

Press release

For business desks
23 March 2017

Commerzbank publishes 2016 Annual Report

- **Financial year 2016: Solid operating profit of €1.4bn**
- **Core capital ratio CET 1 with full application of Basel 3 increased to 12.3% as of end of 2016**
- **“Commerzbank 4.0” strategy started: Most competitive bank in Germany until 2020 with increased profitability and greater capital efficiency**
- **Outlook 2017: Consolidated net profit similar to previous year expected**

The **operating profit** in the Group stood at €1,399 million as of the end of 2016 following on from €1,942 million in the previous year. The full year **net profit** came in at €279 million; this sum includes an impairment on goodwill and other intangible assets of €627 million as well as **restructuring expenses** of €129 million.

“Our **business performance in 2016** was affected in particular by persistently low interest rates, volatile capital markets and a mood of caution among our customers. Despite all this, we achieved a solid operating profit of €1.4 billion. The Bank’s loan loss provisions also reflect our healthy risk profile. This is also evident from the non-performing loan ratio, which remains very good at just 1.6 per cent and compares well with other banks in Europe. The positive trend as regards capital resources continued in the year under review. With a Common Equity Tier 1 ratio of 12.3 per cent under full application of Basel 3, we are well above the currently applicable regulatory requirements imposed by the European Central Bank,” said Martin Zielke, Chairman of the Board of Managing Directors of Commerzbank, in the 2016 Annual Report submitted today.

Zielke added: “In September 2016 we presented our “**Commerzbank 4.0**” strategy. We want to make our Bank fit and profitable for the future. We want to become the most competitive bank in Germany – one that offers private and corporate customers a superior, modern range of digital and personalised services. We want to be close to our customers and to be fast and efficient in our dealings with them. Most of all, though, we want to reduce complexity and make our Bank one that can withstand adversity over the long term. With this in mind, we will be spending the coming years making our business model consistently more focussed, implementing digital transformation and boosting efficiency.”

In **Private and Small-Business Customers**, Commerzbank's rate of growth has continued to outpace the market. The segment gained some 320,000 net new customers in Germany, significantly exceeding the target from 2012 of adding one million net new customers by the end of 2016. The lending business grew by 8% year-on-year. The new business volume in retail mortgage financing in 2016 was close to the previous year's level, with a slightly increased margin. New consumer loan volumes rose by some 31%. The Bank also achieved strong growth in retirement savings business. The digitally networked multi-channel bank was further expanded. In branch business, Commerzbank has set up a single user interface for customers and their advisors in the year under review. The Polish mBank was also able to implement all the measures in its "One bank" strategy, which ran until 2016, and achieved almost all its targets. mBank's customer base rose to 5.4 million in the year under review.

The former Mittelstandsbank and Corporates & Markets segments were merged to form the **Corporate Clients segment**. Building on the strengths of the Mittelstandsbank, the capital markets products and services of interest to corporate customers are also being integrated into the new segment. In order to make its organisation more efficient, Commerzbank will also be divesting itself of some of its investment banking trading activities and presenting itself exclusively as a customer-focussed bank. The downsizing of the trading activities is aimed at reducing earnings volatility and regulatory risk, and freeing up capital. The intention is to build on the Bank's existing strengths by expanding trade finance business and enhancing its leading position in Germany as a debt house. Commerzbank will also be leveraging its extensive sector expertise in key German industries even further in future to increase the number of Dax and M Dax customers and other large corporates in Europe. Commerzbank is also endeavouring to expand its leading market position in Mittelstand business by further developing its existing service offering and rolling out new digital products and services.

The **individual financial statement of Commerzbank AG** pursuant to the provisions of the German Commercial Code (HGB) states net income of €1,494 million for 2016 (2015: €1,693 million). This sum takes into consideration the payment of interest on all profit-sharing rights in Commerzbank AG. The Bank intends to retain full earnings. Detailed information about the **monetary remuneration of the board members** can be found in the remuneration report (pages 26 to 40). The number of **employees** of the Commerzbank Group as of the end of December 2016 was 49,941 (end of December 2015: 51,305).

Commerzbank received significant recognition of its **sustainable approach** with the Bank being added to the "Stoxx Global ESG Leaders" sustainability index in autumn 2016. Hence Commerzbank is included in this leading group of 300 companies from around the world, which stand out for the comprehensive way in which they tackle environmental, social, and governance issues.

Outlook

Commerzbank expects the environment to remain very challenging in the current financial year and does not anticipate any significant relief from the interest rate environment. Although the successes anticipated from “Commerzbank 4.0” are only scheduled to become apparent in the years to follow, the Bank aims to improve its income and earnings quality in 2017. Given that operating income is likely to be lower and costs stable, Commerzbank anticipates a similar consolidated net profit to last year.

The 2016 Annual Report is to be found on the **internet** at www.commerzbank.com/annualreport2016.

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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 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.

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.