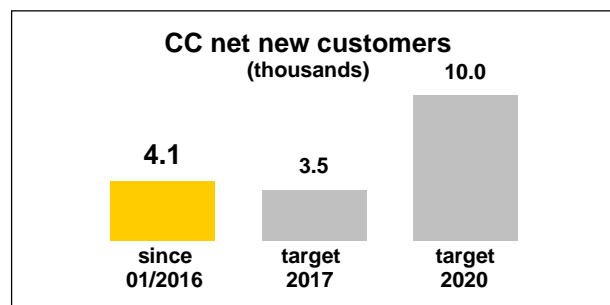
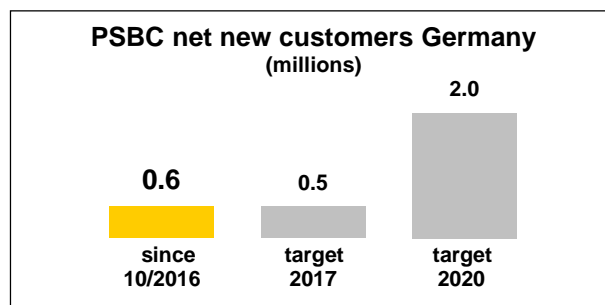
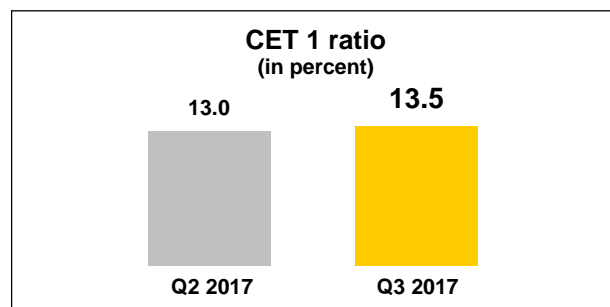
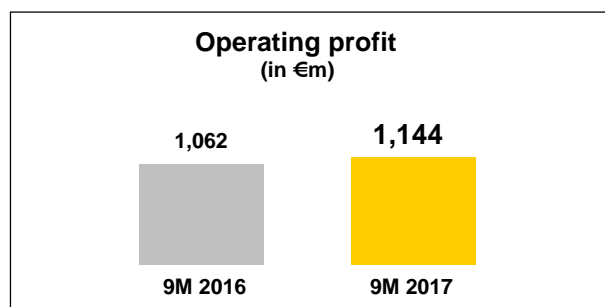


## Press release

For business editors  
9 November 2017

### Commerzbank: Strategy implementation on track – Operating profit of €1,144m after nine months 2017

- Operating profit of €629m for the third quarter (Q3 2016: €429m); €1,144m after nine months (first nine months of 2016: €1,062m)
- Adjusted revenues came to €6.35bn in the first nine months (first nine months of 2016: €6.46bn) – one-offs of €618m; segments Private and Small Business Customers and Corporate Clients stable quarter-on-quarter
- Net profit after nine months of €66m despite restructuring expenses of €807m in the second quarter of 2017
- Common Equity Tier 1 ratio up significantly to 13.5% (end of June 2017: 13.0%); leverage ratio comfortable at 4.7%
- ACR shipping portfolio reduced by more than 30% in the first nine months to €3.3bn. On track for year-end target of around €3bn – acceleration of portfolio run-down under consideration
- Around 587,000 net new customers in German retail banking since October 2016 – consumer loan platform fully integrated



“We have grown both in terms of clients and assets, having successfully reallocated RWAs and capital to our core businesses and strongly invested into our digitalisation and IT.”

**Martin Zielke, CEO**

“With IFRS 9 due to be implemented by the turn of the year, we are currently considering revaluating our Ship Finance portfolio to run it down even faster than previously planned.”

**Stephan Engels, CFO**

Commerzbank continued to pursue its growth strategy in the third quarter, further increased its capital ratio, and made further progress in reducing the run-down portfolios. The business performance of client facing segments was stable quarter-on-quarter. In the Private and Small Business Customers segment, Commerzbank has gained around 450,000 net new customers and increased assets under control by €28 billion in Germany since the start of the year. By pursuing its growth agenda, the Bank is laying the foundations for future profitability. The Common Equity Tier 1 ratio stood at 13.5% at the end of September up from 11.8% a year earlier. In the Asset & Capital Recovery (ACR) segment, the shipping portfolio saw a substantial reduction of €1.5 billion in the first nine months of 2017, taking it to €3.3 billion at the end of the third quarter.

The Bank also continued with the implementation of its “Commerzbank 4.0” strategy in the third quarter as planned. The termination of the Commerz Finanz GmbH joint venture and the transfer of the consumer loan portfolio of around €3.5 billion onto the Bank’s books and systems were fully completed in the third quarter. The transfer of this portfolio now offers an opportunity for Commerzbank to expand the business on its own platform. Its target is to increase this portfolio to over €10 billion by 2020. Investments in digitalisation and its implementation in the Digital Campus are running to plan.

“We have made good progress in laying foundations for our transformation this year. In the interest of sustainable long-term profitability, we are focussing on growth. We have grown both in terms of clients and assets, having successfully reallocated RWAs and capital to our core businesses and strongly invested into our digitalisation and IT. We have now successfully transferred the consumer loan business onto our books and are now able to further grow this business”, said Martin Zielke, Chairman of the Board of Managing Directors of Commerzbank.

The Bank saw its **operating profit** increase by 7.7% year-on-year in the first nine months to €1,144 million (first nine months of 2016: €1,062 million). Previously announced non-recurring revenue items and valuation effects, which sum up to €618 million after nine months, contributed to this increase (first nine months of 2016: €543 million). The operating profit for the third quarter 2017 came in at €629 million (Q3 2016: €429 million). The exceptional revenue items which arose mainly from real estate sales, the sale of Concardis, and the termination of the consumer loan joint venture with BNP Paribas, amounted to €502 million in the third quarter, and therefore had more of an impact than the non-recurring items in the same quarter of last year (Q3 2016: €231 million). **Revenues before loan loss provisions** were also stable in the first nine months, at €6,971 million (first nine months of 2016: €7,000 million). In the third quarter they rose by 3.0% to €2,511 million (Q3 2016: €2,437 million). Excluding non-recurring items, revenues before loan loss provisions were down year-on-year in the first nine months, at €6,353 million (first nine months of 2016: €6,457 million). This shows that the Bank’s growth in customer numbers and assets helped mitigating the negative interest rate environment and lower margins. In the third quarter, the Bank’s underlying revenues came to €2,009 million (Q3 2016: €2,206 million).

**Net loan loss provisions**, at €530 million, were lower year-on-year in the first nine months of 2017 (first nine months of 2016: €610 million). The figure for the third quarter was €168 million (Q3 2016: €275 million). Therefore, the Bank recorded a non-performing loan (NPL) ratio of just 1.5%, which is still low compared to its European peers, reflecting its healthy risk profile. **Operating expenses** were down slightly for the first nine months at €5,297 million (first nine months of 2016: €5,328 million). Personnel expenses decreased due to the personnel reductions, whereas expenses attributable to the various bank levies increased by €42 million. Operating expenses for the third quarter stood at €1,714 million (Q3 2016: €1,733 million).

Taking into account the restructuring expenses of €807 million booked in the second quarter in connection with the “Commerzbank 4.0” strategy, the **pre-tax profit** for the first nine months of 2017 came to €337 million (first nine months of 2016: €338 million). The pre-tax profit had been adversely affected in the first nine months of 2016 by an impairment on goodwill and other intangible assets of €627 million and restructuring charges of €97 million. So after deduction of taxes of €204 million and minority interests of €67 million, Commerzbank posted a positive **net profit** of €66 million for the first nine months of 2017 (first nine months of 2016: €96 million). The net result for the third quarter stood at €472 million (Q3 2016: minus €288 million). **Earnings per share** came in at €0.05 in the first nine months of 2017 (first nine months of 2016: €0.08).

The **Common Equity Tier 1 ratio** (CET 1) with full application of Basel 3 rose to 13.5% at the end of September 2017, versus 13.0% at the end of June 2017. This increase was attributable firstly to the larger CET 1 capital base: the Bank’s CET 1 capital with full application of Basel 3 rose by around €0.7 billion due mainly to the improved net profit. Secondly, **Risk-Weighted Assets** (RWA) were also lower again. RWAs associated with planned growth in the Bank’s core business and operational risks were higher, while there were lower RWAs for market risks and due to the portfolio run-down in Ship Finance. RWA with full application of Basel 3 stood at €176.6 billion at the end of September 2017, compared with €178.5 billion at the end of June 2017 and €194.6 billion at the end of September 2016. The **leverage ratio** came out at 4.7% at the end of the third quarter of 2017. **Total assets** came to €490 billion (end of June 2017: €487 billion).

“We have increased our Common Equity Tier 1 ratio significantly to 13.5 percent. Taking into account the IFRS 9 effect, we are aiming for a CET 1 ratio of at least 12.5 percent as of 1 January 2018. Besides growth, cost management remains a top priority. Active management has enabled us to keep our costs stable despite the investments in digitalisation and IT”, said Stephan Engels, Chief Financial Officer of Commerzbank. “We are continuing to make good progress with the run-down of our ACR shipping portfolio. We are on track to achieve our target for the year of around €3 billion. With IFRS 9 due to be implemented by the turn of the year, we are currently considering reevaluating our Ship Finance portfolio to run it down even faster than previously planned.”

## Performance of the segments

The **Private and Small Business Customers** segment continued with its growth strategy and is ahead of target in terms of growth in customer numbers and assets under control in Germany. Commerzbank has gained approximately 587,000 net new customers since October 2016. Around 450,000 of these were acquired in the first nine months of 2017, including around 100,000 as a result of the takeover of Onvista by Comdirect. Assets under control rose by €28 billion over the same period to €366 billion. The volume of new mortgage lending business reached €11.3 billion in the first nine months of 2017 (first nine months of 2016: €9.2 billion).

The operating profit for the segment for the first nine months of 2017 was down year-on-year at €717 million (first nine months of 2016: €845 million). The decrease is attributable primarily to an increase in operating expenses. In the third quarter an operating profit of €381 million was generated – also supported by non-recurring items (Q3 2016: €273 million). Revenues before loan loss provisions remained stable year-on-year in the first nine months of 2017 at €3,642 million (first nine months of 2016: €3,643 million). The revenue figure for the third quarter was €1,363 million (Q3 2016: €1,216 million). This included non-recurring items totalling €238 million, mainly from the previously announced sale of the Concardis holdings and the valuation in connection with the termination of the consumer loan joint venture with BNP Paribas. Excluding non-recurring items, revenues before loan loss provisions came to €1,125 million, so were stable relative to the previous quarter (Q2 2017: €1,110 million).

Loan loss provisions for the segment rose by 23.8% in the first nine months of 2017 to €130 million (first nine months of 2016: €105 million). €55 million of this was booked in the third quarter (Q3 2016: €40 million). Operating expenses increased to €2,795 million in the first nine months (first nine months of 2016: €2,693 million). The €24 million increase in compulsory contributions in Poland was a key factor in this. Of the operating expenses, €927 million was incurred in the third quarter (Q3 2016: €903 million).

mBank revenues before loan loss provisions increased in the first nine months of 2017 to €738 million (first nine months of 2016: €721 million). Thereof, €254 million were generated in the third quarter (Q3 2016: €228 million). The volume of new consumer loan business went up by more than 15% year-on-year in the first nine months. mBank has attracted around 208,000 net new customers since the beginning of the year. In the third quarter of 2017, mBank retrospectively adjusted its customer numbers for authorised users of a microfirm current account. At the end of September 2017, mBank had approximately 5.3 million retail and business customers in Poland, the Czech Republic and Slovakia.

**Corporate Clients** had to deal with weak markets and the challenges from the negative interest rate environment. In the first nine months of 2017 it reported an operative result of €742 million (first nine months of 2016: €927 million). The third quarter accounted for €241 million of this (Q3 2016: €327 million). Adjusted revenues before loan loss provisions slipped to €2,981 million in the first nine months of 2017 (first nine months of 2016: €3,147 million). In the third quarter, they were slightly higher than in the previous quarter, at €961 million (Q2 2017: €952 million).

Mittelstand saw muted loan demand, but was able to partially compensate for it with a good performance with capital market products. International Corporates grew its lending business slightly compared to the first nine months of the previous year. However, demand for structured capital market products declined over the same period. The strategic realignment and repositioning of Financial Institutions is on track. Revenues have now stabilised. Equity Markets & Commodities benefited in the first nine months from solid customer activity due to favourable equity markets.

Loan loss provisions for the Corporate Clients segment were reduced in the first nine months of 2017 to €123 million (first nine months of 2016: €215 million). The segment saw its operating expenses for the same period reduced to €2,148 million (first nine months of 2016: €2,219 million). It managed to cut its costs despite strategic investments and higher expenditure on the implementation of regulatory and compliance requirements.

In the **Asset & Capital Recovery (ACR)** segment, the Ship Finance and Commercial Real Estate Finance portfolios were reduced by about €2.3 billion in the first nine months of 2017. The shipping portfolio, having been run down by €1.5 billion or more than 30% in the first nine months, now stands at around €3.3 billion. The segment's operating result improved in the first nine months of 2017 to minus €215 million (first nine months of 2016: minus €359 million). The figure for the third quarter was minus €100 million (Q3 2016: minus €108 million). Revenues before loan loss provisions increased to €141 million in the first nine months (first nine months of 2016: €30 million). Loan loss provisions were reduced over the same period to €277 million (first nine months of 2016: €292 million). Nearly all of these provisions were for Ship Finance. Operating expenses were down in the first nine months of 2017 at €79 million (first nine months of 2016: €97 million).

## Outlook

The Bank will continue to strengthen its market position and focus on the implementation of the "Commerzbank 4.0" strategy. The Bank is aiming for a Common Equity Tier 1 ratio of at least 12.5%, including the effect of the introduction of IFRS 9, from 1 January 2018. The cost base is expected to be below €7.1 billion for 2017. Loan loss provisions are likely to amount to around €800 million, with the ACR

segment accounting for around €400 million of this. The Bank is still expecting a slightly positive net result for the year as a whole.

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## Financial figures at a glance

in €m	9M 2017	9M 2016	Q3 2017	Q3 2016	Q2 2017	9M'17 vs. 9M'16 in %
Net interest and trading income	3,953	4,120	1,246	1,505	1,243	-4.1
Provisions for loan losses	-530	-610	-168	-275	-167	-13.1
Net commission income	2,404	2,387	738	781	779	0.7
Net investment income	365	257	300	94	34	42.0
Current income on companies accounted for at equity	21	142	6	79	8	-85.2
Other income	228	94	221	-22	4	142.6
<b>Revenues before loan loss provisions</b>	<b>6,971</b>	<b>7,000</b>	<b>2,511</b>	<b>2,437</b>	<b>2,068</b>	<b>-0.4</b>
<i>Revenues excl. exceptional items</i>	6,353	6,457	2,009	2,206	2,060	-1.6
Operating expenses	5,297	5,328	1,714	1,733	1,718	-0.6
<b>Operating profit or loss</b>	<b>1,144</b>	<b>1,062</b>	<b>629</b>	<b>429</b>	<b>183</b>	<b>7.7</b>
Impairments of Goodwill	-	627	-	627	-	-
Restructuring expenses	807	97	-	57	807	-
<b>Pre-tax profit or loss</b>	<b>337</b>	<b>338</b>	<b>629</b>	<b>-255</b>	<b>-624</b>	<b>-0.3</b>
Taxes	204	161	135	14	-12	26.7
<b>Consolidated profit or loss attributable to Commerzbank shareholders</b>	<b>66</b>	<b>96</b>	<b>472</b>	<b>-288</b>	<b>-637</b>	<b>-31.2</b>
Earnings per share (€)	0.05	0.08	0.38	-0.23	-0.50	
Cost/income ratio in operating business (%)	76.0	76.1	68.3	71.1	83.1	
Operating RoTE (%)	5.7	5.4	9.4	6.5	2.7	
Net RoTE (%)	0.3	0.5	7.3	-4.5	-9.8	
Net RoE (%)	0.3	0.4	6.6	-4.1	-8.9	
CET 1 ratio, B3 fully phased-in (%)	13.5	11.8	13.5	11.8	13.0	
Leverage Ratio, B3 fully phased-in (%)	4.7	4.5	4.7	4.5	4.6	
Total assets (€bn)	490	514	490	514	487	

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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, as well as Corporate Clients, the Bank offers a comprehensive portfolio of financial services which is precisely aligned to the clients' needs. Commerzbank finances 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 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 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.