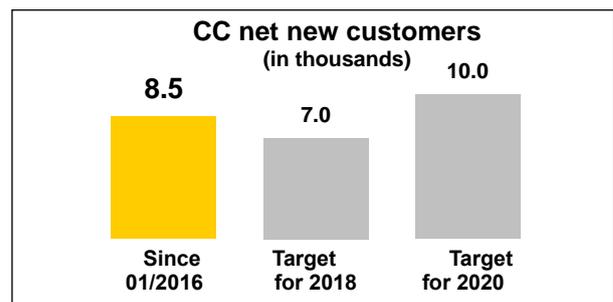
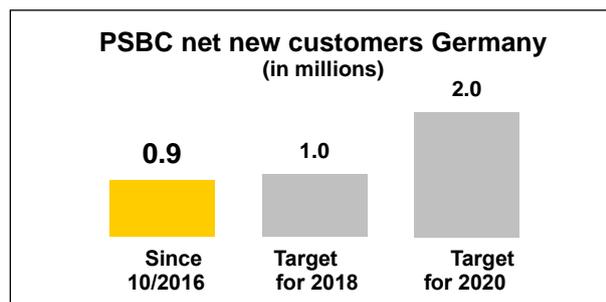
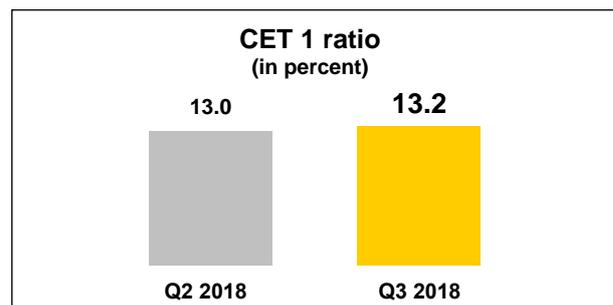
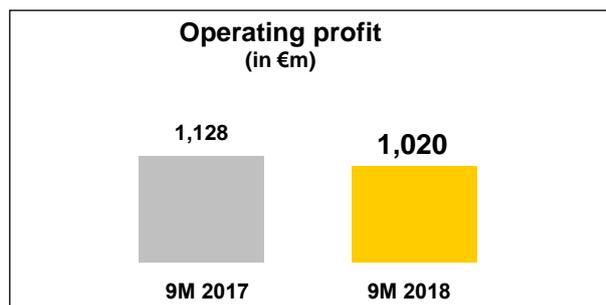


IR release

8 November 2018

Commerzbank: 9M operating profit of €1 billion and net result of €751 million

- Operating profit of €331m for third quarter (Q3 2017: €623m) and of €1,020m after nine months (9M 2017: €1,128m); exceptional revenue items of €37m in the first nine months (9M 2017: €617m)
- Underlying revenues higher at €6.69bn in the first nine months (9M 2017: €6.34bn)
- Common Equity Tier 1 ratio of 13.2% (end of June 2018: 13.0%)
- More than 900,000 net new customers in German private and small business banking since October 2016 – on track for target of 1 million by end of 2018
- Dividend accrual of 15 cents per share for first nine months of 2018
- EBA stress test confirms Commerzbank's good risk profile



“We increased our underlying revenues and steadily gain new customers. This shows that we have the right strategy: We grow in a highly competitive market. Our improved setup has also been confirmed by the European stress test.”

Martin Zielke, CEO

“We have significantly improved the quality of our earnings compared to last year. Our capital ratio and our leverage ratio are stable on a good level. Our outlook for the full year remains unchanged.”

Stephan Engels, CFO

Commerzbank recorded continued growth in the first nine months of 2018 and increased its underlying revenues. In the Private and Small Business Customers segment, it gained around 117,000 net new customers in Germany in the third quarter. With a good 900,000 net new customers since October 2016, it is on track to achieve its target of one million net new customers by the end of 2018. The Corporate Clients segment is still ahead of its 2018 targets for new customers and volume of lending. Group revenues after adjustment for non-recurring items rose in the first nine months to €6,690 million (9M 2017: €6,338 million). In the third quarter the Bank increased its underlying revenues by nearly 9% year-on-year to €2,175 million (Q3 2017: €2,003 million). The Bank made further progress with the implementation of its strategy. In the third quarter, the migration of small business customers from the Corporate Clients segment to the Private and Small Business Customers segment was completed and the new relationship model for corporate clients established, among other things.

Group revenues stood at €6,727 million in the first nine months (9M 2017: €6,955 million). Last year's figure had been bolstered by non-recurring items amounting to €617 million in the first nine months. In 2018, exceptional revenues in the first nine months stood at just €37 million. Overall, higher revenues from customer business helped to largely offset the difference year-on-year. In the third quarter, revenues amounted to €2,193 million (Q3 2017: €2,505 million).

Operating expenses totalled €5,412 million in the first nine months (9M 2017: €5,297 million). The year-on-year increase was mainly due to investments in strategy implementation and further growth. Operating expenses for the third quarter stood at €1,728 million (Q3 2017: €1,714 million). Costs were therefore in line with expectations for 2018, as was the **risk result**. It stood at minus €295 million in the first nine months and minus €134 million in the third quarter. This reflects the Bank's portfolio quality and the benign credit environment. The non-performing loan (NPL) ratio remained very low, at 0.9%.

The **operating profit** for the first nine months came to €1,020 million (9M 2017: €1,128 million). It benefited from higher underlying revenues, a lower risk result and a positive contribution from the Asset and Capital Recovery segment. In the third quarter, the operating profit came in at €331 million (Q3 2017: €623 million). The year-on-year decline is attributable mainly to exceptional revenues of €502 million in the third quarter of 2017, including from real estate sales.

After deduction of taxes of €187 million and minority interests of €81 million, Commerzbank posted a **net result** of €751 million for the first nine months of 2018 (9M 2017: €53 million; impacted by restructuring expenses of around €800 million). The net result for the third quarter came in at €218 million (Q3 2017: €467 million).

“We increased our underlying revenues and steadily gain new customers. This shows that we have the right strategy: We grow in a highly competitive market. Our improved setup has also been confirmed by the European stress test. However, the environment remains challenging and although we have made a lot of progress, we still have some work to do”, said Martin Zielke, Chairman of the Board of Managing Directors of Commerzbank.” Chief Financial Officer Stephan Engels added: “We have significantly improved the quality of our earnings compared to last year. Our capital ratio and our leverage ratio are stable on a good level. Our outlook for the full year remains unchanged.”

The **Common Equity Tier 1 ratio** (CET 1) stood at 13.2% at the end of September, versus 13.0% at the end of June 2018. This includes earnings for the first nine months, factoring in a dividend accrual of 15 cents per share. **Risk-weighted assets** (RWA) amounted to €178 billion at the end of September, versus €176 billion at the end of June 2018. This rise, resulting partly from increased lending in the core segments, was more than offset by capital build-up. The **leverage ratio** stood at 4.5%. **Total assets** came to €493 billion (end of June 2018: €488 billion). The Bank’s achievements in risk reduction and improved balance sheet quality contributed to a significantly improved result in this year’s European Banking Authority stress test.

Development of the segments

The **Private and Small Business Customers** segment benefited from the continued growth in customers and Assets under Control, and increased its revenues after adjustment for non-recurring items by 7.8% year-on-year in the first nine months to €3,663 million. Underlying revenues were also up year-on-year for the third quarter, at €1,228 million (Q3 2017: €1,125 million). Assets under Control in Germany went up in all product categories, to stand at €392 billion at the end of the third quarter. The volume of mortgage lending grew by 10% year-on-year, reaching around €74 billion in September.

The segment’s operating expenses stood at €2,893 million (9M 2017: €2,794 million). The year-on-year increase was due to higher regulatory costs and investments in growth. The risk result came to minus €184 million. The operating profit stood at €564 million for the first nine months (9M 2017: €712 million, including non-recurring items of €238 million). Operating profit for the third quarter stood at €188 million (Q3 2017: €380 million). In the previous year, non-recurring effects from the sale of the Concardis holdings and termination of the consumer finance joint venture with BNP Paribas had contributed to the segment’s profit.

In the **Corporate Clients** segment, continued high margin pressure and competition impacted earnings. The Financial Institutions division returned to a stable profit contribution this year, following its realignment. Revenues from business with SMEs, large corporates and international companies were affected – despite some successful growth initiatives – by margin pressure, low interest rates and weak demand for hedging products. The result of the Equity Markets & Commodities division was driven by lower demand for structured products.

The Corporate Clients segment generated revenues of €2,836 million in the first nine months (9M 2017: €3,015 million), including €918 million in the third quarter (Q3 2017: €967 million). Operating expenses amounted to €2,189 million (9M 2017: €2,148 million). The risk result, which had benefited from releases in the first half of the year, normalised and stood at minus €124 million after nine months (Q3: minus €62 million). The operating profit came to €523 million for the first nine months (9M 2017: €743m) and to €169 million for the third quarter (Q3 2017: €237 million).

The **Asset & Capital Recovery** (ACR) segment recorded an operating profit of €90 million for the first nine months (9M 2017: minus €210 million, Q3 2018: €14 million). This result reflects both the reduced size of the segment's run-down portfolio and the revaluation of the Ship Finance portfolio following the introduction of IFRS 9. Revenues amounted to €135 million (9M 2017: €146 million). The revenue figure for the third quarter was €28 million. Operating expenses were further reduced, coming in at €60 million for the first nine months (9M 2017: €79 million). The risk result came out at €15 million. The Bank's Ship Finance portfolio was run down further and stood at a volume of €1.1 billion at the end of the third quarter (Q3 2017: €4.2 billion).

Outlook

The outlook remains unchanged. In 2018, the Bank will focus on further growth and the implementation of its Commerzbank 4.0 strategy. Higher underlying revenues are expected at Group level with the Private and Small Business Customers segment exceeding and the Corporate Clients segment being below the 2017 figures. Driven by investments and compulsory contributions, costs are expected to be at around €7.1 billion. The risk result under IFRS 9 should be below €500 million, provided the global trade conflicts do not escalate significantly and there are no unforeseeable larger credit events. The Bank is aiming to resume dividend payments of 20 cents per share for financial year 2018.

Financial figures at a glance

in €m	9M 2018	9M 2017	Q3 2018	Q3 2017	Q2 2018	9M/18 vs 9M/17 in %
Net interest income	3,405	3,091	1,198	1,038	1,162	10.2
Net commission income	2,329	2,404	767	738	765	-3.1
Net fair value result	791	914	166	222	268	-13.5
Other income	203	546	62	507	26	-62.8
Revenues before risk result	6,727	6,955	2,193	2,505	2,221	-3.3
<i>Revenues excl. exceptional items</i>	6,690	6,338	2,175	2,003	2,203	5.6
Operating expenses	5,412	5,297	1,728	1,714	1,748	2.2
Risk result (2017: Loan loss provisions)	-295	-530	-134	-168	-84	44.3
Operating profit or loss	1,020	1,128	331	623	389	-9.6
Impairments of Goodwill	-	-	-	-	-	
Restructuring expenses	-	807	-	-	-	
Pre-tax profit or loss	1,020	321	331	623	389	-
Taxes	187	202	89	134	94	-7.0
Consolidated profit or loss attributable to Commerzbank shareholders	751	53	218	467	272	-
Earnings per share (€)	0.60	0.04	0.17	0.37	0.22	
Cost/income ratio in operating business (%)	80.5	76.2	78.8	68.4	78.7	
Operating RoTE (%)	5.2	5.6	5.0	9.3	5.9	
Net RoTE (%)	4.0	0.3	3.5	7.3	4.3	
Net RoE (%)	3.6	0.2	3.1	6.6	3.9	
CET 1 ratio, Basel 3 fully phased in (%)	13.2	13.5	13.2	13.5	13.0	
Leverage Ratio, Basel 3 fully phased in (%)	4.5	4.7	4.5	4.7	4.5	
Total assets (€bn)	493	490	493	490	488	

About Commerzbank

Commerzbank is a leading international commercial bank with branches and offices in almost 50 countries. In the two business segments Private and Small Business Customers and Corporate Clients, the Bank offers a comprehensive portfolio of financial services which is precisely aligned to its clients' needs. Commerzbank finances approximately 30% of Germany's foreign trade and is the leading finance provider for corporate clients in Germany. Due to its in-depth sector know-how in the German economy, the Bank 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 1,000 branches, Commerzbank has one of the densest branch networks among German private banks. In total, Commerzbank serves more than 18 million private and small business customers, as well as more than 60,000 corporate clients, multinationals, financial service providers, and institutional clients. The Bank, which was founded in 1870, is represented at all the world's major stock exchanges. In 2017, it generated gross revenues of €9.1 billion with approximately 49,300 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.