Commerzbank expects to fully write off existing goodwill of around €1.5bn and a negative risk result of at least €1.7bn

- Goodwill write-off has no effect on regulatory capital
- Manfred Knof: “After this balance sheet clean-up, we are well prepared for the road ahead of us. Our goal is to make the bank more profitable in the long-term”
- Bettina Orlopp: “By increasing our risk result we are responding to the ongoing Corona pandemic and feel well prepared for further developments this year”

Commerzbank expects the existing goodwill of around €1,5 billion to be fully written-off due to among others deteriorating market parameters, in particular the level of interest rates in the euro area and in Poland. The changed market parameters that led to the goodwill write-off will also have a negative impact on the valuation of the deferred tax assets.

The required write-off of goodwill has no impact on the capital ratio, which the Bank continues to expect at around 13% at the end of 2020.

Manfred Knof, CEO of Commerzbank, stated: “After this balance sheet clean-up, we are well prepared for the road ahead of us. Our goal is to make the bank more profitable in the long term.”

For the financial year 2020, the bank also expects a risk result of at least minus €1.7 billion. This already includes a top-level adjustment of around €500 million for expected Corona-related effects in 2021. With the higher risk result the bank also anticipates the currently expected impact of the second lockdown.

"By increasing our risk result we are responding to the ongoing Corona pandemic and feel well prepared for further developments this year," said Bettina Orlopp.

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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 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 were made.
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