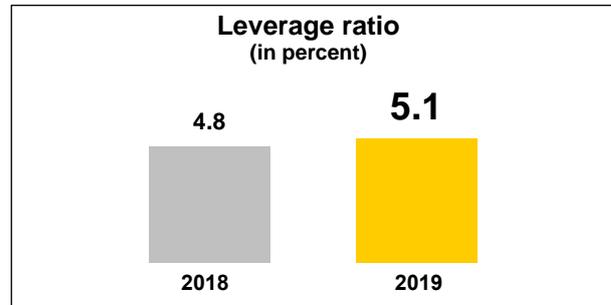
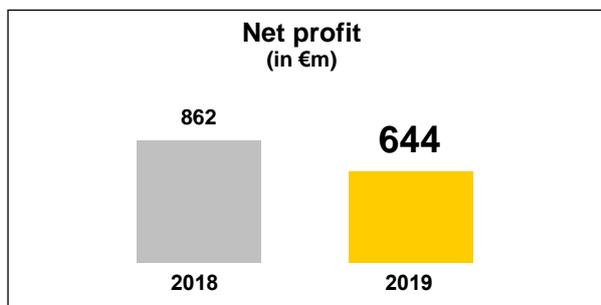
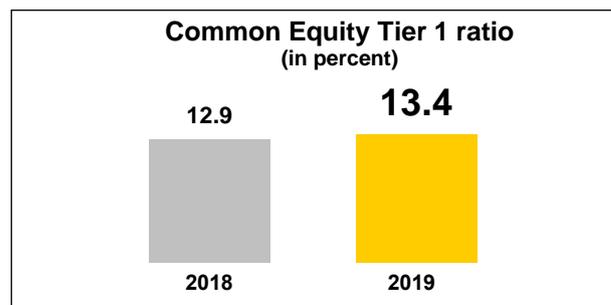
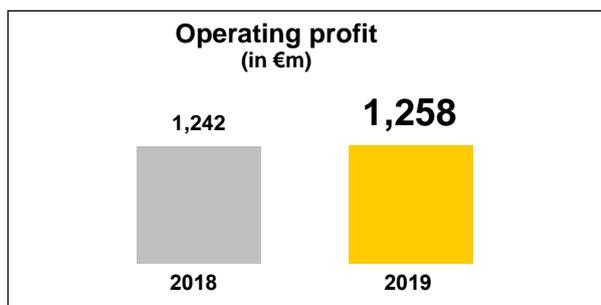


IR release

13 February 2020

Commerzbank: 2019 operating profit stable at €1.26bn – Common Equity Tier 1 ratio significantly increased

- Revenues up at €8.64bn (2018: €8.57bn) thanks to healthy client business
- Cost target achieved with costs reduced to €6.77bn (2018: €6.88bn)
- Risk result at minus €620m due to single cases (2018: minus €446m)
- Net profit of €644m includes first restructuring charge of €101m for personnel reduction and higher tax rate (2018: €862m)
- Common Equity Tier 1 ratio increased by 50 basis points to 13.4% in 2019 (2018: 12.9%)
- Board of Managing Directors proposes dividend of 15 cents per share for 2019 based on previous year's pay-out ratio



"We ended the financial year 2019 with a better operating profit than expected. We have already made tangible progress with our strategy. So I'm more optimistic about our return expectations than I was last autumn."

Martin Zielke, CEO

"We have systematically reduced our costs, thereby meeting our cost targets. And we will remain ambitious. Our strong capital ratio provides us with more flexibility in the implementation of our strategy and for focused growth."

Bettina Orlopp, CFO

Commerzbank reported a stable operating profit in the financial year 2019 despite the further deterioration in the operating environment. Customer business remained healthy growing in terms of customers and assets. The Bank gained around 473,000 net private and small business customers in Germany and grew its loan and securities volume by 16% to €261 billion. The Corporate Clients segment increased its lending to corporates by €6 billion to €88 billion and improved its revenues in its direct customer business. Overall, the Bank's growth initiatives resulted in an improvement in net interest income which offset the headwind from the negative interest rate environment. On the cost side, the Bank made further savings through strict cost management, enabling it to meet its cost target for 2019 of below €6.8 billion despite higher compulsory contributions. Meanwhile its negative risk result was higher driven by single cases in the Corporate Clients segment. At the same time the Bank's loan quality showed a further improvement with a non-performing exposure (NPE) ratio of 0.9%.

Commerzbank has made a successful start to the implementation of its "Commerzbank 5.0" strategy and has already achieved tangible progress. It has increased its stake in its online subsidiary comdirect to over 90%, thereby laying the foundation for a rapid integration. The sale process of mBank in Poland has been started. And by the fast agreement on a part-time retirement program, the Bank has laid the basis for the personnel reduction to be as socially responsible as possible. Provisions of €101 million were already booked in the fourth quarter of 2019 for this purpose.

"We ended the financial year 2019 with a better operating profit than expected. Together with the strong capital ratio, this provides us with a good starting position for 2020. We will take advantage of the extra leeway," said Martin Zielke, Chairman of the Board of Managing Directors of Commerzbank. "We have already made tangible progress with our "Commerzbank 5.0" strategy and are ahead of plan. So, I'm more optimistic about our return expectations than I was last autumn."

Group revenues rose to €8,643 million in 2019 (2018: €8,570 million) with a further improvement in revenue quality: the growth initiatives resulted in a rise of nearly 7% in net interest income to €5,074 million (2018: €4,748 million). In the fourth quarter of 2019, a higher provision for foreign currency loans at mBank had a negative impact on revenues. Nevertheless in the last quarter, revenues climbed by almost 7% to €2,173 million (Q4 2018: €2,035 million). This is attributable to higher net interest income in the Corporate Clients segment and in Treasury, as well as increased net commission income on the back of the improvement in securities business in the Private and Small Business Customers segment.

Operating costs were reduced to €6,313 million in 2019 (2018: €6,459 million). Contributing factors included the progress made in the “Commerzbank 4.0” personnel reduction, targeted savings and the prioritisation of and efficiency gains in strategic investments. The Bank thereby more than compensated for the further rise in compulsory contributions to €453 million caused mainly by the higher European bank levy and the banking tax in Poland (2018: €423 million). In total, **costs** were cut to €6,766 million (2018: €6,882 million). In the fourth quarter, they totalled €1,673 million (Q4 2018: €1,642 million).

The **risk profit** was minus €620 million for 2019 due to single cases (2018: minus €446 million). The fourth quarter accounted for minus €250 million (Q4 2018: minus €154 million), mainly due to individual cases in the international corporate customer business. Overall, the diversification of the portfolio is robust enough to manage slowdowns in individual sectors. The NPE ratio improved further to a low 0.9% by the end of 2019 (end of 2018: 1.0%), underlining the Bank’s strong risk profile.

The **operating profit** for 2019, at €1,258 million, came in slightly higher than the previous year’s (2018: €1,242 million). In the fourth quarter it improved to €250 million despite the rise in the risk result (Q4 2018: €240 million). The full-year **pre-tax profit** of €1,112 million (2018: €1,227 million) includes the restructuring costs of €101 million booked in the fourth quarter for the first part of the personnel reduction. The **net result** attributable to Commerzbank shareholders and investors in additional equity components for 2019 came out at €644 million (2018: €862 million). The figure reflects the higher tax charge of €369 million (2018: €262 million). This fact and the provisions for the personnel reduction led to a net result of minus €54 million in the last three months of the year (Q4 2018: €113 million).

Capital buffer significantly strengthened

The Bank significantly improved its capital base: its **Common Equity Tier 1 ratio** (CET 1 ratio) stood at a strong 13.4% at the end of December 2019 (end of September 2019: 12.8%, end of 2018: 12.9%). This already includes the dividend accrual of 15 cents per share for the financial year 2019. The considerable improvement of the CET 1 ratio is attributable partly to the €3 billion reduction in Risk-Weighted Assets (RWA) for credit risk in the fourth quarter, achieved as a result of portfolio optimisation at the end of the year. The Bank also reduced the RWA for operational risk through enhancement in its model which was approved by the regulators. Overall, RWAs decreased by almost €8 billion between the end of September and end of December 2019 to almost €182 billion. The **leverage ratio** rose at a comfortable 5.1% at the end of 2019 (end of 2018: 4.8%). **Total assets** rose to €464 billion (end of 2018: €462 billion).

“We have systematically reduced our costs, thereby meeting our cost targets. And we will remain ambitious. Further, we have improved the quality of our earnings thanks to our good customer business and we will pay a dividend again for 2019”, said Bettina Orlopp, Chief Financial Officer of Commerzbank. “Our strong capital ratio of 13.4% provides us with more flexibility in the implementation of our strategy and for focused growth.”

Development of the segments

The **Private and Small-Business Customers** segment continued on its growth trajectory last year, attracting around 473,000 net new customers in Germany – 100,000 of these in the fourth quarter. This means that, on a net basis, it has brought more than 1.5 million new customers on board since autumn 2016. It increased its loan and securities volume by €35 billion to €261 billion in 2019 (end of 2018: €226 billion). Here, the volume of mortgage lending alone increased by a further €5.8 billion to €80.9 billion.

The growth also enabled the segment to increase its net interest income by 5.6%. This allowed it to offset the effects of negative interest rates and the ECB's monetary policy. Overall, **revenues** increased to €4,913 million (2018: €4,806 million). Revenues rose to €4,883 million in 2019 (2018: €4,851 million) after adjustment for exceptional items such as the sale of ebase. In the fourth quarter, underlying revenues for the Private and Small Business Customers segment, impacted by the increased provision for foreign currency loans at mBank, totalled €1,173 million (Q4 2018: €1,185 million).

Operating costs were lower in 2019, at €3,529 million (2018: €3,586 million). However, compulsory contributions were up again at €285 million (2018: €252 million), particularly at mBank. The **risk result** rose to minus €253 million (2018: minus €233 million). Here, too, the increase came from mBank. Overall, the segment saw its **operating profit** jump by a good 15% to €846 million (2018: €735 million). The figure for the fourth quarter was €126 million (Q4 2018: €172 million), largely affected by the provision for foreign currency loans booked at mBank.

The **Corporate Clients** segment performed satisfactory in direct client business. It increased its lending to corporates by €6 billion to €88 billion in 2019 despite continued competitive pressure, and boosted revenues in its core business. Revenues with the Mittelstand and International Corporates increased by around 4 %, revenues with Financial Institutions grew by around 3%. However, the 2018 figures included profit contributions from legacy portfolios which have since been wound down. The absence of these in 2019 affected the segment's **revenues**, which totalled €3,241 million (2018: €3,414 million). **Underlying revenues** came to €3,328 million for the full year (2018: €3,457 million) and €838 million in the fourth quarter (Q4 2018: €845 million).

The segment trimmed its full-year **operating costs** to €2,453 million through successful cost management (2018: €2,503 million). Charges arising from single cases caused the segment's **risk result** to rise to minus €342 million (2018: minus €194 million). In the fourth quarter, these single cases occurred primarily internationally. Given the slowdown in German and European economic growth, the Bank remains cautious in its assessment of the risks and continues to closely monitor the portfolio. In total, the segment generated an operating profit of €328 million in 2019 (2018: €597 million). The operating profit for the fourth quarter

came to €42 million due to the rise in loan loss provisions and the absence of the contribution from the discontinued legacy portfolios (Q4 2018: €110 million).

Outlook

Commerzbank will continue to pursue its growth strategy and targets underlying revenues in 2020 at least at the level of 2019. It confirms its target for a cost base of €6.7 billion plus up to €0.2 billion cost to achieve IT investments as part of the Commerzbank 5.0 agenda. The risk result is expected to be above minus €650 million. The Bank is planning to maintain a dividend pay-out ratio for 2020 at a level comparable to 2019. It confirms its target for a Common Equity Tier 1 ratio of at least 12.75% by year end.

Financial figures at a glance

in €m	2019	2018	2019 vs 2018 in %	Q4 2019	Q4 2018	Q4 19 vs Q4 18 in %	Q3 2019
Net interest income	5,074	4,748	+6.9	1,307	1,237	+5.6	1,260
Net commission income	3,056	3,089	-1.1	786	754	+4.3	763
Net fair value*	244	366	-33.4	116	-121	-	15
Other income	270	367	-26.5	-36	166	-	145
Income before risk result	8,643	8,570	+0.9	2,173	2,035	+6.8	2,183
<i>Revenues excl. exceptional items</i>	8,619	8,649	-0.3	2,163	2,151	+0.5	2,170
Operating expenses	6,313	6,459	-2.3	1,608	1,579	+1.9	1,559
Compulsory contributions	453	423	+7.1	65	63	+2.8	60
Risk result	-620	-446	-38.9	-250	-154	-62.4	-114
Operating profit or loss	1,258	1,242	+1.2	250	240	+4.5	450
Impairments on intangible assets	28	-	-	28	-	-	-
Restructuring Costs	101	-	-	101	-	-	-
Current pre-tax profit or loss (discontinued operations)	-17	-15	-7.4	-9	-30	+69.0	-7
Pre-tax profit or loss (Group)	1,112	1,227	-9.3	112	209	-46.4	443
Taxes	369	262	+40.5	154	75	-	104

in €m	2019	2018	2019 vs 2018 in %	Q4 2019	Q4 2018	Q4 19 vs Q4 18 in %	Q3 2019
Minorities	100	102	-2.1	13	22	-41.4	43
Consolidated profit or loss**	644	862	-25.3	-54	113	-	296
Earnings per share (€)	0.51	0.69	-26.1	-0.04	0.09	-	0.24
Cost/income ratio in operating business excl. compulsory contributions (%)	73.0	75.4		74.0	77.6		71.4
Cost/income ratio in operating business incl. compulsory contributions (%)	78.3	80.3		77.0	80.7		74.1
Operating RoTE (%)	4.7	4.7		3.6	3.6		6.6
Net RoTE (%)***	2.4	3.4		-1.1	1.8		4.4
Net RoE (%)	2.2	3.1		-1.0	1.6		4.0
CET 1 ratio (%)****	13.4	12.9		13.4	12.9		12.8
Leverage Ratio, Basel 3 fully loaded (%)	5.1	4.8		5.1	4.8		4.7
Total assets (€bn)	464	462		464	462		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 potential (fully discretionary) AT 1 coupon

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

2019 figures published in this press release are preliminary and unaudited.

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 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 2019 Commerzbank generated gross revenues of €8.6 billion with approximately 48,500 employees.

Disclaimer and Forward-Looking Statement

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.