13.7	3,317
Net fair value result*	360	-304	-	182	+97.4	66
Other income	-73	-42	-75.2	-142	+48.2	-172
Revenues	2,492	1,851	+34.6	2,029	+22.8	8,186
<i>Revenues excl. exceptional items</i>	<i>2,308</i>	<i>2,024</i>	<i>+14.0</i>	<i>2,048</i>	<i>+12.7</i>	<i>8,447</i>
Risk result	-149	-326	+54.4	-681	+78.2	-1,748
Operating expenses	1,469	1,503	-2.3	1,609	-8.7	6,160
Compulsory contributions	336	301	+11.9	67	-	512
Operating profit or loss	538	-278	-	-328	-	-233
Impairments on goodwill and other intangible assets	-	-	-	1,578	-	1,578
Restructuring charges	465	-	-	614	-24.3	814
Pre-tax profit or loss (discontinued operations)	-	44	-	-10	-	30
Pre-tax profit or loss (Group)	73	-234	-	-2,530	-	-2,597
Taxes	-83	48	-	199	-	264
Minorities	23	8	-	-26	-	9
Consolidated profit or loss**	133	-291	-	-2,702	-	-2,870
Cost-income ratio in operating business excl. compulsory contributions (%)	59.0	81.2	-	79.3	-	75.2

in €m	Q1 2021	Q1 2020	Q1 2021 vs Q1 2020 in %	Q4 2020	Q1 2021 vs Q4 2020 in %	FY 2020
Cost-income ratio in operating business incl. compulsory contributions (%)	72.5	97.4	-	82.6	-	81.5
Operating RoTE (%)	7.8	-4.1	-	-4.6	-	-0.8
Net RoTE (%)***	1.5	-4.8	-	-43.9	-	-11.7
Net RoE (%)	1.5	-4.4	-	-40.5	-	-10.7
CET 1 ratio (%)***	13.4	13.2	-	13.2	-	13.2
Leverage ratio	4.7	4.8	-	4.9	-	4.9
Total assets (€bn)	538	517	-	507	-	507

* 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.

*** Reduced by potential dividend accrual and potential (fully discretionary) AT1 coupons.

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 online 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.

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.