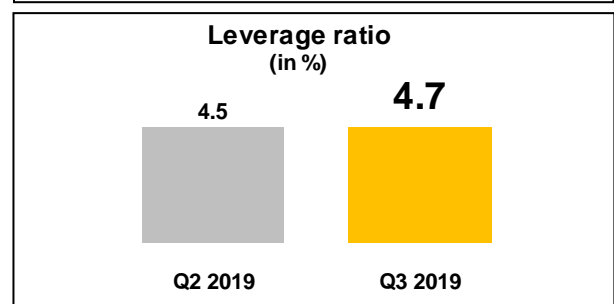
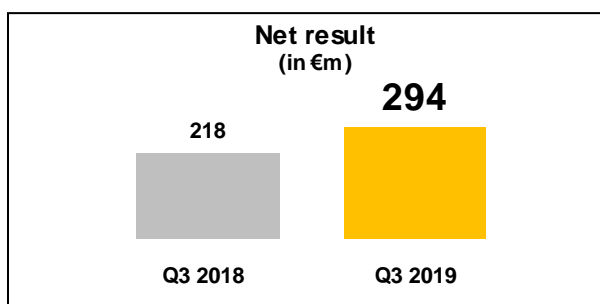
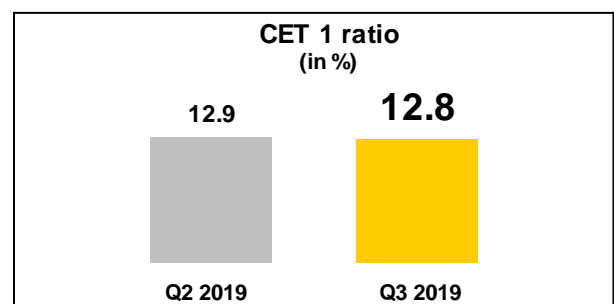
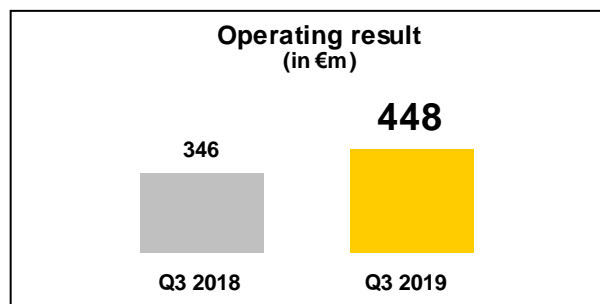


## Press release

For business editors  
7 November 2019

### Commerzbank: Third quarter with robust performance in challenging environment

- Further growth in customers and assets: a net 141,000 new private customers gained in Germany, loan and securities volume up by €4bn
- Higher operating profit of €448m (Q3 2018: €346m) due to increased revenues, reduced costs and a lower risk result
- Net profit of €294m, improved year-on-year (Q3 2018: €218m)
- Net Return on Tangible Equity (RoTE), including AT 1 interest coupon, stands at 4.4%
- Cost reduction on track: costs in the first nine months down by around €130m compared to 2018 – costs reduced to €1.62bn in Q3 (Q3 2018: €1.66bn)
- Risk result of minus €114m (Q3 2018: minus €133m) – NPL ratio of 0.8% (Q3 2018: 0.9%)
- Common Equity Tier 1 (CET 1) ratio of 12.8% includes TRIM effect



*“We deliberately set long-term success above short-term return targets. Wishful thinking is not helpful in the face of low interest rates, an economic slowdown and geopolitical uncertainties.”*

**Martin Zielke, CEO**

*“We continue to grow our customer and asset base, thus tackling undiminished margin pressure. Looking forward, we substantially invest in the Bank’s digitalisation and further cost reduction.”*

**Stephan Engels, CFO**

Commerzbank increased its operating profit on a year-on-year basis in the **third quarter of 2019**. Higher revenues, reduced costs and a low risk result contributed to this. In the Private and Small Business Customers segment, the Bank gained 141,000 new customers and grew its business volumes. The Corporate Clients segment recorded a third-quarter result below the previous year, but generated higher revenues in client business. The segment saw a significant improvement in its result compared to the second quarter, due in part to the lower drag from the risk result. The Bank cut its costs further: year-to-date it achieved savings of around €130 million compared to 2018 despite a rise in compulsory contributions.

In September, the Bank presented its “**Commerzbank 5.0**” strategy and kicked-off its implementation. The evolved strategy builds on the proven foundations of the past few years. The focus will continue to be on growth in the core areas of business with private, business and corporate customers, cost reduction and digitalisation. The aim is to achieve a significant increase in value in the Bank’s core business areas. In order to implement its growth and investment programme at a faster pace and self-financed, the Bank is seeking to sell mBank in Poland.

One first milestone in the implementation of Commerzbank 5.0 is the planned **integration of comdirect**, with the aim of pooling digital competencies and enhancing synergies in innovation and costs. At the end of October, the Bank took the first step in this process and made an acquisition offer for all outstanding shares of its direct bank subsidiary. The offer of €11.44 per share in cash is subject to achievement of a minimum acceptance threshold of 90 % and ends on 6 December 2019. After that, comdirect would be merged into Commerzbank by means of a merger-law squeeze-out. If this is not successful, Commerzbank intends to take the steps required for a direct merger of comdirect into Commerzbank. In this case, the shareholders of comdirect would receive Commerzbank shares in exchange for their shares following consent granted by the general meetings of both companies. The exchange ratio would be determined on the basis of expert reports on the value of comdirect and Commerzbank.

“Commerzbank 5.0 is the logical next step in our strategy. We have already started the implementation and are working hard to reach our milestones quickly. We deliberately set long-term success above short-term return targets. Wishful thinking is not helpful in the face of low interest rates, an economic slowdown and geopolitical uncertainties”, said Martin Zielke, Chairman of the Board of Managing Directors of Commerzbank.

The Bank increased **Group revenues** by 2 % year-on-year in the third quarter to €2,183 million (Q3 2018: €2,140 million). The figure after adjustment for exceptional items was €2,170 million (Q3 2018: €2,122 million). Net interest income was increased by 2.7% as a result of this growth, while net commission income remained almost stable. **Operating costs** were trimmed to €1,560 million in the third quarter (Q3 2018: €1,607 million). Consequently, the Bank reduced its cost base to €5.1 billion in the first nine months

(first nine months of 2018: €5.2 billion). The successful internalisation of previously outsourced activities was a contributing factor here. Overall the significant reduction in operating expenses by around €250 million outweighed the rise in compulsory contributions and in personnel costs. The **risk result** was down year-on-year at minus €114 million in the third quarter (Q3 2018: minus €133 million) and the risk indicators remained stable overall. The NPL ratio, at 0.8%, remained at a very low level.

In total, the Bank increased its **operating profit** to €448 million in the third quarter (Q3 2018: €346 million) and its pre-tax profit to €440 million (Q3 2018: €331 million). The **net result** was also up – from €218 million in the third quarter of 2018 to €294 million. The net Return on Tangible Equity (RoTE), taking into account the interest coupon for the Additional Tier 1 capital (AT 1), stood at 4.4% (Q3 2018: 3.5%). The Bank had strengthened its capital base at the beginning of July with its inaugural AT1 issue in the amount of US\$ 1 billion.

The **Common Equity Tier 1 (CET 1) ratio** was down slightly in the third quarter, standing at 12.8% at the end of September (end of June 2019: 12.9%). The ratio already includes a dividend accrual in line with the pay-out ratio for 2018. The slight fall in the CET 1 ratio was mainly attributable to the increase in risk-weighted assets (RWA) in connection with the regulatory review of internal risk models (Targeted Review of Internal Models, TRIM). The Bank offset almost the whole of the TRIM effect in the third quarter through capital accumulation. RWA totalled €189 billion at the end of September (end of June 2019: €187 billion, end of September 2018: €178 billion). While RWA for credit risks rose by €3 billion after effects from TRIM and mitigating factors, RWA for market and operational risks remained largely unchanged. The **leverage ratio** stood at 4.7% at the end of September (end of June 2019: 4.5%). **Total assets** came to €513 billion (end of September 2018: €518 billion).

“In the third quarter we achieved a good result. This is based on higher revenues, reduced costs and a low risk result”, said Stephan Engels, Chief Financial Officer of Commerzbank. “We continue to grow our customer and asset base, thus tackling undiminished margin pressure. Looking forward, we substantially invest in the Bank’s digitalisation and further cost reduction.”

## Development of the segments

The **Private and Small Business Customers** (PSBC) segment continued its growth in customer numbers and assets. In the third quarter, the Bank gained a net 141,000 new customers in Germany (Q3 2018: 117,000), two-thirds of these at Commerzbank and one-third at comdirect. These new customers count towards the target of more than 1 million new customers by 2023. Volumes in loans and securities grew by €4 billion in the third quarter and amounted to €251 billion. The volume of the mortgage lending portfolio expanded by a further €1.1 billion to €79.2 billion over the same period, with an increased margin in new business.

Revenues after adjustment for non-recurring items were higher year-on-year in the third quarter at €1,243 million (Q3 2018: €1,226 million). This was helped by the successful growth in customers and assets, and the good performance of the subsidiaries. The segment's total revenues in the third quarter were also higher than the previous year's, at €1,327 million (Q3 2018: €1,204 million). This figure includes positive and negative exceptional items amounting to €84 million. The negative side included the ongoing purchase price allocation write-downs in connection with the consumer finance joint venture, and the positive side the proceeds from the sale of ebase.

The segment made further progress on the cost side, reducing its operating costs to €873 million (Q3 2018: €897 million). The third-quarter risk result came out higher year-on-year at minus €87 million (Q3 2018: minus €69 million), though on a nine-month basis it was nearly on a par with 2018 at minus €187 million (first nine months 2018: minus €184 million). The segment increased its operating profit to a total of €315 million in the third quarter (Q3 2018: €186 million).

The **Corporate Clients** segment recorded resilient client business in the third quarter. The corporate loan book expanded by €1 billion to €89 billion. Based on higher loan volumes and good performance in capital market business and trade finance, the International Corporates and Financial Institutions divisions increased revenues. The Mittelstand division was able to compensate for the margin pressure and to keep earnings stable through growth. Revenues from customer business were offset by a lack of contributions from legacy portfolios and negative valuation effects. As a result, revenues for the third quarter came in at €782 million and were lower than in the same quarter of the previous year (Q3 2018: €855 million).

The segment was able to further cut its operating costs in the third quarter, to €596 million (Q3 2018: €617 million). The risk result was lower than in Q2, which had been affected by single cases, and stood at minus €31 million (Q3 2018: minus €61 million; Q2 2019: minus €127 million). On a nine-month basis, the drag from the risk result was higher in 2019 than in 2018, on account of lower write-backs of provisions. In total, the segment generated an operating profit of €146 million in the third quarter (Q3 2018: €175 million).

## Outlook

As was already communicated in the strategy update at the end of September, the Bank has adjusted its outlook for financial year 2019. The main reason for the adjustment was the uncertain macroeconomic environment, in particular the worsening global trade conflicts. The further monetary policy easing announced by the European Central Bank in September and the resulting pressure on margins will also have a negative impact on earnings. Commerzbank therefore no longer expects to achieve its target of slightly higher Group income compared with the previous year. As noted in the strategy update, the generally difficult macroeconomic and business policy conditions and the current interest rate environment

form the basis for the Bank's financial planning. Also in consideration of the fact that the Bank anticipates a significantly higher tax rate in the fourth quarter, consolidated net income for the 2019 financial year is expected to be lower than in the previous year. The Bank is targeting a Common Equity Tier 1 ratio of at least 12.75% by the end of the year. The cost base should remain below €6.8 billion, while the drag from the risk result is expected to be at least €550 million. The Bank is planning to maintain a pay-out ratio for financial year 2019 at a level comparable to 2018.

## Financial figures at a glance

in €m	Q3 19	Q3 18	Q3/19 vs Q3/18 in %	9M 19	9M 18	9M/19 vs 9M/18 in %	Q2 19
Net interest income	1,259	1,223	3.0	3,764	3,511	7.2	1,274
Net commission income	763	771	-1.0	2,270	2,336	-2.8	739
Net fair value*	15	85	-82.8	127	488	-73.9	28
Other income	146	62	-	307	201	52.7	88
<b>Income before risk result</b>	<b>2,183</b>	<b>2,140</b>	<b>2.0</b>	<b>6,469</b>	<b>6,535</b>	<b>-1.0</b>	<b>2,129</b>
<i>Revenues excl. exceptional items</i>	2,170	2,122	2.3	6,455	6,498	-0.7	2,095
Operating expenses	1,560	1,607	-2.9	4,710	4,880	-3.5	1,581
Compulsory contributions	61	55	11.6	398	357	11.5	72
Risk result	-114	-133	13.9	-370	-292	-26.6	-178
<b>Operating profit or loss</b>	<b>448</b>	<b>346</b>	<b>29.5</b>	<b>990</b>	<b>1,005</b>	<b>-1.5</b>	<b>298</b>
Current pre-tax profit or loss (discontinued operations)	-7	-15	50.8	-7	15	-	19
<b>Pre-tax profit or loss (Group)</b>	<b>440</b>	<b>331</b>	<b>33.2</b>	<b>983</b>	<b>1,020</b>	<b>-3.6</b>	<b>318</b>
Taxes	104	89	16.9	215	187	14.5	20
Minorities	43	24	80.0	84	81	3.4	27
<b>Consolidated profit or loss**</b>	<b>294</b>	<b>218</b>	<b>34.7</b>	<b>684</b>	<b>751</b>	<b>-8.9</b>	<b>271</b>

	Q3 19	Q3 18		9M 19	9M 18		Q2 19
Earnings per share (€)	0.23	0.17		0.55	0.60		0.22
Cost/income ratio in operating business excl. compulsory contributions (%)	71.5	75.1		72.8	74.7		74.2
Cost/income ratio in operating business incl. compulsory contributions (%)	74.3	77.6		79.0	80.1		77.6
Operating RoTE (%)	6.6	5.3		4.9	5.1		4.5
Net RoTE (%)***	4.4	3.5		3.5	4.0		4.3
Net RoE (%)	4.0	3.1		3.2	3.6		3.9
CET 1 ratio, Basel 3 fully loaded (%)	12.8	13.2		12.8	13.2		12.9
Leverage Ratio, Basel 3 fully loaded (%)	4.7	4.5		4.7	4.5		4.5
Total assets (€bn)	513	493		513	493		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 potential (fully discretionary) AT 1 coupon

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## Press contact

Nils Happich +49 69 136-80529

Maurice Farrouh +49 69 136-21947

Erik Nebel +49 69 136-44986

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## 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 of the world's most innovative online banks. With approximately 800 branches going forward, Commerzbank has one of the densest branch networks in Germany. The Bank serves more than 11 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 5.6 million private and corporate customers, predominantly in Poland, but also in the Czech Republic and Slovakia. In 2018 Commerzbank generated gross revenues of €8.6 billion with approximately 49,000 employees.

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## Disclaimer and Forward-Looking Statement

This release is neither an offer to purchase nor a solicitation of an offer to sell comdirect bank Aktiengesellschaft shares or any other security. The offer document, the terms and conditions contained therein shall have sole relevance in respect to the offer. Investors and holders of shares in comdirect bank Aktiengesellschaft are advised to read the relevant documents regarding the takeover offer to be published by Commerzbank Inlandsbanken Holding GmbH as they contain important information. Investors and holders of shares in comdirect bank Aktiengesellschaft can receive the offer document as well as other documents in connection with the offer from the website [www.commerzbank-offer.com](http://www.commerzbank-offer.com).

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.