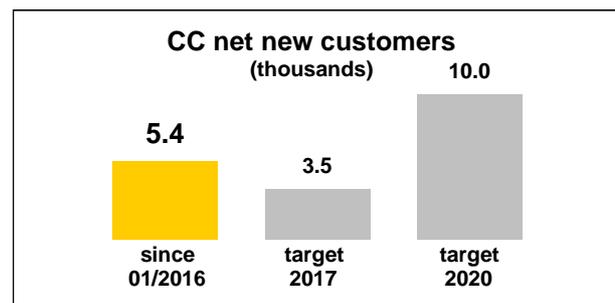
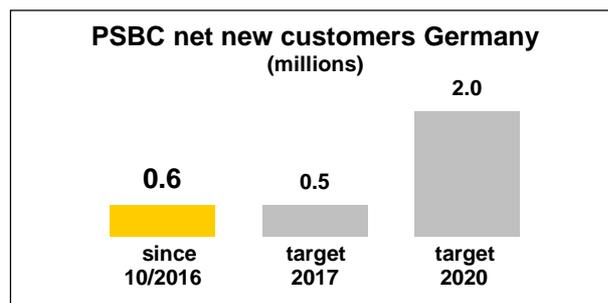
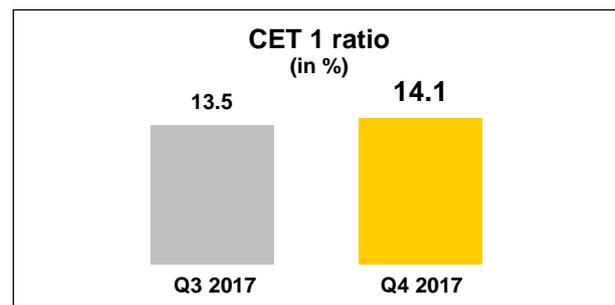
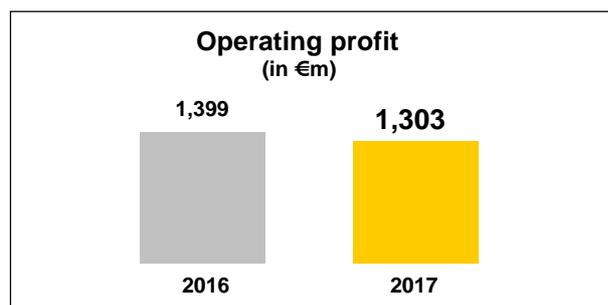


Press release

For business editors
8 February 2018

Commerzbank: first year of strategy implementation with positive net result of €156m despite restructuring charge

- Operating profit of €1,303m for 2017 (2016: €1,399m) and of €159m for Q4 2017 (Q4 2016: €337m)
- Revenues excluding exceptional items rose to €8.61bn in 2017 supported by growth (2016: €8.57bn)
- 502,000 net new customers acquired in German retail banking in 2017 (around 639,000 since October 2016); assets under control up by €38bn to €376bn
- Common Equity Tier 1 ratio at 14.1% (end of September 2017: 13.5%, end of 2016: 12.3%); leverage ratio comfortable at 5.1%, further improvement in very good NPL ratio to 1.3%
- ACR Ship Finance portfolio reduced from €4.8bn to €2.6bn in 2017
- Outlook: Focus on implementation of Commerzbank 4.0 strategy – Aiming to resume dividend payments for financial year 2018



“We made good progress in 2017: we have advanced the digitalisation of the Bank and have grown strongly. Therefore we aim to resume dividend payments for financial year 2018.”

Martin Zielke, CEO

“In 2017 we invested in growth, digitalisation and regulation, while keeping our costs stable. Our CET 1 ratio stood at 14.1 percent in the fourth quarter.”

Stephan Engels, CFO

In 2017, Commerzbank achieved a positive net result despite booking restructuring expenses of more than €800 million, further raised its capital ratio and significantly reduced its legacy portfolios. The Bank progressed with the implementation of its Commerzbank 4.0 strategy, continued on its growth path and achieved most of its strategic objectives for 2017. Although the **operating profit** of €1,303 million for 2017 was lower than in the previous year (2016: €1,399 million), it increased versus 2016 if exceptional items and valuation effects are excluded. At €557 million these were considerably lower than the previous year (2016: €831 million). The same applies to **revenues before loan loss provisions** which decreased by 2.5% to €9,163 million (2016: €9,399 million). **After adjustment for exceptional items, revenues before loan loss provisions** were higher at €8,607 million (2016: €8,568 million). Growth in customers and assets almost completely offset the drag from negative interest rates and of lower margins from pricing competition.

Loan loss provisions stood at €781 million in 2017 (2016: €900 million) Both of Commerzbank's operating segments profited from the stability of the German economy, while the run-down segment Asset & Capital Recovery (ACR) benefited from the accelerated reduction of the Ship Finance portfolio. Corporate Clients booked loan loss provisions for a large individual exposure in the fourth quarter. The Bank's healthy risk profile is reflected in the further reduced, very low non-performing loan (NPL) ratio of 1.3%. **Operating expenses** were down slightly at €7,079 million (2016: €7,100million). Cost management compensated for higher investments in digitalisation and growth, and increased costs for regulatory projects, compliance, deposit guarantee schemes and various banking levies. In particular, personnel expenses decreased as a result of the personnel reductions.

Taking into account the restructuring expenses of €808 million, the **pre-tax profit** for financial year 2017 came to €495 million (2016: €643 million). In the previous year, the pre-tax profit had been adversely affected by an impairment on goodwill and other intangible assets of €627 million and restructuring charges of €128 million. After deducting taxes of €245 million and minority interests of €94 million, Commerzbank made a **net profit** of €156 million (2016: €279 million).

In the **fourth quarter 2017** the Bank was able to increase its adjusted revenues both on a quarter-on-quarter and year-on-year basis. The net profit was down year-on-year at €90 million (Q4 2016: €182 million). Due to lower exceptional revenue items, the operating profit fell to €159 million (Q4 2016: €337 million), and revenues before loan loss provisions to €2,193 million (Q4 2016: €2,399 million). After adjustment for exceptional items, Q4 2017 revenues were up on a year-on-year basis at €2,253 million (Q4 2016: €2,111 million). Loan loss provisions stood at €251 million in the fourth quarter (Q4 2016: €290 million). They were booked primarily for an individual exposure in the Corporate Clients portfolio and for the Ship Finance portfolio. Operating expenses at €1,782 million remained almost stable year-on-year (Q4 2016: €1,773 million).

“We see the structural change in the German banking sector as an opportunity and intend to be among the winners of this change. That’s why we are radically transforming the Bank. So far we made good progress in 2017: we have advanced the digitalisation of the Bank and have grown strongly. Therefore we aim to resume dividend payments for financial year 2018”, said **Martin Zielke, Chairman of the Board of Managing Directors of Commerzbank**. “However, it is also clear that we still have some work ahead of us before we can achieve the profitability we are aiming for.”

Common Equity Tier 1 ratio up at 14.1% – healthy risk profile

The **Common Equity Tier 1 ratio** (CET 1) with full application of Basel 3 climbed to 14.1% at the end of December 2017 (end of September 2017: 13.5%; end of December 2016: 12.3%). CET1 capital with full application of Basel 3 remained stable quarter-on-quarter, at €24.0 billion. **Risk-weighted assets** (RWA) with full application of Basel 3 came down significantly amounting to €171.0 billion at the end of 2017, versus €176.6 billion at the end of September 2017 and €189.8 billion at the end of 2016. The **leverage ratio** increased to comfortable 5.1% at the end of 2017 (end of September 2017: 4.7%). **Total assets** came to €452 billion (end of September 2017: €490 billion).

“In 2017 we invested in growth, digitalisation and regulation, while keeping our costs stable. Our CET 1 ratio stood at 14.1 percent in the fourth quarter”, commented **Stephan Engels, Chief Financial Officer of Commerzbank**. “The revaluation of our ship finance portfolio under IFRS 9 will minimise future burdens and has resulted in a CET 1 ratio of around 13.3 percent at the beginning of 2018. This gives us room for further investments in growth and for driving the digitalisation of the Bank forward.”

Individual financial statement of Commerzbank AG

The provisional individual financial statement of Commerzbank AG pursuant to the provisions of the German Commercial Code (HGB) states a net income of €176 million for 2017 (2016: €1,494 million). This takes into consideration the servicing of all profit-sharing rights in Commerzbank AG. The Bank intends to fully retain earnings for 2017.

Development of the segments

The **Private and Small Business Customers** segment continued its growth and is ahead of target in terms of customers and assets under control in Germany. It gained around 639,000 net new customers since October 2016, including around 100,000 stemming from the takeover of Onvista by Comdirect. Around 502,000 of the net new customers were won in financial year 2017, of which around 52,000 joined Commerzbank in the fourth quarter of 2017.

Assets under control increased by €38 billion in 2017 to €376 billion. The volume of new mortgages reached €15.0 billion (2016: €11.9 billion). Consumer loans contributed revenues of €68 million in the first full quarter on Commerzbank's own balance sheet.

The operating profit for 2017, at €867 million, was down on the previous year (2016: €1,078 million). Revenues before loan loss provisions remained stable year-on-year at €4,832 million (2016: €4,818 million). This was also the case for adjusted revenues before loan loss provisions, which came to €4,622 million in 2017 (2016: €4,628 million). Loan loss provisions rose by €35 million to €154 million in 2017 (2016: €119 million). Operating expenses went up over the same period to €3,811 million (2016: €3,621 million), largely as a result of higher investments in digitalisation and regulatory charges.

In 2017 mBank saw its revenues before loan loss provisions grow by 4.8% to €998 million (2016: €952 million). New business volume in consumer loans increased by more than 15% over the same period. mBank has attracted around 292,000 net new customers since the beginning of 2017. At the end of 2017 mBank had a total of approximately 5.4 million retail and corporate customers in Poland, the Czech Republic, and Slovakia. In 2017 mBank's loan loss provisions rose year-on-year. Operating expenses increased due to higher regulatory burdens.

In the fourth quarter of 2017 the operating profit for the Private and Small Business Customers segment totalled €149 million (Q4 2016: €232 million). Revenues before loan loss provisions amounted to €1,190 million (Q4 2016: €1,174 million).

The **Corporate Clients** segment progressed well in its strategic realignment, improved its RWA efficiency, reduced costs and achieved strong customer growth. Mittelstand profited from its strong market position with German corporate customers. In the last two years Commerzbank added almost 5,400 new corporate customers – predominantly in the German Mittelstand – thereof 4,100 in 2017. Also loan volumes in Mittelstand and International Corporates increased slightly that year.

In 2017 the segment posted an operating profit of €809 million (2016: €1,289 million). Revenues before loan loss provisions decreased to €3,959 million in 2017 (2016: €4,232 million), impacted by low market volatility and pricing competition. The revenues of Financial Institutions reflect the streamlined correspondent banking network.

In 2017 the segment's loan loss provisions rose by €110 million to €295 million (2016: €185 million). The increase is mainly due to one individual exposure. The segment reduced its operating expenses to €2,885 million (2016: €2,973 million) while pursuing strategic investments, thanks to strict cost management, and in particular due to the reduction in personnel expenses.

In the fourth quarter of 2017, the operating profit for the Corporate Clients segment totalled €66 million (Q4 2016: €363 million). The noticeable reduction compared to the very strong fourth quarter of 2016 was primarily due to the €202 million increase in loan loss provisions. Also the streamlining of Financial Institutions and pricing competition in the SME segment contributed to this decline. However, revenues were stable quarter-on-quarter. Underlying Q4 2017 revenues before loan loss provisions amounted to €979 million (Q4 2016: €1,086 million).

The **Asset & Capital Recovery** (ACR) segment reduced its Ship Finance portfolio significantly by a total of €2.2 billion, to €2.6 billion in 2017. Revenues before loan loss provisions fell to €166 million in 2017 (2016: €213 million). Loan loss provisions were reduced over the same period to €336 million (2016: €599 million). The operating loss improved to minus €269 million (2016: minus €515 million). Fourth quarter operating loss was at minus €54 million (Q4 2016: minus €156 million).

Outlook

In 2018 the Bank will focus on further growth and the implementation of its Commerzbank 4.0 strategy. Higher adjusted revenues are expected for both the Private and Small Business Customers and the Corporate Clients segments. Despite ongoing investments in digitalisation and IT, the Bank will manage its costs at around €7.0 billion. The risk result under IFRS 9 is expected to be below €600 million. The Bank aims to resume dividend payments for financial year 2018.

Financial figures at a glance

in €m	2017	2016	Q4 2017	Q3 2017	Q4 2016	2017 vs. 2016 in %
Net interest income	4,201	4,165	1,103	1,040	1,096	0.9
Provisions for loan losses	-781	-900	-251	-168	-290	-13.2
Net commission income	3,178	3,212	774	738	825	-1.0
Net fair value result	1,092	1,019	169	225	129	7.2
Other income	692	1,004	146	507	350	-31.1
Revenues before loan loss provisions	9,163	9,399	2,193	2,510	2,399	-2.5
<i>Revenues excl. exceptional items</i>	8,607	8,568	2,253	2,008	2,111	0.4
Operating expenses	7,079	7,100	1,782	1,714	1,773	-0.3
Operating profit or loss	1,303	1,399	159	629	337	-6.8
Impairments of Goodwill	-	627	-	-	-	-
Restructuring expenses	808	128	0	-	31	-
Pre-tax profit or loss	495	643	159	629	305	-23.0
Taxes	245	261	42	135	100	-6.1
Consolidated profit or loss attributable to Commerzbank shareholders	156	279	90	472	182	-43.9
Earnings per share (€)	0.12	0.22	0.07	0.38	0.15	
Cost/income ratio in operating business (%)	77.3	75.5	81.3	68.3	73.9	
Operating RoTE (%)	4.8	5.3	2.3	9.4	5.0	
Net RoTE (%)	0.6	1.1	1.4	7.3	2.8	
Net RoE (%)	0.5	1.0	1.3	6.7	2.6	
CET 1 ratio, Basel 3 fully phased-in (%)	14.1	12.3	14.1	13.5	12.3	
Leverage Ratio, Basel 3 fully phased-in (%)	5.1	4.8	5.1	4.7	4.8	
Total assets (€bn)	452	480	452	490	480	

2017 figures published in this press release are preliminary and unaudited.

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

The press conference will be broadcast live on the internet
<https://www.commerzbank.de/en/hauptnavigation/presse/bilanzpressekonferenz/bpk.html>.

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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 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 €9.2 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.