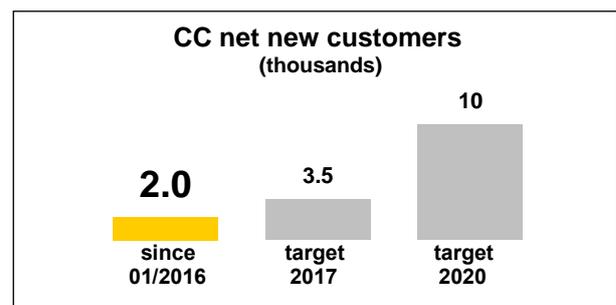
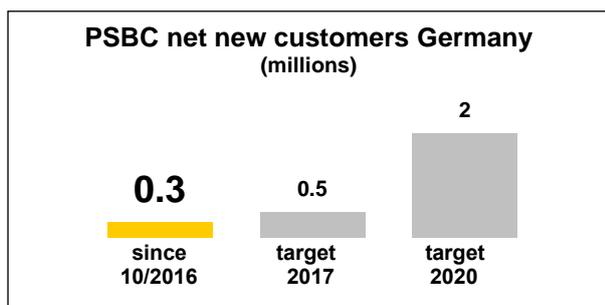
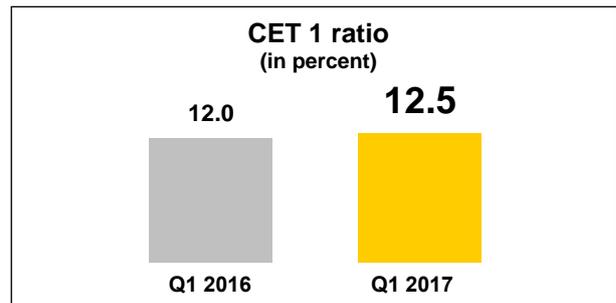
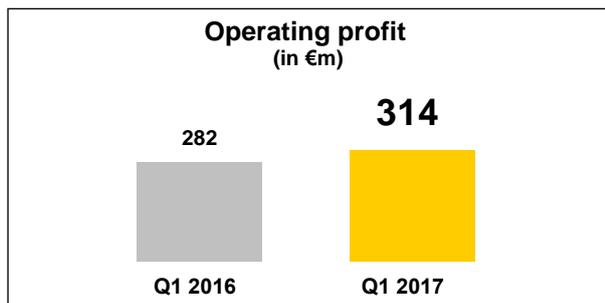


IR release

9 May 2017

## Commerzbank: Operating Profit of €314m and Improved Capital Ratio

- Operating profit of €314m for first quarter 2017 (Q1 2016: €282m)
- Net profit of €217m for first quarter 2017 (Q1 2016: €169m)
- Revenues before loan loss provisions up slightly at €2.4bn (Q1 2016: €2.3bn) – revenues include valuation effects, notably in ACR, of €90m; increase of €116m after adjustment for one-off effects
- Common Equity Tier 1 ratio increased to 12.5% (end of March 2016: 12.0%); non-performing loan ratio still very low at 1.5%
- Implementation of 4.0 strategy on track – good customer growth in the first quarter



“Commerzbank had a good start to the new year and achieved a decent operating profit in the first quarter. We are on track with the implementation of our Commerzbank 4.0 strategy.”

**Martin Zielke, CEO**

“Our Common Equity Tier 1 ratio has gone up to 12.5 percent. This gives us the necessary leeway for investments and restructuring. So we are proceeding according to plan. Our risk profile remains very good.”

**Stephan Engels, CFO**

Commerzbank generated a solid operating profit and further improved its Common Equity Tier 1 ratio in the first quarter of 2017. The implementation of the “Commerzbank 4.0” strategy announced in autumn last year is running according to schedule. The Bank’s **operating profit** improved in the first quarter of 2017 to €314 million (Q1 2016: €282 million). **Revenues before loan loss provisions** increased slightly to €2,374 million (Q1 2016: €2,323 million), although, as expected, there was no repeat of the significant positive one-off effects that occurred in the same quarter of the previous year. Excluding these, revenues rose by €116 million year-on-year. This positive trend in revenues is due primarily to a rise in net commission income on the back of higher volumes in securities. **Loan loss provisions** stood at €195 million in the first quarter of 2017 (Q1 2016: €148 million). The year-on-year increase in loan loss provisions is due to higher loan loss provisions for ship finance. The non-performing loan (NPL) ratio of just 1.5%, which is still good compared to our European peers, reflects the Bank’s healthy risk profile. **Operating expenses** came to €1,865 million (Q1 2016: €1,893 million). They already include the whole of the bank levy for 2017, which amounted to €171 million. The **pre-tax profit** stood at €314 million in the first quarter of 2017. So after deduction of taxes of €77 million and minority interests of €20 million, Commerzbank made a **net profit** of €217 million (Q1 2016: €169 million). **Earnings per share** came in at €0.17 in the first quarter of 2017 (Q1 2016: €0.13).

“Commerzbank had a good start to the new year and achieved a decent operating profit in the first quarter. We are on track with the implementation of our Commerzbank 4.0 strategy. The Private and Small Business Customers segment saw further growth in customer numbers and assets in the first quarter. In the Corporate Clients segment we launched a €6 billion credit initiative for German SMEs. But it is also clear that it will take some time for our growth to be sufficient to significantly outweigh the burden resulting from the negative interest rate environment”, said Martin Zielke, Chairman of the Board of Managing Directors of Commerzbank.

## **Common Equity Tier 1 ratio up at 12.5% – risk profile remains very good**

**Risk-Weighted Assets** (RWA) with full application of Basel 3 were reduced in the first quarter of 2017 as a result of active portfolio management and lower operational risks. They stood at €186.2 billion at the end of March 2017, compared with €189.8 billion at the end of 2016 and €194.5 billion at the end of March 2016. The **Common Equity Tier 1 ratio** (CET 1) with full application of Basel 3 rose to 12.5%, versus 12.3% at the end of December 2016. The rise stems from the reduction in RWA. The level of the CET 1 ratio gives the Bank the necessary scope to absorb the forthcoming charges arising from restructuring costs and regulatory and accounting requirements. The **leverage ratio** decreased to 4.6% at the end of the first quarter of 2017, from 4.8% at the end of December 2016. **Total assets** came to €490 billion (end of 2016: €480 billion).

“Our Common Equity Tier 1 ratio has gone up to 12.5 percent. This gives us the necessary leeway for investments and restructuring. So we are proceeding according to plan”, commented Stephan Engels, Chief Financial Officer of Commerzbank. “Our risk profile remains very good.”

## Development of the segments

The **Private and Small Business Customers** segment registered continued operational growth in the first quarter of 2017, both in Germany and at mBank. While the operating profit was down year-on-year at €194 million (Q1 2016: €277 million), the fall also reflects both the positive one-off effects, totalling €40 million, in the same quarter of the previous year, and higher regulatory costs, particularly in Poland, which rose by €32 million. Revenues before loan loss provisions did fall slightly to €1,168 million (Q1 2016: €1,195 million). However, after adjustment for the €40 million from the first quarter of 2016, revenues were up slightly, despite the continuing burden of the negative interest rate environment in Germany. Loan loss provisions increased over the same period to €33 million (Q1 2016: €23 million), which is still a low level. Operating expenses climbed to €941 million (Q1 2016: €895 million). This figure includes the higher costs for the bank levy and the Polish banking tax.

In Germany the Bank attracted approximately a net 151,000 new customers in the first quarter, making a gain of 0.3 million customers since it hit its 1 million target early, in October 2016. The loan volume was up 7% year-on-year. The new business in mortgage lending increased again over the same period. The quality of commission income was further improved due to the fact that managed investment products accounted for a larger share of business.

mBank also saw further business growth in the first quarter of 2017, and was able to raise its revenues before loan loss provisions compared to the first quarter of 2016. New business in consumer loans increased by more than 30% by volume over the same period. mBank also gained around 99,000 net new customers in the first quarter of 2017, so that it now has around 5.5 million private and corporate customers in Poland, the Czech Republic and Slovakia.

Operating profit for the **Corporate Clients** segment was down year-on-year in the first quarter at €250 million (Q1 2016: €280 million). Revenues before loan loss provisions, after adjustments for valuation effects from own liabilities (OCS) and for counterparty risk in the derivatives business, decreased year-on-year to €1,068 million (Q1 2016: €1,130 million). The Mittelstand Group division, supported by strong demand for capital market products, maintained stable revenues over the same period, and so was able to offset the burden of the negative interest rate environment. In the International Corporates Group division, clients remained reluctant to engage in capital market activities, while revenues from commercial banking as a whole remained stable. In Financial Institutions, revenues were down on account of the targeted reduction in the number of correspondent banks. Equity Markets & Commodities saw strong client demand for

investment products in the first quarter of 2017 due to rising equity markets. The segment's loan loss provisions stood at €43 million in the first quarter of 2017 (Q1 2016: €56 million). Operating expenses were reduced year-on-year to €789 million (Q1 2016: €810 million). As part of the Commerzbank 4.0 strategy, a growth initiative was launched in the segment in the first quarter with the aim of extending an additional €6 billion in loans to German SMEs.

The **Asset & Capital Recovery** (ACR) segment recorded an improvement in its operating result in the first quarter of 2017 to minus €33 million (Q1 2016: minus €119 million). Revenues before loan loss provisions increased to €115 million (Q1 2016: minus €18 million), largely as a result of the recovery of an exposure in the Public Finance Group division that had already been written down, as well as valuation effects. Loan loss provisions for the same period were higher, at €119 million (Q1 2016: €70 million). Ship Finance accounted for almost all of this. Operating expenses stood at €29 million in the first quarter of 2017 (Q1 2016: €31 million).

## Outlook

The outlook remains unchanged: this financial year the Bank will further strengthen its market position and will focus on the implementation of the Commerzbank 4.0 strategy. Investments, P&L including restructuring costs, capital and RWA will be managed in such a way as to keep the CET 1 ratio stable at 12% or above. Commerzbank will aim to keep the cost base stable and book the first part of restructuring charges for Commerzbank 4.0 this year. The Bank expects loan loss provisions for segments Private and Small Business Customers as well as Corporate Clients to remain on the level of 2016, while loan loss provisions in Ship Finance are expected to be in a range of €450 million to €600 million.

## Financial figures at a glance

in €m	Q1 2017	Q1 2016	Q4 2016	2016	Q1/'17 vs Q1/'16 in %	Q1/'17 vs Q4/'16 in %
Net interest and trading income	1,446	1,343	1,277	5,397	7.7	13.2
Provisions for loan losses	-195	-148	-290	-900	-31.8	32.8
Net commission income	887	823	825	3,212	7.8	7.5
Net investment income	31	32	87	344	-3.1	-64.4
Current income on companies accounted for at equity	7	49	8	150	-85.7	-12.5
Other income	3	76	202	296	-96.1	-98.5
<b>Revenues before loan loss provisions</b>	<b>2,374</b>	<b>2,323</b>	<b>2,399</b>	<b>9,399</b>	<b>2.2</b>	<b>-1.0</b>
Operating expenses	1,865	1,893	1,772	7,100	-1.5	5.2
<b>Operating profit or loss</b>	<b>314</b>	<b>282</b>	<b>337</b>	<b>1,399</b>	<b>11.3</b>	<b>-6.8</b>
Impairments of Goodwill	-	-	-	627		
Restructuring expenses	-	-	32	129		
<b>Pre-tax profit or loss</b>	<b>314</b>	<b>282</b>	<b>305</b>	<b>643</b>	<b>11.3</b>	<b>3.0</b>
Taxes	77	89	100	261	-13.5	-23.0
<b>Consolidated profit or loss attributable to Commerzbank shareholders</b>	<b>217</b>	<b>169</b>	<b>183</b>	<b>279</b>	<b>28.4</b>	<b>18.6</b>
Earnings per share (€)	0.17	0.13	0.15	0.22		
Cost/income ratio in operating business (%)	78.6	81.5	73.9	75.5		
Operating RoTE (%)	4.7	4.3	5.0	5.3		
Net RoTE (%)	3.3	2.6	2.8	1.1		
Net RoE (%)	3.0	2.4	2.6	1.0		
CET 1 ratio B3, fully phased-in (%)	12.5	12.0	12.3	12.3		
Leverage Ratio, B3 fully phased-in (%)	4.6	4.5	4.8	4.8		
Total assets (€bn)	490	536	480	480		

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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, as well as Corporate Clients, the Bank offers a comprehensive portfolio of financial services which is precisely aligned to the clients' needs. Commerzbank finances approximately 30% of Germany's foreign trade and is leading in financing 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 17.5 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 2016, it generated gross revenues of €9.4 billion with approximately 49,900 employees.

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## 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.