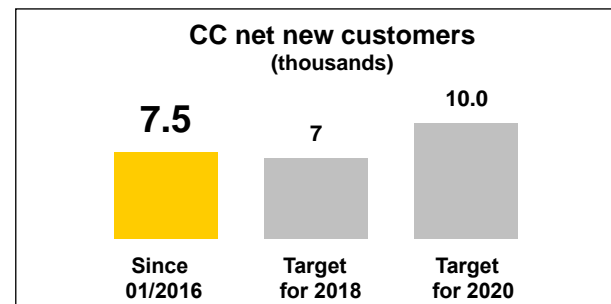
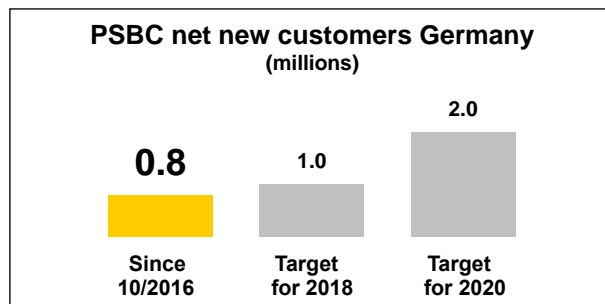
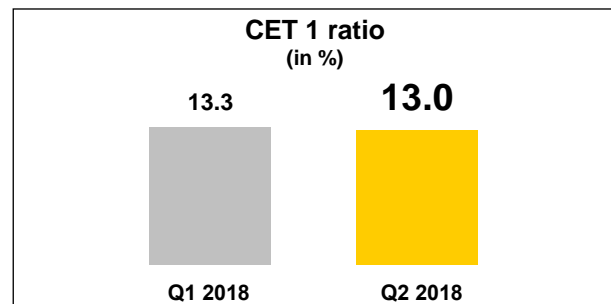
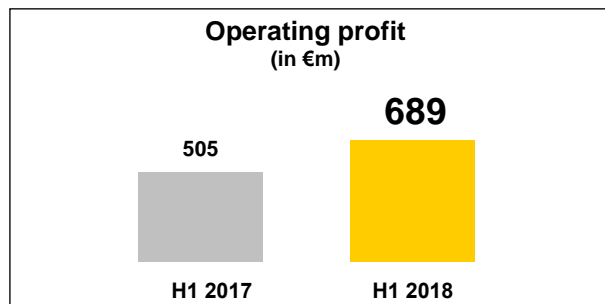


Press release

For business editors
7 August 2018

Commerzbank: Strategy implementation progressing, operating profit for H1 2018 of €689m

- Net profit of €533m for first half of 2018 (H1 2017: minus €414m)
- Operating profit of €389m for second quarter (Q2 2017: €179m) and of €689m for the first half (H1 2017: €505m)
- Underlying revenues up by 4% at €4.52bn (H1 2017: €4.34bn)
- Agreement on sale of EMC business marks a strategic milestone
- Common Equity Tier 1 ratio of 13.0% reflects loan growth (end of March 2018: 13.3%)
- Outlook slightly adjusted



“Our strategy implementation is progressing. We are growing and further simplifying and digitalising our business. Of course, it will take some time for our growth initiatives to take full effect.”

Martin Zielke, CEO

“Our cost target of €6.5 billion for 2020 remains unchanged. In view of investment activities, regulatory contributions and project costs, we have slightly adjusted our cost target for the full year 2018 to €7.1 billion.”

Stephan Engels, CFO

Commerzbank made further progress in the implementation of its Commerzbank 4.0 **strategy** in the first half of 2018. The agreement on the sale of its Equity Markets & Commodities business to Société Générale marks another milestone for Commerzbank in the simplification of its business model. Revenues excluding exceptional items rose 4% year-on-year to €4,515 million (H1 2017: €4,335 million), driven in particular by the Private and Small Business Customers segment. Customer growth continued here at a slightly slower rate. Assets under control already exceeded the target for 2018. The Corporate Clients segment further increased its loan volume. Since 2016, the segment has gained 7,500 net new customers. The proportion of processes that had been digitalised stood at 56 percent at mid-year, following the completion of three digitalisation projects (“journeys”).

Group **revenues** increased to €4,534 million in the first half (H1 2017: €4,450 million), and to €2,221 million in the second quarter (Q2 2017: €2,064 million). **Operating expenses** in the first half stood at €3,684 million (H1 2017: €3,583 million), due to ongoing investments in strategy implementation and digitalisation, as well as higher regulatory costs. Operating expenses for the second quarter stood at €1,748 million (Q2 2017: €1,718 million). The **risk result** benefited from the Bank’s strong risk profile in a still benign credit environment and was minus €161 million in the first half. The risk result for the second quarter came to minus €84 million. The Bank’s non-performing loan (NPL) ratio, at just 0.9%, remained low compared to its European peers.

The **operating profit** and **pre-tax profit** for the first half of 2018 climbed to €689 million (H1 2017: operating profit €505 million; pre-tax result minus €302 million). The operating profit for the second quarter came to €389 million (Q2 2017: €179 million). After deduction of taxes of €99 million and minority interests of €57 million, Commerzbank achieved a **net profit** of €533 million in the first half (H1 2017: minus €414 million). The net profit for the second quarter stood at €272 million (Q2 2017: minus €640 million). In the previous year, the net result had been driven by restructuring charges.

“Our strategy implementation is progressing. We are growing and further simplifying and digitalising our business”, said Martin Zielke, Chairman of the Board of Managing Directors of Commerzbank. “Given the intense competition, particularly in corporate clients, we have slightly adjusted our outlook. Our growth initiatives are already working. Of course, it will take some time for them to take full effect.”

The **Common Equity Tier 1 ratio** (CET 1) stood at 13.0% at the end of June, versus 13.3% at the end of March 2018. This includes the net result with a dividend accrual of 10 cents per share for the first half of the year. Driver for the decrease of the CET 1 ratio was the loan growth in the core business – including larger, short-term transactions in acquisition finance – and the associated rise in risk-weighted assets (RWA) for credit risk. Overall, RWA increased to €176 billion at the end of June 2018 (end of March 2018: €170 billion). The **leverage ratio** stood at 4.5% (end of March 2018: 4.6%). **Total assets** came to €488 billion (end of March 2018: €470 billion).

“We have addressed fierce competition and margin pressure by successfully expanding our lending. This is why our Common Equity Tier 1 ratio has moved a bit in the second quarter. We are expecting a CET 1 ratio of at least 13,0% for year-end”, said Stephan Engels, Chief Financial Officer of Commerzbank. “Our cost target of €6.5 billion for 2020 remains unchanged. In view of investment activities, regulatory contributions and project costs, we have slightly adjusted our cost target for the full year 2018 to €7.1 billion.”

Development of the segments

The **Private and Small Business Customers** segment continued on its growth path in the first half in a highly competitive market environment. Revenues excluding exceptional items rose by €160 million in the first half. Total revenues climbed to €2,439 million in the first half (H1 2017: €2,280 million). The revenue figure for the second quarter was €1,201 million (Q2 2017: €1,112 million).

In terms of Assets under Control in Germany, the segment has already met its target for the year of over €385 billion: at the end of the second quarter they amounted to €386 billion. The volume of mortgage lending reached €72 billion at mid-2018, while the consumer finance book totalled €3.5 billion. Growth in customer numbers slowed in the first half, with 145,000 net new customers – partly because, for reasons of client-profitability, the Bank will not engage in the current pricing competition for new retail customers at any cost.

Operating expenses increased in the first half to €1,945 million (H1 2017: €1,868 million). This is attributable to regulatory charges and further investments in digitalisation. The segment's risk result came to minus €121 million in the first half, with the second quarter accounting for minus €70 million of this.

Its operating profit rose to €373 million in the first half (H1 2017: €336 million), and to €171 million in the second quarter (Q2 2017: €142 million).

Commerzbank's subsidiaries continued their growth trend in the first half. mBank increased its adjusted revenues to €518 million (H1 2017: €484 million) and acquired around 167,000 net new customers in the first half, around 88,000 of these in the second quarter. It now has about 5.5 million retail and corporate customers in Poland, the Czech Republic and Slovakia. Comdirect contributed revenues of €199 million in the first half, a year-on-year increase of €15 million. Commerz-Real's revenues, at €119 million, were likewise higher than at mid-2017.

The **Corporate Clients** segment made good progress towards its growth targets in the first half. The loan volume in Mittelstand and International Corporates, including some short-term transactions, rose to €80 billion. With 7,500 net new customers since 2016, the segment already also exceeded its 2018 target of 7,000. However, continued high pressure on margins effected revenues despite successful growth initiatives.

First-half revenues came to €1,914 million (H1 2017: €2,043 million). In the second quarter, revenues were supported by a large transaction in Credit Portfolio Management, and amounted to €948 million (Q2 2017: €943 million).

Operating expenses came to €1,502 million in the first half (H1 2017: €1,466 million). The risk result stood at minus €56 million for the first half, and minus €33 million for the second quarter.

The segment's operating profit for the first half was down on the previous year's, at €357 million (H1 2017: €501 million). For the second quarter operating profit stood at €212 million (Q2 2017: €234 million).

The **Asset & Capital Recovery** segment achieved a positive operating result of €76 million in the first half of the year (H1 2017: minus €115 million, Q2 2018: €58 million). The revaluation of the Ship Finance portfolio following the introduction of IFRS 9 had a positive effect here. First-half revenues came to €107 million (H1 2017: €153 million). The revenue figure for the second quarter was €62 million (Q2 2017: €39 million). The risk result for the first half came out at €13 million. Operating expenses were down at €44 million (H1 2017: €57 million). The second quarter accounted for €17 million (Q2 2017: €28 million). The Bank's Ship Finance portfolio amounted to €1.4 billion (H1 2017: €5.0 billion).

Outlook

The outlook has been adjusted slightly. 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	H1 2018	H1 2017	Q2 2018	Q2 2017	Q1 2018	H1/18 vs H1/17 in %
Net interest income	2,207	2,053	1,162	1,004	1,045	7.5
Net commission income	1,562	1,666	765	779	797	-6.2
Net fair value result	625	693	268	294	356	-9.8
Other income	141	39	26	-13	115	-
Revenues before risk result	4,534	4,450	2,221	2,064	2,314	1.9
<i>Revenues excl. exceptional items</i>	4,515	4,335	2,203	2,056	2,312	4.2
Operating expenses	3,684	3,583	1,748	1,718	1,936	2.8
Risk result (2017: Loan loss provisions)	-161	-362	-84	-167	-77	55.6
Operating profit or loss	689	505	389	179	301	36.4
Impairments of Goodwill	-	-	-	-	-	-
Restructuring expenses	-	807	-	807	-	-
Pre-tax profit or loss	689	-302	389	-628	301	-
Taxes	99	67	94	-13	5	46.5
Consolidated profit or loss attributable to Commerzbank shareholders	533	-414	272	-640	262	-
Earnings per share (€)	0.43	-0.33	0.22	-0.51	0.21	-
Cost/income ratio in operating business (%)	81.3	80.5	78.7	83.2	83.7	-
Operating RoTE (%)	5.3	3.7	5.9	2.7	4.6	-
Net RoTE (%)	4.3	-3.2	4.3	-9.8	4.2	-
Net RoE (%)	3.8	-2.9	3.9	-8.9	3.8	-
CET 1 ratio, Basel 3 fully phased-in (%)	13.0	13.0	13.0	13.0	13.3	-
Leverage Ratio, Basel 3 fully phased-in (%)	4.5	4.6	4.5	4.6	4.6	-
Total assets (€bn)	488	487	488	487	470	-

From approximately 7 am onwards you can find broadcast-ready video material with statements by Stephan Engels at <http://mediathek.commerzbank.de/>.

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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.