

COMMERZBANK
The bank at your side



COMMERZBANK



Commerzbank 4.0 and Q4 2016 / FY 2016 preliminary and unaudited results

Credit and Strategy Update for Fixed Income Investors

Disclaimer

This presentation contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include, inter alia, statements about Commerzbank's beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates, projections and targets as they are currently available to the management of Commerzbank. Forward-looking statements therefore speak only as of the date they are made, and Commerzbank undertakes no obligation to update any of them in light of new information or future events. By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, among others, the conditions in the financial markets in Germany, in Europe, in the United States and elsewhere from which Commerzbank derives a substantial portion of its revenues and in which it holds a substantial portion of its assets, the development of asset prices and market volatility, potential defaults of borrowers or trading counterparties, the implementation of its strategic initiatives and the reliability of its risk management policies.

In addition, this presentation contains financial and other information which has been derived from publicly available information disclosed by persons other than Commerzbank ("external data"). In particular, external data has been derived from industry and customer-related data and other calculations taken or derived from industry reports published by third parties, market research reports and commercial publications. Commercial publications generally state that the information they contain has originated from sources assumed to be reliable, but that the accuracy and completeness of such information is not guaranteed and that the calculations contained therein are based on a series of assumptions. The external data has not been independently verified by Commerzbank. Therefore, Commerzbank cannot assume any responsibility for the accuracy of the external data taken or derived from public sources.

Copies of this document are available upon request or can be downloaded from https://www.commerzbank.de/en/hauptnavigation/aktionaere/investor_relations.html

Commerzbank: a competent partner for private and corporate customers with a strong core franchise

Key figures group

as of Dec. 2016

No 2 in Germany	
No 1 in German SME business	
Total assets	480bn
Equity	29.6bn
FL CET1	12.3%
Market cap	9.4bn
Moody's	A2 P-1
S+P	BBB+ A-2
Fitch	A- F2

Private & Small Business Customers

- › Continuous business growth above the market
- › >12 million customers with >1 million net new customers acquired last 4 years
- › ~1,000 branches in Germany
- › Net promoter score constantly above 30% and growing
- › Two digital subsidiaries with comdirect and Polish innovation leader mBank
- › Strategic initiative on small business customers
- › Wealth management offering

Op.RoTE	21.6%	25.3%
CIR	74.9%	75.1%
RWA	€39bn	€36bn
Assets	€112bn	€119bn
	2015	2016

Corporate Clients

- › Sustained leading market position in corporate banking based on a client centric business model
- › Market leader for German Mittelstand
- › Leveraging of our in-depth German expertise into selected international key industry sectors
- › Market share in German trade services and finance of 30% in 2016
- › Broad offering across loans, DCM products, equity brokerage, advisory and international risk management solutions

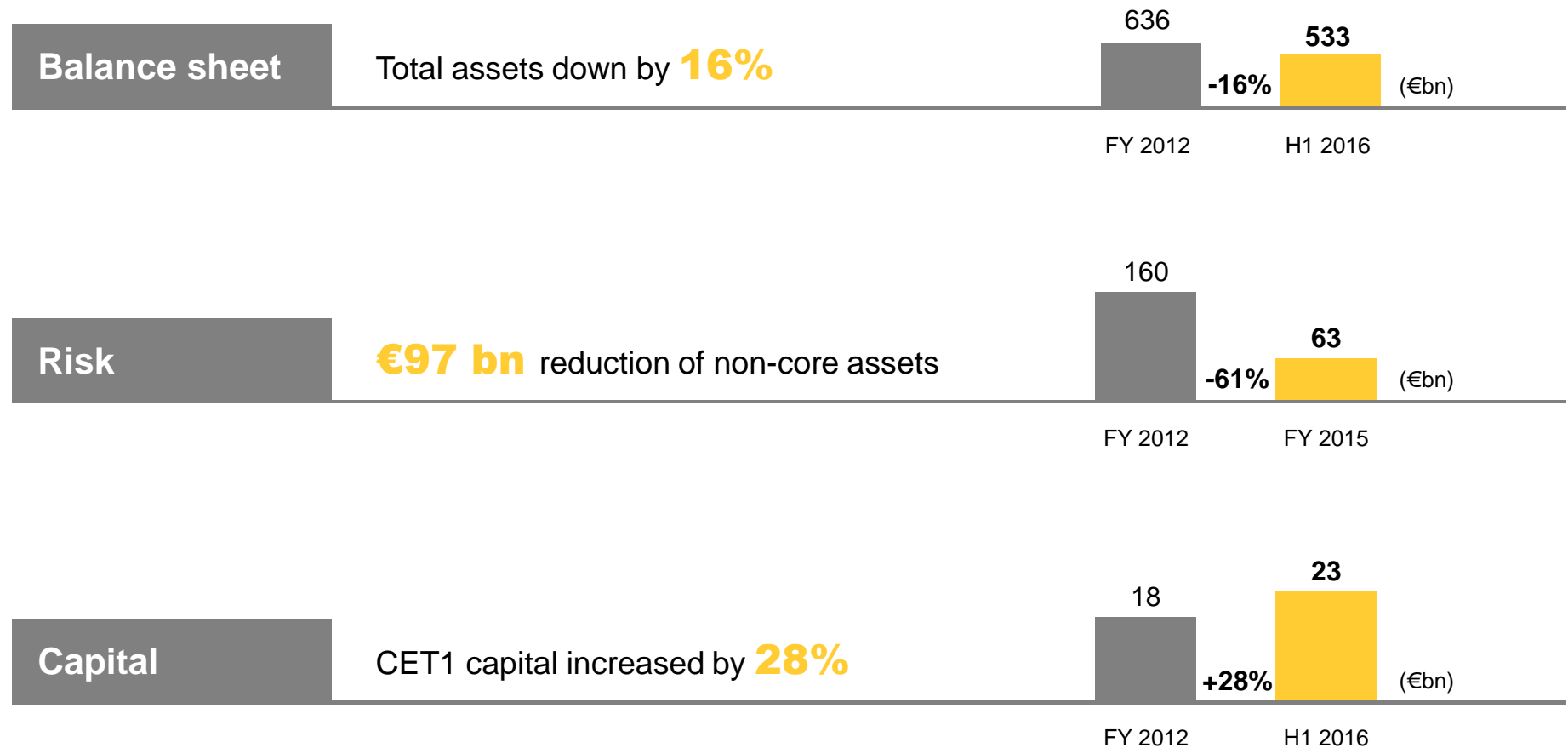
Op.RoTE	12.4%	10.1%
CIR	62.7%	66.9%
RWA	€106bn	€105bn
Assets	€259bn	€211bn
	2015	2016



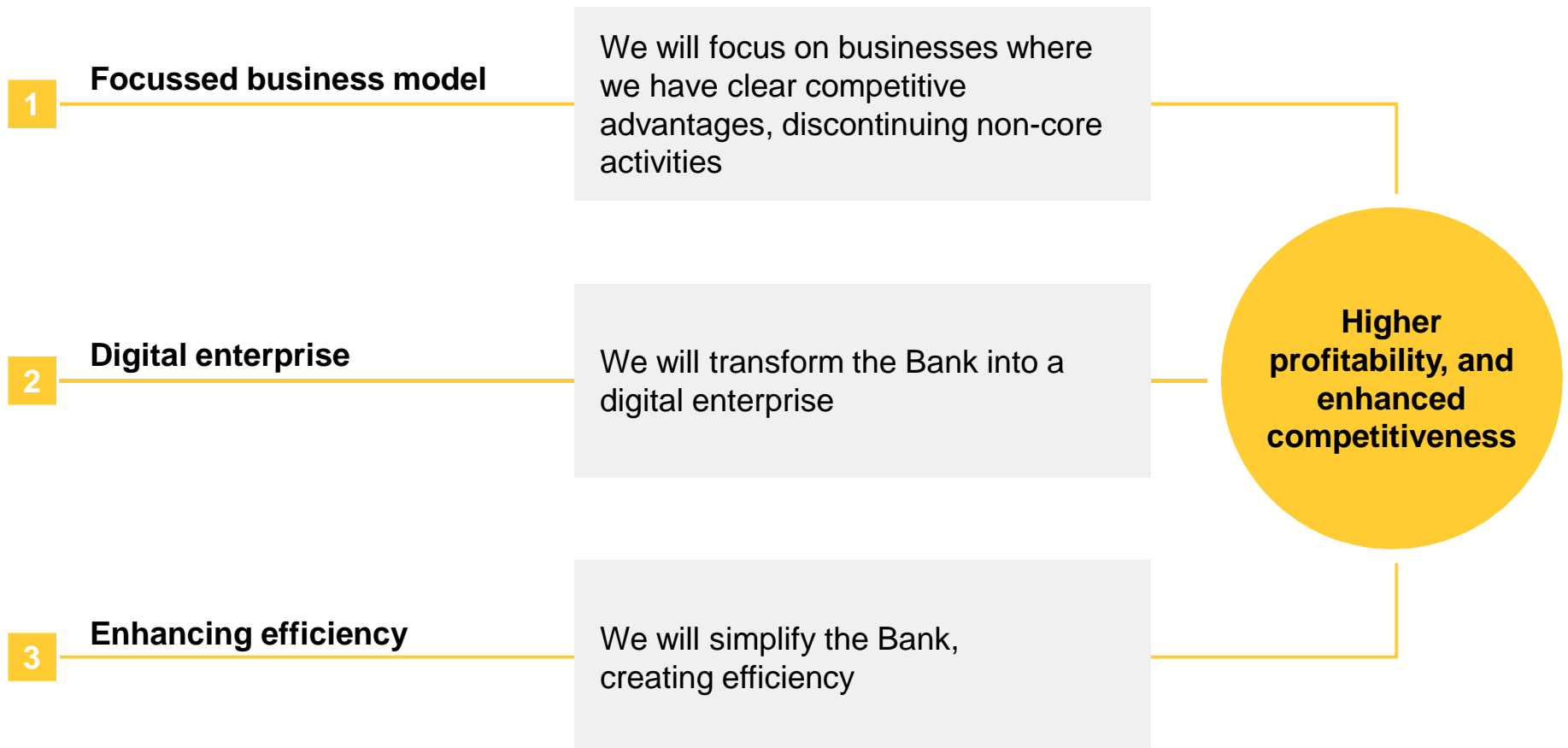
Agenda

1	Commerzbank strategy 4.0	page 4
2	Commerzbank Q4 2016 results	page 13
3	Commerzbank Asia	page 29
4	Commerzbank capital and funding	page 33
	Appendix	

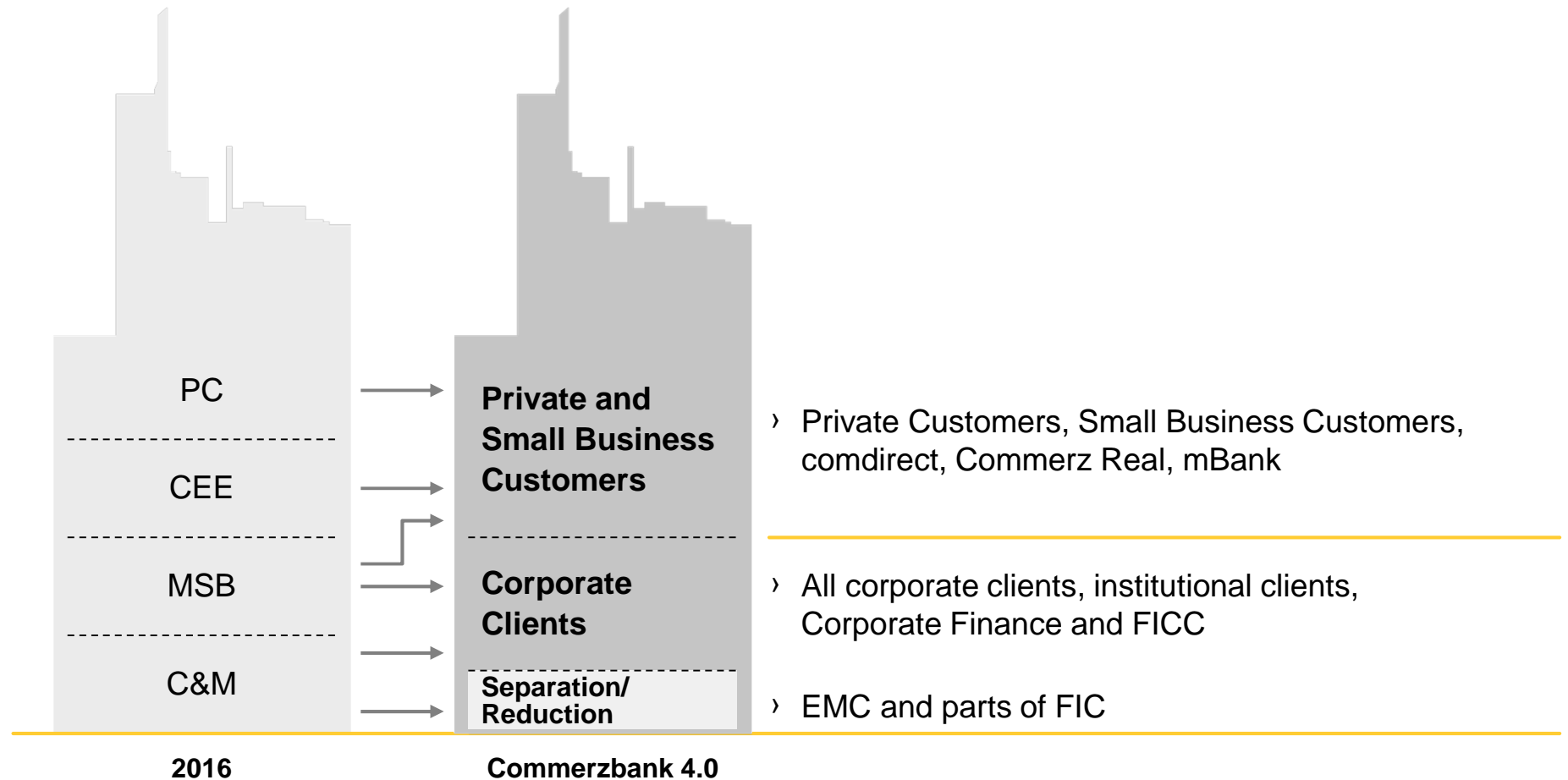
We have made Commerzbank more stable – and less risky



Commerzbank 4.0 – a strategic programme with three cornerstones



Commerzbank will have two strong customer segments going forward



Private Customers: successful business model in the challenging German market

- › Private Customers business is already profitable (> 20% RoTE), and growing
- › Profit contribution has tripled since 2012 (FY 2015: €701m)
- › One million net new customers by the end of 2016 accomplished



Target: 2 million net new customers in the German market by 2020

Corporate Clients: focus on core business – integration of investment bank

Mittelstandsbank

Persistent market leadership in German corporate banking

Financing more than 30% of German foreign trade

Strong international presence



Corporates & Markets

Leverage of unrivalled sector expertise

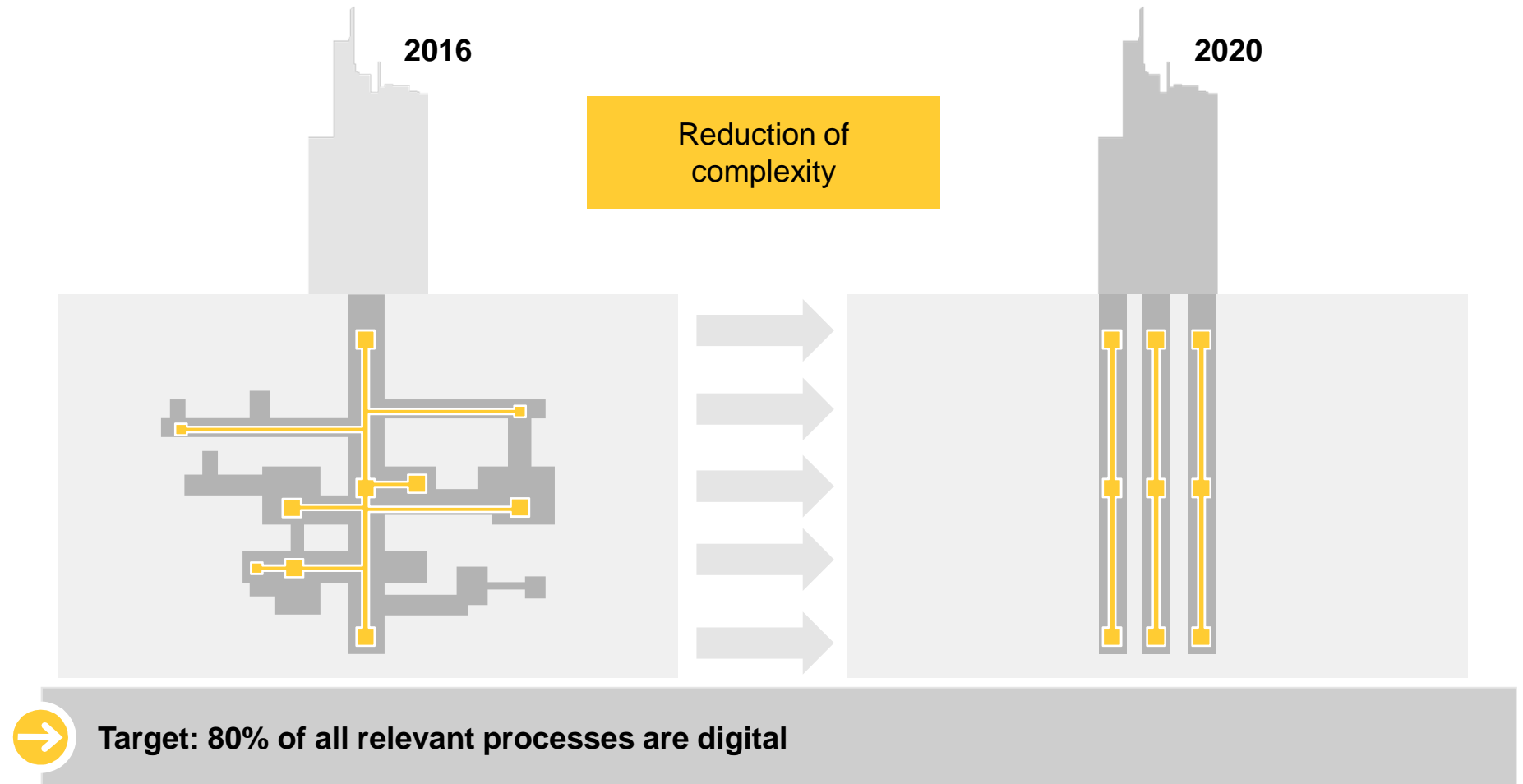
Leading provider of hedging products for corporate clients

Rolling-out our Debt House No. 1 position to Europe

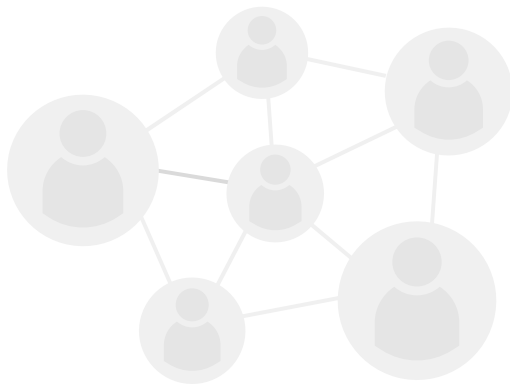


Focus on efficiency and leveraging of strengths

Our evolution into a digital enterprise



Digital Campus as engine of transformation



E2E: Management Board responsibility

Business and IT experts working together in one place

All experts will commit 100% of their capacity

Priority for internal resources

Agile working methods

Shortening of implementation cycle

'Fail fast' principle

Digital transformation



Speed in digitalisation will secure competitive advantages

Targets 2020 of new strategy Commerzbank 4.0

	<i>Current rates</i>	<i>Rising rates</i>
Revenues (€bn)	9.8-10.3	11.3
Costs (€bn)	6.5	6.5
CIR (%)	<66	~60
Net RoTE (%)	>6	>8
CET1 (%)	>13	>13

Agenda

1	Commerzbank strategy 4.0	page 4
2	Commerzbank Q4 2016 results	page 13
3	Commerzbank Asia	page 29
4	Commerzbank capital and funding	page 33
	Appendix	

Solid performance and strengthened capital in 2016 – Execution of Commerzbank 4.0 started

Strategy execution Commerzbank 4.0 kicked off

- › Management structures and steering systems in place
- › Execution started according to plan
- › Roadmap and milestones for 2017 defined

Solid operating performance at a sound risk profile

- › Operating result 2016 of €1.4bn and net result of €279m
- › Strong growth in PSBC and sustained leading position in CC
- › Sound risk profile with NPL ratio of 1.6%

Capital ratios exceed all regulatory requirements

- › CET1 ratio increased to 12.3% - above SREP requirements
- › Comfortable leverage ratio of 4.8%
- › Counterparty credit and deposit ratings at single A level¹



First achievements Commerzbank 4.0 – key milestones in 2017

Achievements

Management set up in place

- › Segmental and management structure implemented in governance and steering-systems

First business milestones reached

- › Multi-channel platform “One” rolled out
- › New Flagship and first City branches opened
- › RWA efficiency program successfully launched

Digital Campus “up and running”

- › 9 Master Journeys and 5 Support Journeys defined – 6 already started
- › ~300 journey staff already on-site



Key milestones 2017

Reduce complexity to enable efficiency gains

- › Negotiate workers council agreement
- › Fully integrated client approach in CC
- › EMC: final set up of stand-alone business and filing of license application

Further growth supported by digital capabilities

- › Go live of digital consumer credit offering
- › Comprehensive offering for small business customers
- › Digital onboarding of corporate clients

First wave of digital journeys

- › 2 Journeys to be completed in 2017 – another 7 Journeys in process in 2017
- › First use cases from advanced analytics

Strong background in digital initiatives serves as enabler for Commerzbank 4.0

Private and Small Business Customers

- › Fully digital account transfer service including online account opening in less than 10 minutes
- › mBank serves as strong innovative partner with leading digital position in Poland



Other Digital Initiatives

- › Newly set up digital agency “Neugelb” with the core competencies in web design, UX¹ design and creative strategy development
- › Further development of Blockchain-Technologies for our customers
- › Strong investment in OCR technology for loan business



Corporate Clients

- › Digital transformation platform for our target group corporate clients and home base for international startups
- › Corporate customer advisors function as multipliers of digital services
- › Main Funders innovative p2p lending platform

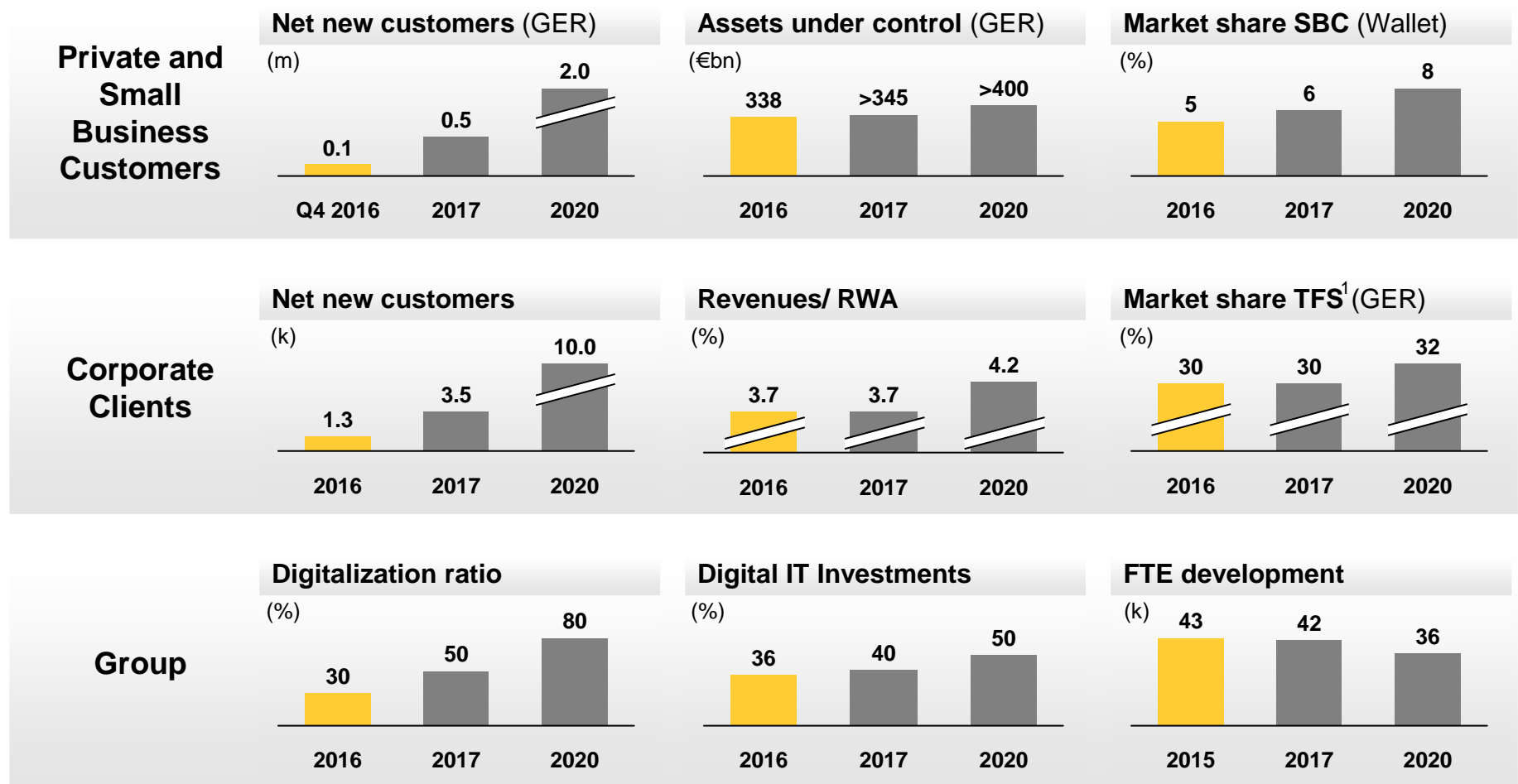


Fintech Innovations

- › Venture capital investments in promising FinTech and InsurTech companies (e.g. Pay Key for secure P2P payments on all social network mobile platforms)
- › Promotion & development of ideas into a working prototype



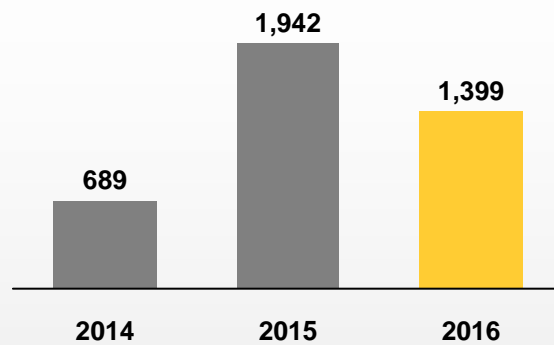
Strategy execution management alongside key execution indicators



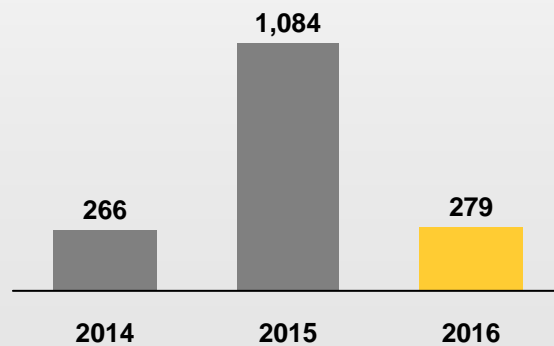
Key financial figures at a glance

Group Financial Result (€m)

Operating result

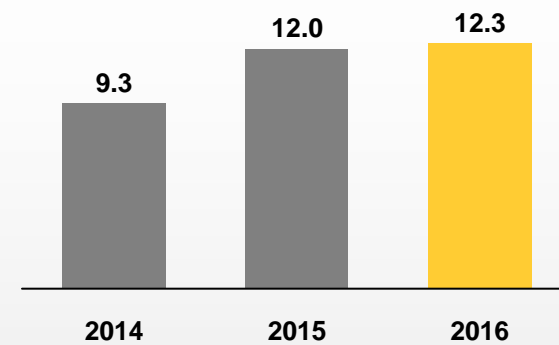


Net result¹⁾

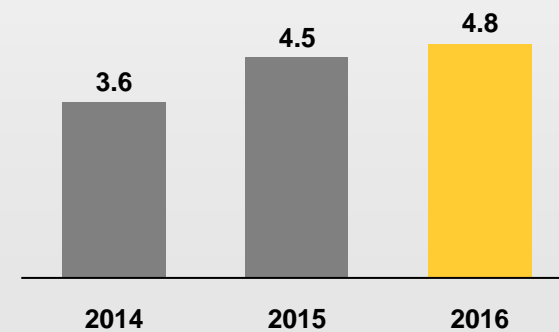


Group Capital (% end of period)

B3 CET1 ratio fully phased-in

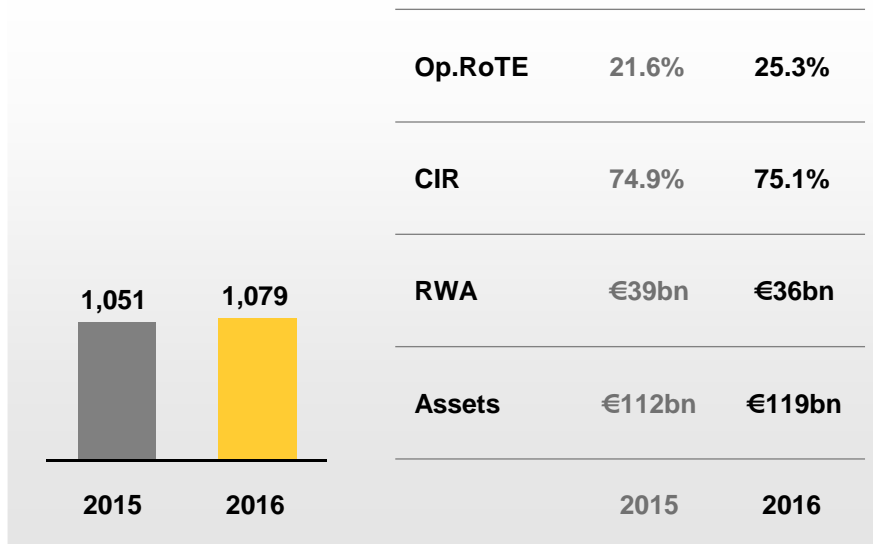


Leverage ratio fully phased-in

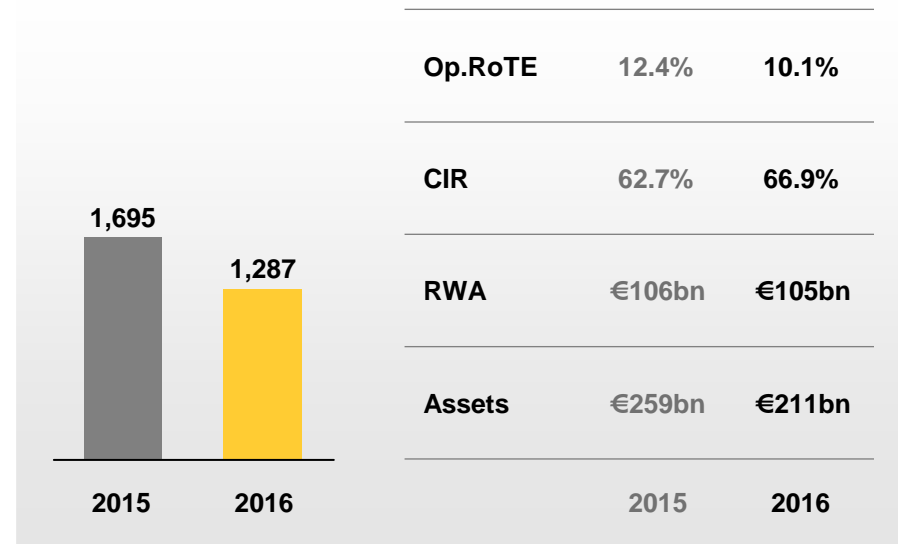


Operating result of Commerzbank divisions in new structure

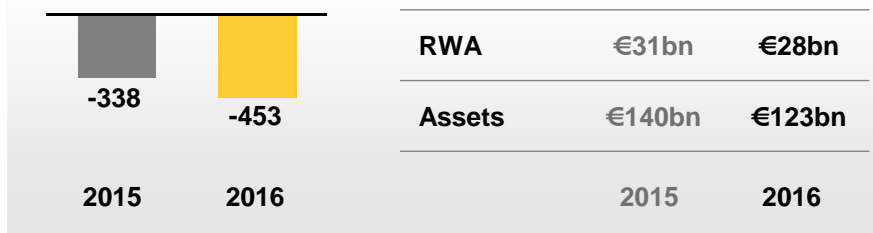
Private and Small Business Customers (€m)



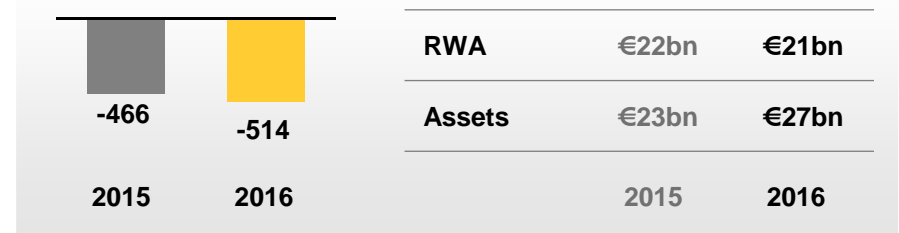
Corporate Clients (€m)



Others & Consolidation (€m)

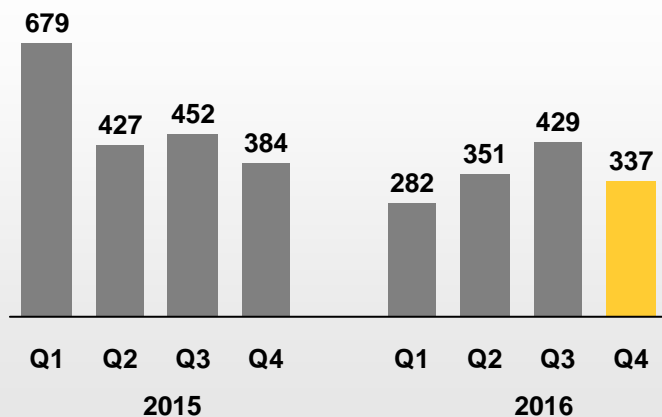


Asset & Capital Recovery (€m)



Solid operating performance in 2016

Group Operating result (€m)



Group P&L

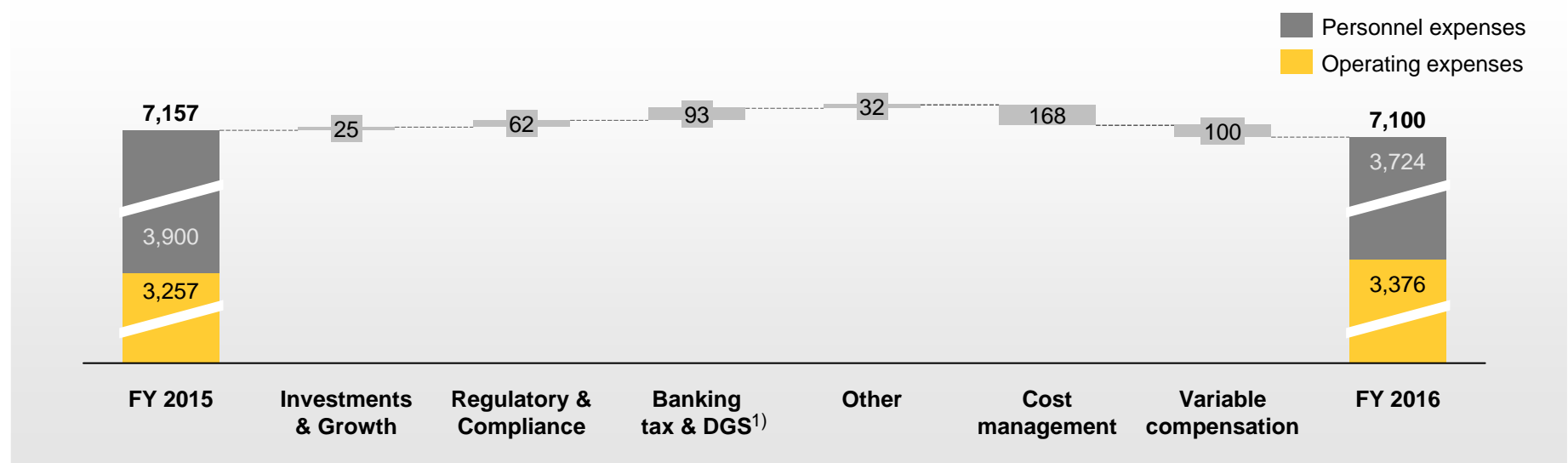
in € m	Q4 2015	Q3 2016	Q4 2016	FY 2015	FY 2016
Revenues	2,240	2,437	2,399	9,795	9,399
LLP	-112	-275	-290	-696	-900
Costs	1,744	1,733	1,772	7,157	7,100
Operating result	384	429	337	1,942	1,399
Impairments on goodwill & other intang. assets	-	627	-	-	627
Restructuring expenses	20	57	32	114	129
Taxes on income	140	14	100	629	261
Minority interests	31	19	22	115	103
Net result ¹⁾	193	-288	183	1,084	279
CIR (%)	77.9	71.1	73.9	73.1	75.5
Ø Equity (€bn)	29.7	29.5	29.6	28.9	29.5
Net RoE (%)	2.7	-4.0	2.6	3.9	1.0
Net RoTE (%)	3.0	-4.5	2.8	4.3	1.1
Operating return on CET1 (%)	6.5	7.5	5.8	8.7	6.0

Highlights

- › 2016 with an overall solid operating result of €1.4bn despite the challenging interest rate environment and additional regulatory burdens
- › Net result of €279m translates into net RoTE of 1.1% including goodwill impairment of €627m in Q3
- › Q4 revenues include Heta (€135m/ACR), property sales gains (€133m/O&C) and only minor XVA/OCS effects (€37m)
- › LLPs in 2016 increased due to shipping while costs have been slightly reduced despite new burden from Polish banking tax

Expenses stable – fully compensating additional external burdens

Transition costs 2015 vs. 2016 (€m)

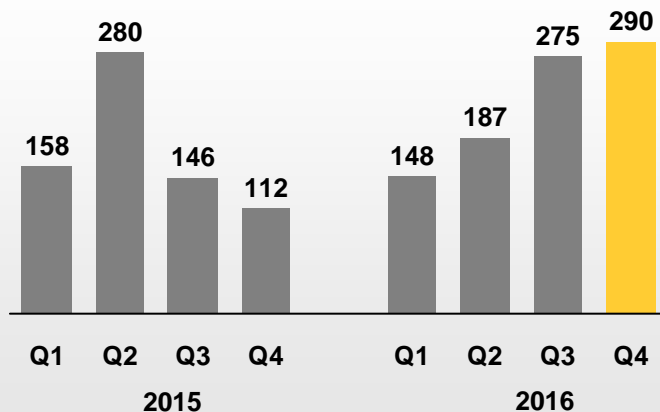


Highlights

- › Cost management driven by gross FTE reduction of 1,350 FTEs and successful management of operating costs – fully compensating additional burdens from Polish banking tax (€74m) and European bank levy (€36m)
- › Further strengthening of our compliance function (€50m)
- › Reduction of variable compensation reflecting lower performance

Loan loss provisions well below €1.0bn

Provisions for loan losses, Group (€m)



LLP divisional split

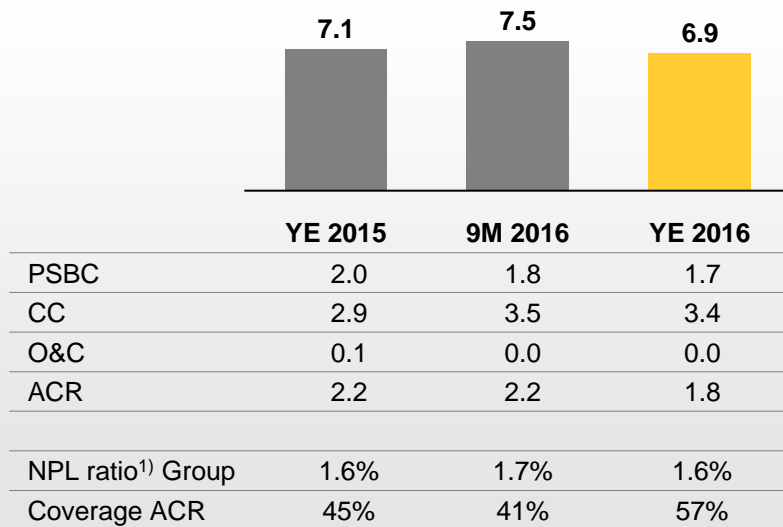
in € m	Q4 2015	Q3 2016	Q4 2016	FY 2015	FY 2016
Private and Small Business Customers	12	40	14	167	119
Corporate Clients	51	87	-30	108	185
Asset & Capital Recovery	50	147	307	361	599
Others & Consolidation	-1	1	-1	60	-3
Group	112	275	290	696	900
Group CoR (bps)	16	19	21	16	21
Group NPL (€bn)	7.1	7.5	6.9	7.1	6.9
Group NPL ratio (in %)	1.6	1.7	1.6	1.6	1.6

Highlights

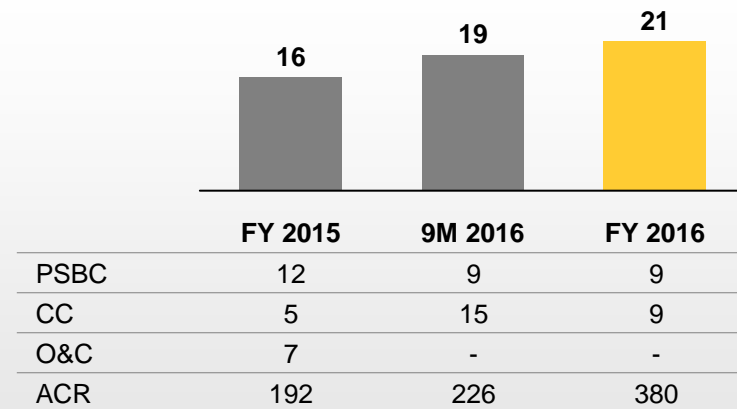
- › LLPs in PSBC benefit from very good solvency of German households
- › LLPs in CC still at a low level reflecting the good portfolio quality and the stable German economy. Releases below previous year but still with a relevant impact
- › LLPs in Q4 and FY2016 mainly driven by Ship Finance portfolio. Challenging situation in the shipping markets is reflected timely in an LLP increase to €559m – LLP coverage significantly increased to 64% in Q4

Sound risk profile with NPL ratio of only 1.6%

NPL in Group (€bn)



Cost of Risk²⁾ in Group (bp)

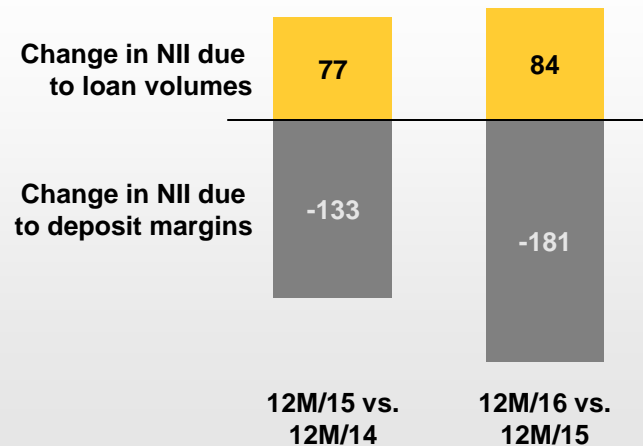


Highlights

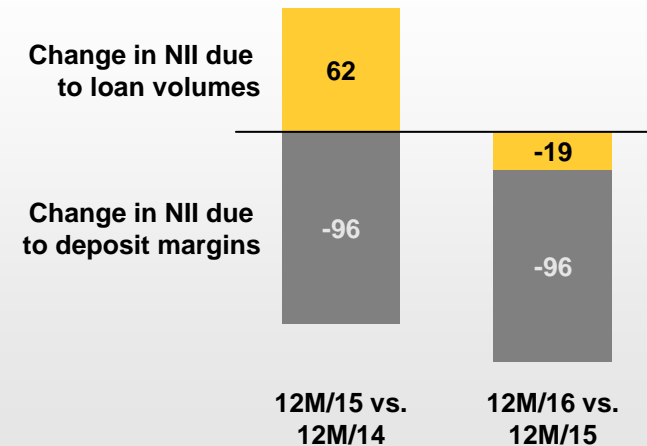
- › NPL significantly reduced by €0.6bn in Q4/2016. Further reduction expected over the next quarters especially in CC
- › Increase of cost of risk in ACR and on group level driven by Shipping portfolio as expected and clearly addressed
- › Cost of risk in the operating segments PSBC and CC with 9bp still on a very low level

2016 with net burden of €212m from negative interest rate environment

NII analysis in former segment PC (€m)



NII analysis in former segment MSB (€m)



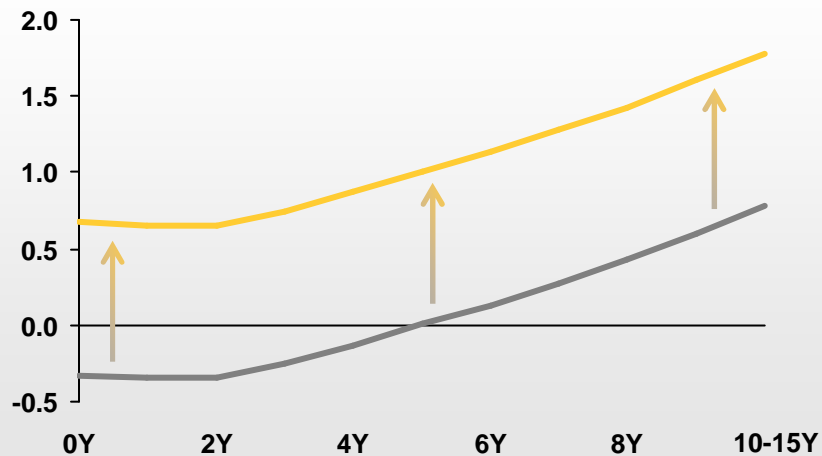
Highlights

- › NII analysis still reflects former segmental structure to allow for comparison with quarterly disclosures in 2016
- › Gross burden from negative rates environment on deposit margins adds up to €277m in PC and MSB
- › Mitigation in PC due to growing loan volumes – softened negative impact on MSB (only additional gross burden of €-17m in Q4 vs 2015) supported by reduction of deposits by €-22bn since Dec. 2015
- › At current rates, pressure on deposit margin leads to further gross ~€300m NII reduction 2020 vs 2016 and net reduction of ~€100m due to mitigating measures

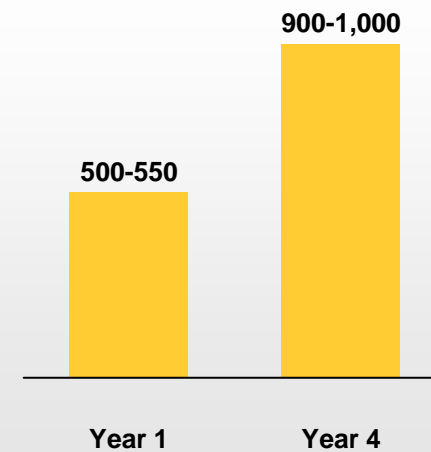
Significant NII potential in scenario of rising interest rates

Scenario: 100bp parallel up-shift in rates yield curve (%)

16 January 2017



Scenario impact on NII (€m)

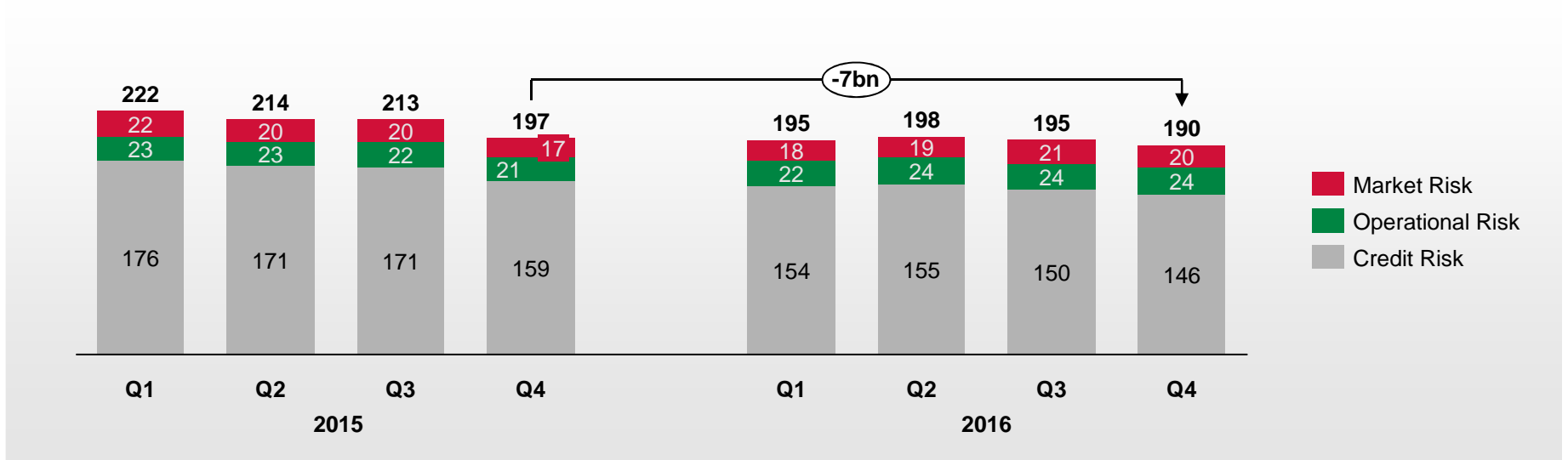


Highlights

- › Year 1 effect of €500-550m driven by short-end rates due to large stock of overnight (excess) deposits
- › Thereof ~50% stem from leaving the negative interest rate territory
- › Year 4 effect of €900-1,000m driven by higher reinvestment yield of modelled deposits used to refinance longer term loans

Effective portfolio management leads to lower RWA

RWA (B3 fully phased-in) development by RWA classification (€bn)

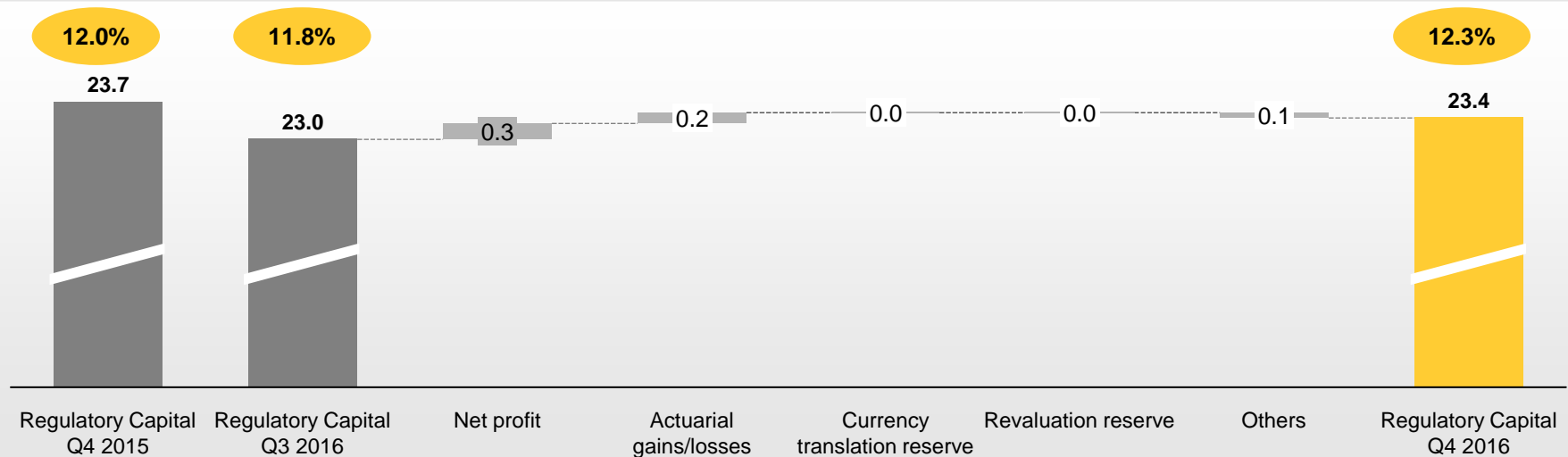


Highlights

- › Significant decrease of Credit Risk RWA caused by active portfolio management (planned reduction in run down portfolio, improvement of risk profile in certain portfolios and securitization of corporate clients portfolio)
- › OpRisk RWA increased by €2.5bn yoy. The frequency of internal loss events has decreased significantly. However, this is overcompensated by new and increased large external loss events

CET1 ratio increased to 12.3%

Regulatory capital (CET1 B3 fully phased-in) transition (€bn)



Highlights

- › Increase of CET1 ratio by 50bp due to lower RWA (+30bp) and further strengthening of capital (+20bp)
- › Positive effects from actuarial gains and losses due to increased discount rate for pension liabilities on the back of rising long-term interest rates
- › Currency translation reserve and revaluation reserve with only minor movements in Q4 2016

Objectives and expectations for 2017

We will further strengthen our market position and focus on the execution of Commerzbank 4.0

We keep our CET1 ratio stable $\geq 12\%$ balancing out investments, P&L incl. restructuring costs, capital and RWA

We keep our cost base stable and book the first part of restructuring charges for Commerzbank 4.0

We expect LLPs for PSBC and CC on the level of 2016 – Ship Finance in a range of €450m - €600m



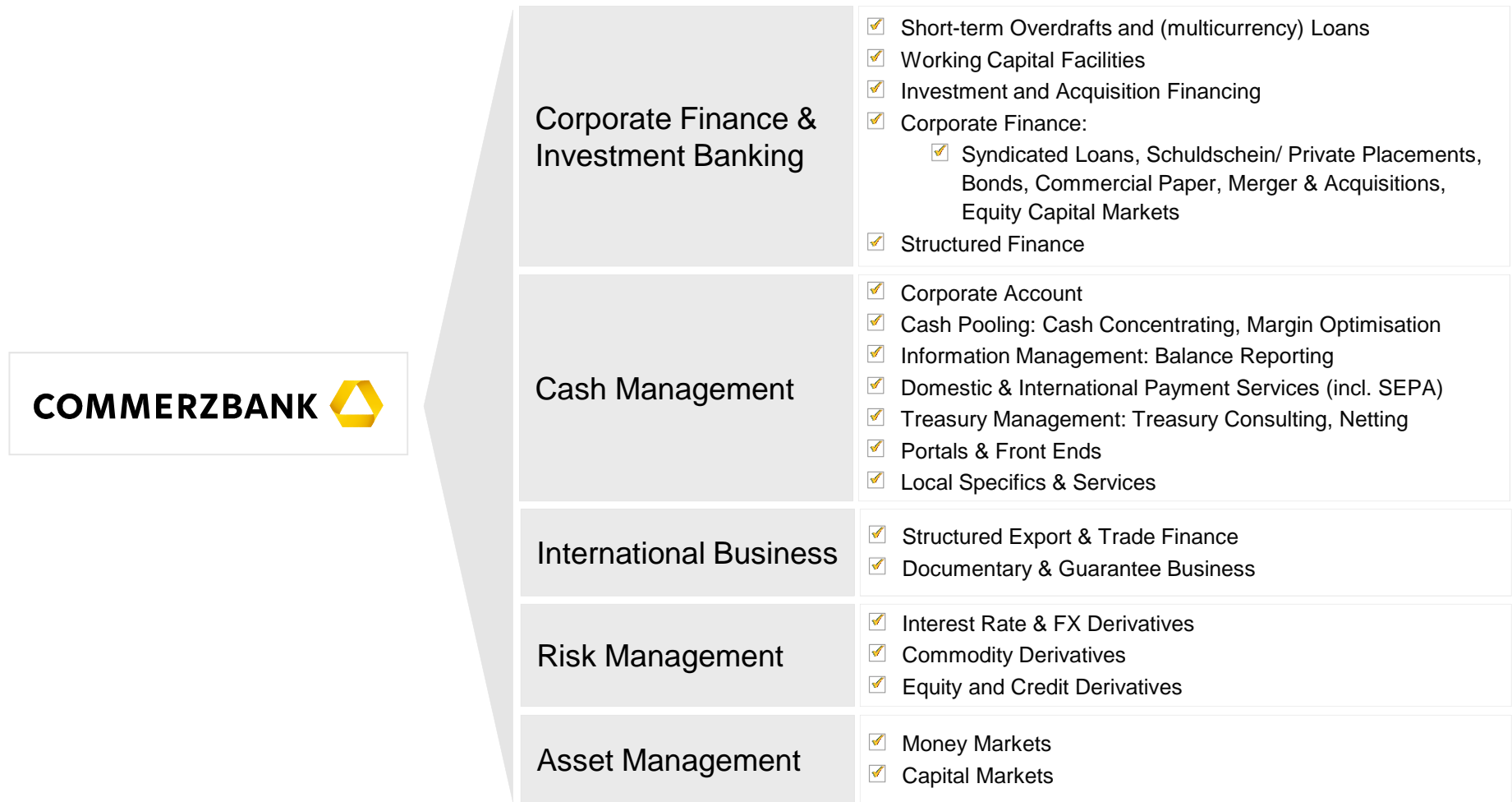
Agenda

1	Commerzbank strategy 4.0	page 4
2	Commerzbank Q4 2016 results	page 13
3	Commerzbank Asia	page 29
4	Commerzbank capital and funding	page 33
	Appendix	


Commerzbank in Asia



Commerzbank Asia : Comprehensive Product Expertise



Commerzbank Asia: Advising and financing of investments into Europe – selected transactions

COMMERZBANK 

CHEMCHINA PIRELLI

Syndicated Term and Revolving Credit Facilities for the Acquisition of **PIRELLI S.p.A.**
EUR6,800 million

Mandated Lead Arranger

February 2016

- › Financing of ChemChina's purchase of Pirelli
- Acquisition of Italian tyre manufacturer

COMMERZBANK 

XIO GROUP

Senior Debt
€145 million

Bookrunner & Mandated Lead Arranger

May 2015

- › Financing of XIO Group's buyout of Compo Expert from Triton Partners
- Acquisition of a German specialty fertiliser company by a fund based in Shanghai, Hong Kong and London

COMMERZBANK 

CHEMCHINA syngenta

Syndicated Term and Revolving Credit Facilities for the Acquisition of Syngenta A.G.
US\$20 billion

Mandated Lead Arranger

April 2016

- › Financing of ChemChina's purchase of Syngenta
- Acquisition of a Swiss agrochemicals provider

COMMERZBANK 

Nabtesco

Acquisition of ITG Kompressoren GmbH and ITG Serienfertigung Fahrzeugteile GmbH

Financial Advisor

May 2016

- › M&A Advisory for Nabtesco, a Japanese public industrials company
- Acquisition of ITG of Germany

COMMERZBANK 

CHEMCHINA KraussMaffei

Syndicated Term and Revolving Credit Facilities for the Acquisition of **Syngenta A.G.**
US\$20 billion
EUR625 million

Mandated Lead Arranger

April 2016

- › Financing of ChemChina's buyout of KraussMaffei from Onex Partners
- Acquisition of a German plastic moulding machinery manufacturer



Agenda

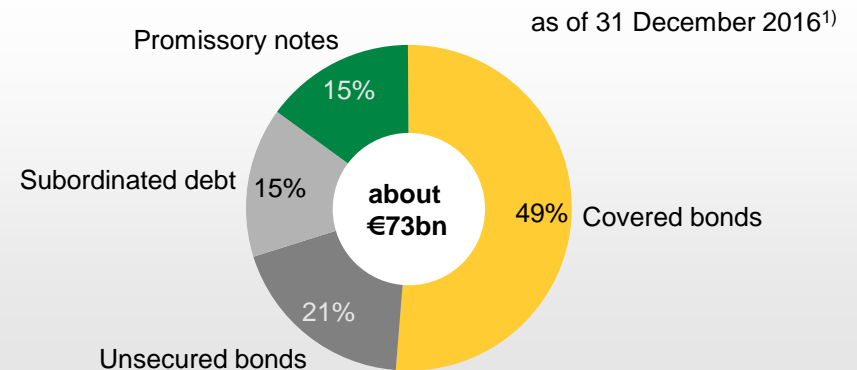
1	Commerzbank strategy 4.0	page 4
2	Commerzbank Q4 2016 results	page 13
3	Commerzbank Asia	page 29
4	Commerzbank capital and funding	page 33
	Appendix	

Capital markets funding activities (full year 2016)

Issuance strategy in capital markets

- › Commerzbank uses covered bonds and senior unsecured instruments for funding purposes
- › Funding via private placements and public transactions
- › Issuance programs in the Euromarkets (e.g. DIP)
- › Since 2011 USD Medium-Term Note Program (144a/3a2)
- › Issuance requirements 2017 below €10bn expected

Capital market funding structure

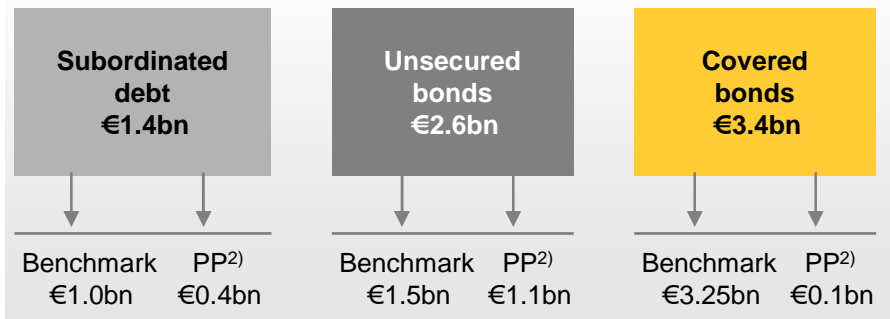


Capital market funding 2016 - highlights

- › In 2016 Commerzbank issued a total of €7.4bn with an average term of over eight years
- › €1bn Tier 2 benchmark with maturity of ten years and \$0.4bn Tier 2 of with twelve years maturity
- › Two senior unsecured benchmarks (incl. mBank €0.5bn)
- › €3.25bn issued through four long-dated benchmark Mortgage Pfandbriefe

Capital market funding activities

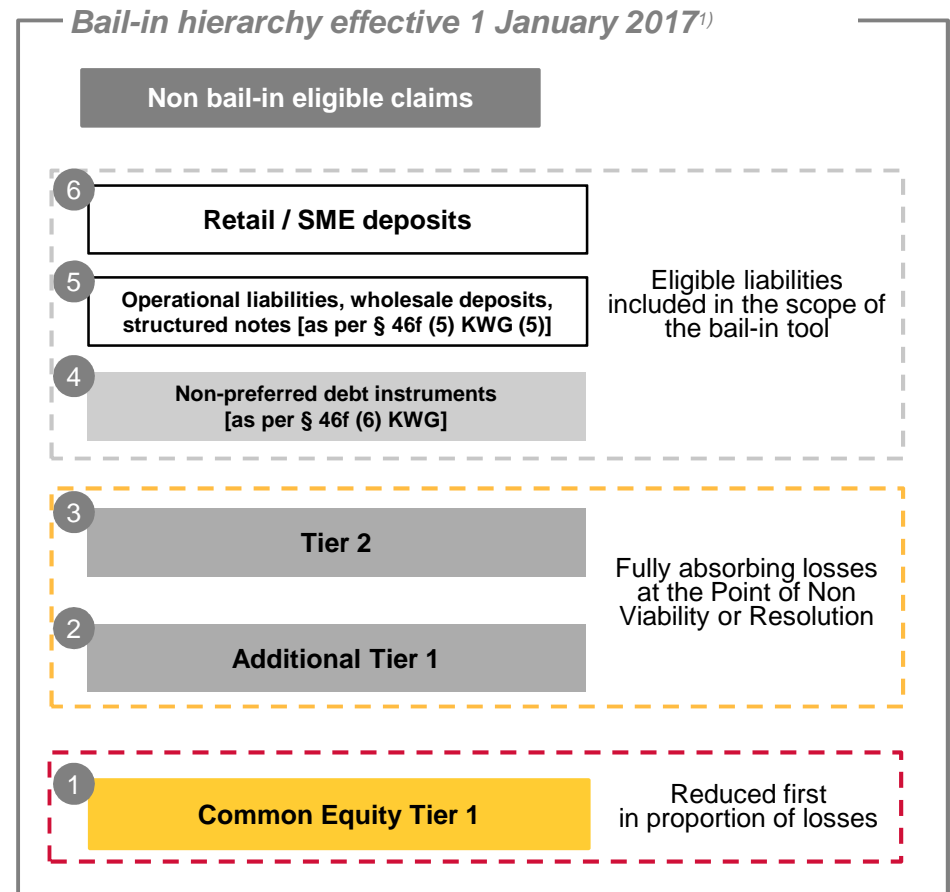
2016 – Notional €7.4bn



German insolvency law protects depositors and operational liabilities

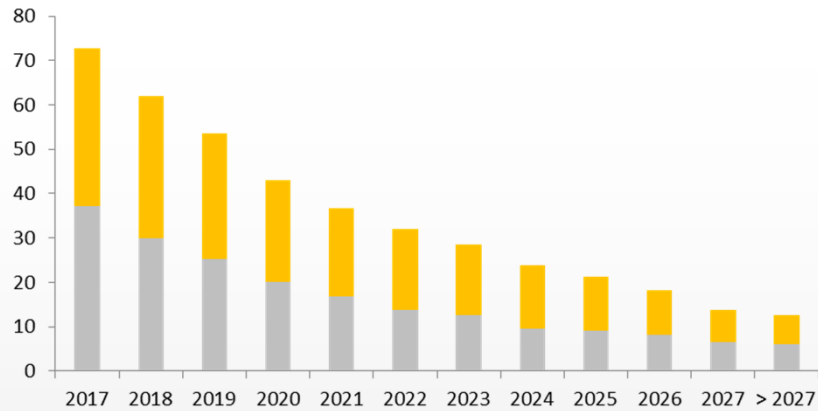
- › European Bank Recovery and Resolution Directive (“BRRD”) and resulting German legislation is intended to prevent use of taxpayers’ money in the event of a bank insolvency or in resolution.
- › As a result of the German Resolution Mechanism Act¹⁾, deposits, operational liabilities and liabilities for which an inclusion in bail-in could be an impediment to resolvability are preferred to plain vanilla debt holders.
- › Hence, own funds and non-preferred debt instruments will be eligible to contribute to Minimum Requirements for Own Funds and Eligible Liabilities (MREL).

Note: Statements on this page do not reflect the “Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on amending Directive 2014/59/EU of the European Parliament and of the Council as regards the ranking of unsecured debt instruments in insolvency hierarchy”, published by the European Commission on 23 November 2016

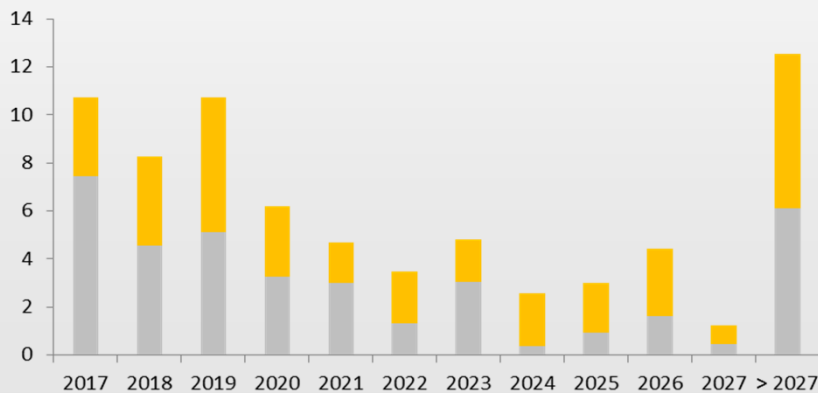


Balanced capital markets maturity profile

Total outstanding and maturities¹⁾ (in Euro bn)



■ unsecured ■ secured

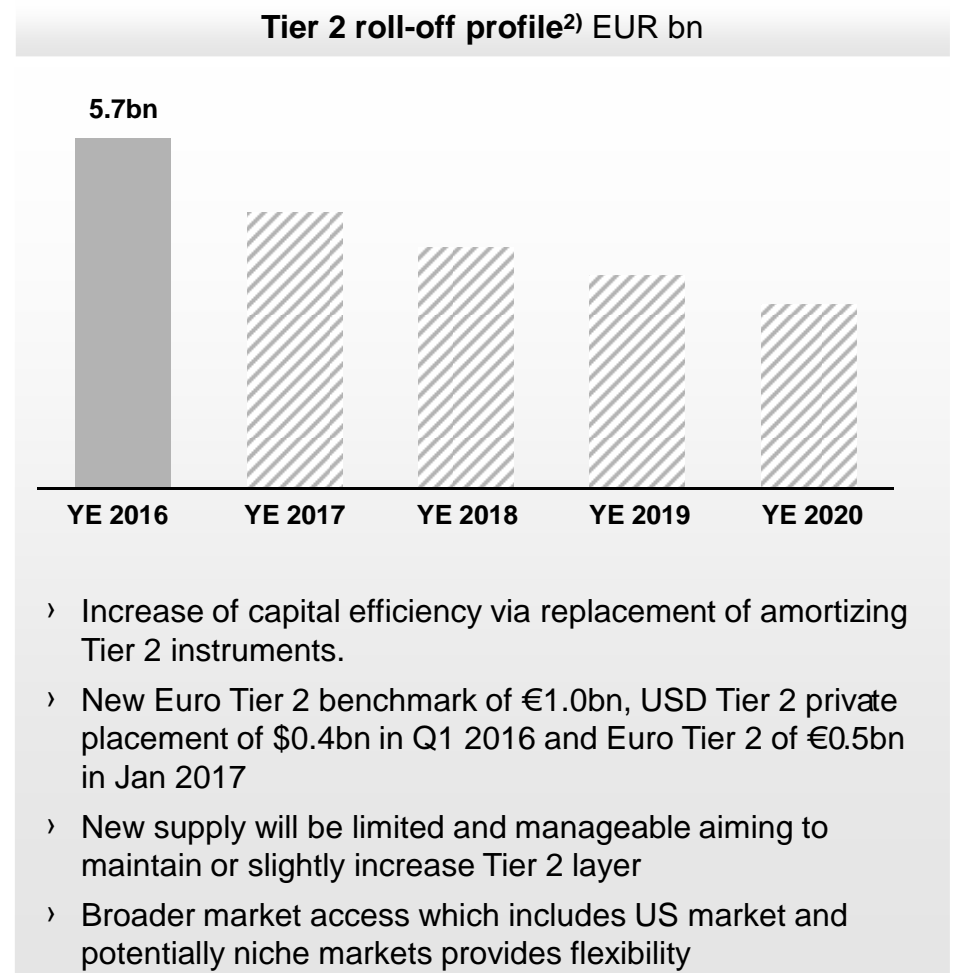
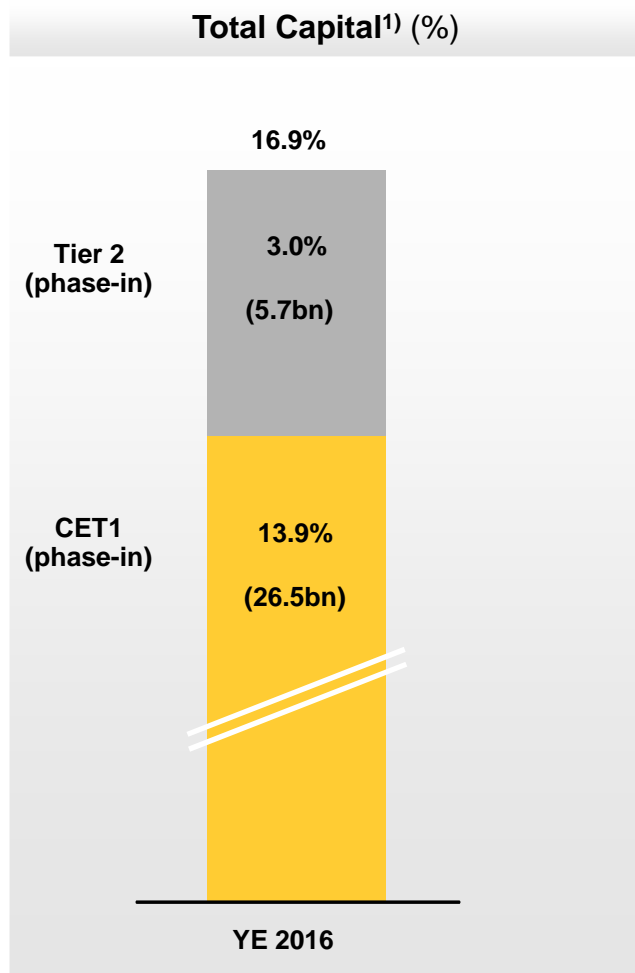


■ unsecured ■ secured

Highlights

- › Outstanding capital markets volume end of 2016 of app. EUR 73bn
- › Well balanced profile of funding products
- › Manageable maturity profile

Total Capital – Tier 2



¹⁾ Additional Tier 1 covers capital deductions

²⁾ Reflecting linear amortisation according to CRR Article 64 and capital deductions

Rating overview Commerzbank

As of 09 February 2017

Bank Ratings	S&P Global ¹⁾	MOODY'S INVESTORS SERVICE	FitchRatings	SCOPE Scope Ratings
Counterparty Credit Rating ²⁾	BBB+ CW positive	A2	A-	-
Stand-alone Rating (financial strength)	bbb+	baa3	bbb+	-
Short-term debt	A-2 CW positive	P-1	F2	S-1
Product Ratings (unsecured issuances)				
"Preferred" senior unsecured debt	BBB+ CW positive	A2 stable	A-	A stable
"Non-preferred" senior unsecured debt	BBB+ CW developing	Baa1 stable	BBB+ stable	A- stable
Subordinated debt (Tier 2)	BBB- CW developing	Ba1	BBB	BBB stable

Rating actions in Q4 2016

- › S&P Global placed the Counterparty Credit Rating to "BBB+" Credit watch positive and for "non-preferred" senior unsecured debt to "BBB+" Credit watch developing
- › Moody's assigned an "A2" Rating with stable outlook for "preferred" senior unsecured debt (Senior-senior)
- › Fitch Ratings assigned a deposit and a „preferred“ senior unsecured debt rating of "A-" and a "Derivative Counterparty Rating" (DCR) of "A- (dcr)"

New SGD Tier 2 Transaction – Terms for Discussion Purposes

Issuer	Commerzbank Aktiengesellschaft
Issuer Counterparty Ratings (M/S/F)	A2 / BBB+ Credit Watch Positive / A-
Instrument	Dated Subordinated (Tier 2) Callable Fixed-to-Fixed Resetable Notes
Maturity / Issuer Call	10NC5
Status	Direct, unsecured, unconditional and subordinated obligations of the Issuer and rank <i>pari passu</i> among themselves. The Notes constitute Tier 2 instruments of the Issuer pursuant to Art. 63 CRR.
Expected Instrument Ratings (M/S/F/Scope)	[-] / BBB- / BBB / BBB
Coupon	Year 1-5 []% per annum, payable semi-annually thereafter, one-time reset at the five-year SGD SOR rate on [x] March 2022 plus initial credit spread over five-year SGD SOR at pricing, payable semi-annually
Optional Redemption	At Issuer's option, on [x] March 2022 (one time) at par, subject to regulatory approval
Special Event Redemption	At Issuer's option upon the occurrence of a Gross up Event (withholding tax applies) or a Regulatory Event (full de-recognition from Tier 2 due to a change in regulations), in each case at par, subject to regulatory approval and the relevant event not having been reasonably foreseeable
Governing Law	German
Listing	Luxembourg
Denominations	SGD 250k+250k
Format	RegS Bearer

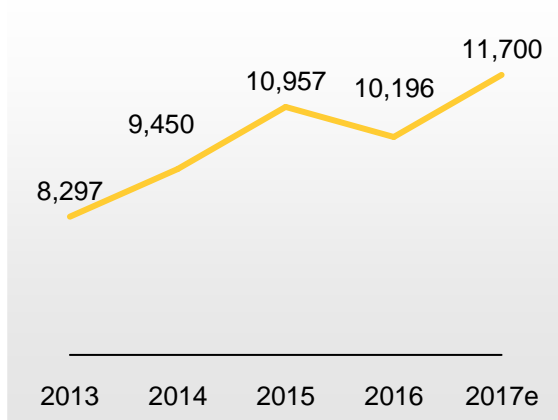
Appendix

German economy 2017 – ongoing moderate growth ahead

Current development

- › After a slowdown during the summer growth of the German economy accelerated again in Q4
- › Main driver of the recovery is still private consumption supported by higher wages and rising employment. However, exports seem to have picked up again in Q4 due to somewhat stronger demand from outside the Euro area
- › Labor market has improved further
- › Refugees crisis has subsided – economic effects remain uncertain

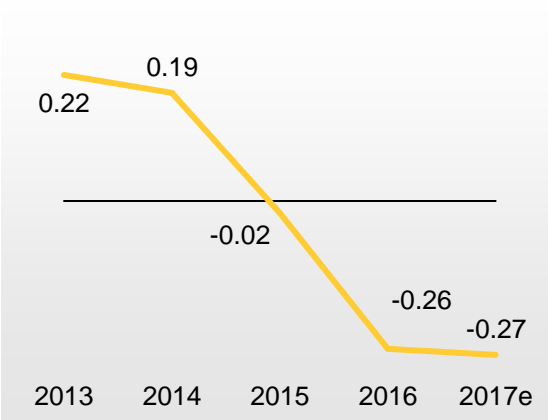
DAX (avg. p.a.)



Our expectation for 2017

- › Sentiment of firms have improved further. Therefore recovery will continue as there is no negative shock ahead – monetary policy will stay expansionary and the impact of Brexit will be very limited
- › However, as we see stronger demand from outside the euro area as a temporary phenomenon, growth will not stay as strong as recently
- › Nevertheless, with 1.6% we expect 2017 growth to be a little bit above consensus expectations (1.3%)

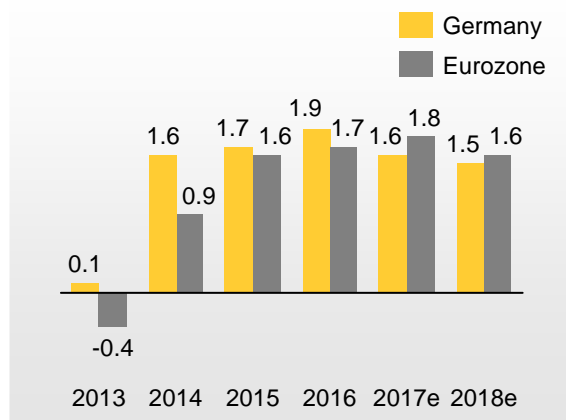
Euribor (avg. p.a. in %)



Risks in the long-run

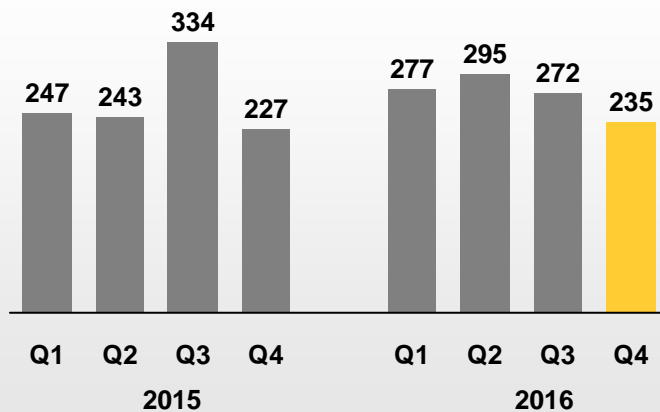
- › Export oriented German economy would suffer especially from a trade conflict initiated by the new US government
- › EMs – a very important market for German exports – will no longer grow as strong as in the years ago
- › The fall of the German labor force will depress potential growth to around 0.5%
- › Current economic policy is geared more towards redistribution of wealth than support for growth.

GDP (change vs. previous year in %)



Private and Small Business Customers: Continuous business growth above the market

Operating result (€m)



Segmental P&L

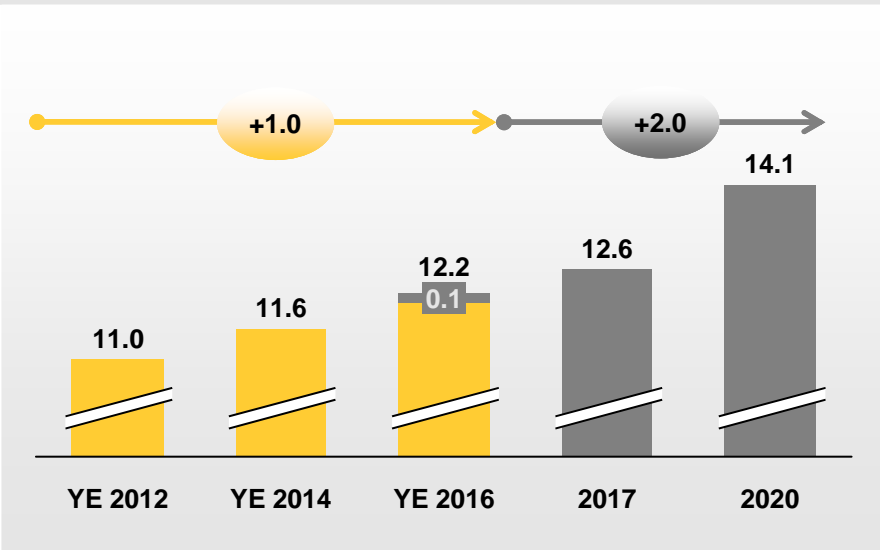
in € m	Q4 2015	Q3 2016	Q4 2016	FY 2015	FY 2016
Revenues	1,190	1,215	1,177	4,845	4,819
o/w Private Customers	572	599	593	2,518	2,402
o/w Small Business Customers	202	196	198	823	795
o/w Commerz Real	77	109	72	195	291
o/w Comdirect	88	82	83	371	379
o/w mBank	252	228	231	938	952
LLP	-12	-40	-14	-167	-119
Costs	951	903	928	3,627	3,621
Operating result	227	272	235	1,051	1,079
RWA fully phased in (end of period)	39.0	37.1	36.1	39.0	36.1
CIR (%)	79.9	74.3	78.8	74.9	75.1
Ø Equity (€bn)	4.7	4.1	4.1	4.8	4.1
Operating return on equity (%)	19.3	26.4	23.2	22.1	26.2

Highlights

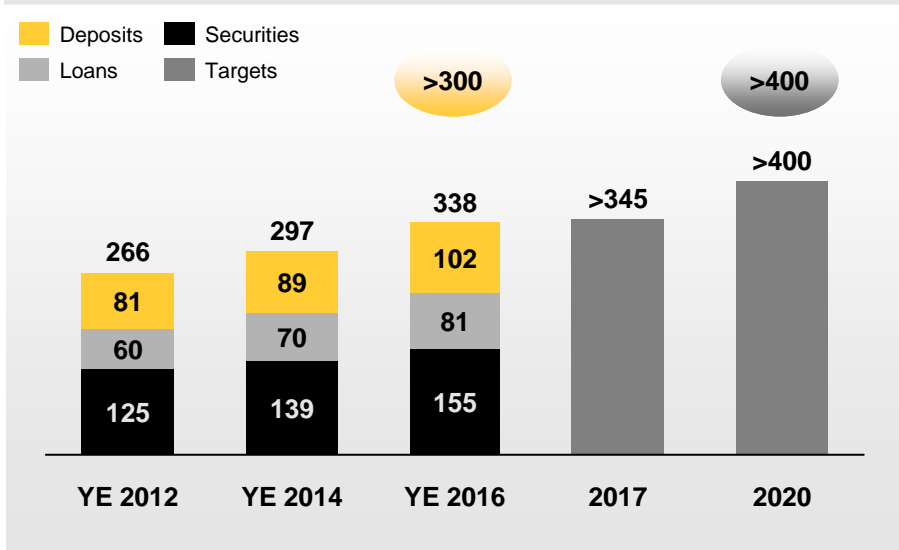
- › Sizable loan growth above the German market average with total customer loans rising 8% y/y partly compensates for pressure from negative interest rate environment.
- › Ongoing good operating performance at mBank with further increasing interest margin – cost base in 2016 including negative impact of Polish banking tax
- › Overall lower client activity in the security business but steadily growing share of recurring income from managed accounts

Private and Small Business Customers: 1m net new customers since 2012 – further 137k already contributing to 2m target for 2020

Customers GER (m)



Assets under control GER (€bn)

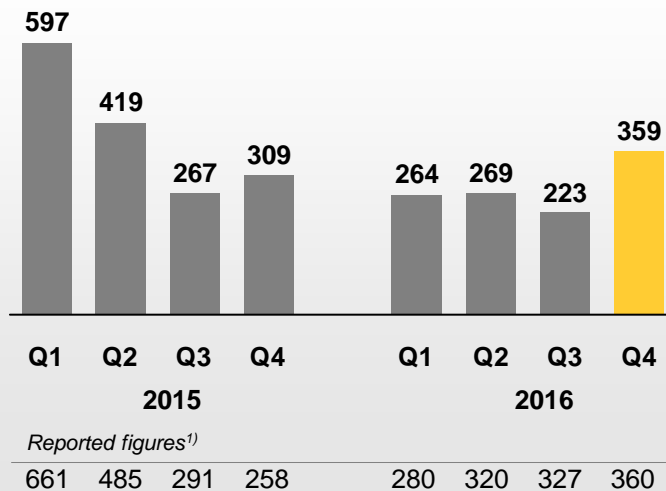


Highlights

- › 1m net new customers target achieved ahead of time in October 2016 – since then already 137k net new customers gained and further new customers will come as a result of the acquisition of online broker Onvista in 2017 with ~90k clients today
- › Growth in AuC in all areas a reflection of continuous market share gains in highly competitive domestic market
- › Net Promoter Score since 2013 constantly well above 30 and still growing - among the highest scores in the German banking sector

Corporate Clients: Strong position in Mittelstand – burdens from negative interest rates and challenging markets

Operating result²⁾ (€m)



Segmental P&L

in € m	Q4 2015	Q3 2016	Q4 2016	FY 2015	FY 2016
Revenues ²⁾	1,120	1,017	1,083	4,730	4,273
o/w Mittelstand	460	465	506	1,981	1,963
o/w International Corporates	220	231	245	1,016	965
o/w Financial Institutions	187	131	130	694	572
o/w EMC	24	86	69	422	329
FVA, net CVA / DVA and OCS	-51	104	1	103	172
LLP	-51	-87	30	-108	-185
Costs	760	707	754	3,030	2,973
Operating result	258	327	360	1,695	1,287
RWA fully phased in (end of period)	106.2	104.3	105.2	106.2	105.2
CIR (%) ²⁾	67.9	69.5	69.6	64.1	69.6
Ø Equity (€bn)	12.3	11.6	11.4	12.4	11.6
Operating return on equity (%) ²⁾	10.1	7.7	12.6	12.8	9.6

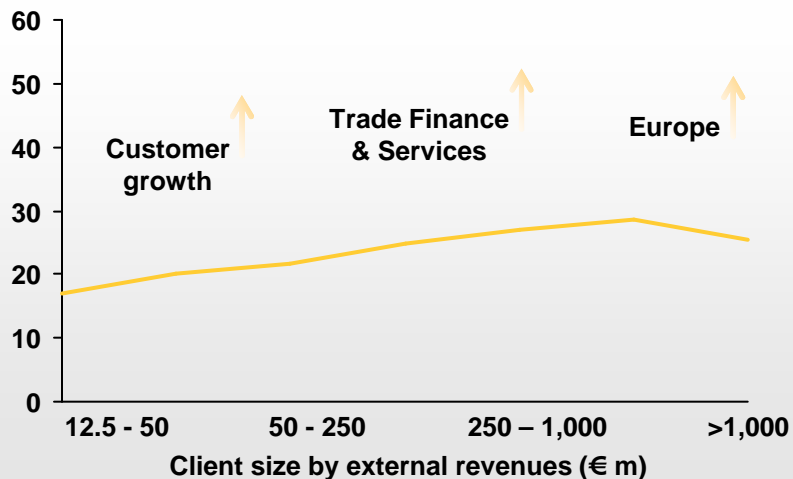
Highlights

- › Mittelstand maintains a strong market position with overall stable revenues, despite the negative rates environment
- › International Corporates sees muted client activity in capital markets while revenues from commercial business are overall stable
- › Financial Institutions with overall lower revenues y/y due to internally tightened risk and compliance framework
- › EMC impacted by volatile equity market conditions burdening structured products business for institutionals

Corporate Clients: Leverage strong domestic market position while focussing on RWA-efficiency

Growth

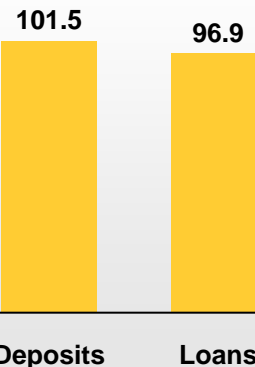
Share of corporate clients (%)



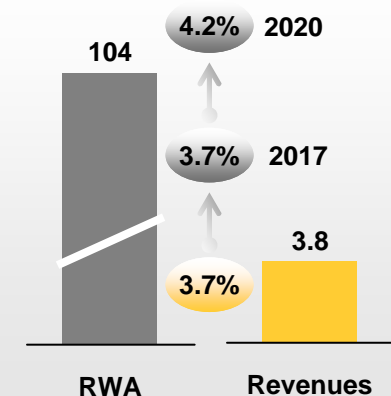
- › Acquire 10k new customers until 2020 with focus on smaller SMEs
- › Increase German market share in trade services and finance from 30% to 32%
- › Leveraging of our in-depth German expertise into selected international key industry sectors

Efficiency (€bn)

LtD ratio ~100%



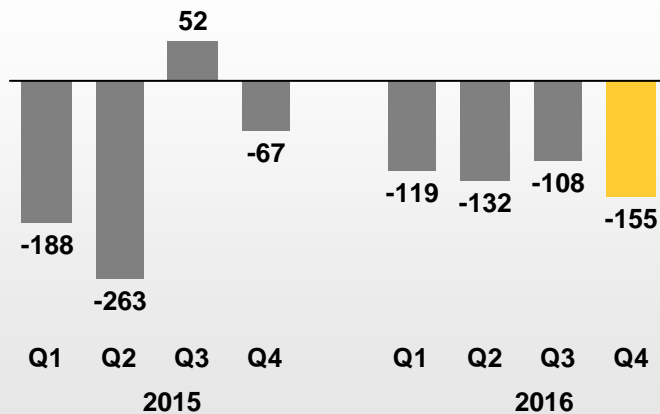
RWA-efficiency



- › Keep healthy LtD ratio in current interest rate environment
- › Increase RWA-efficiency by means of ongoing portfolio optimization
- › Calculation based on RWA and operating revenues before LLP, XVA and OCS – both excluding EMC

Asset & Capital Recovery: Gain on sale of Heta exposure offset by higher risk provisioning for shipping portfolio

Operating result (€m)



Segmental P&L

in € m	Q4 2015	Q3 2016	Q4 2016	FY 2015	FY 2016
Revenues	14	72	183	76	213
LLP	-50	-147	-307	-361	-599
Costs	31	33	31	181	128
Operating result	-67	-108	-155	-466	-514
RWA fully phased in (end of period)	21.6	21.5	20.6	21.6	20.6
Ø Equity (€bn)	3.7	3.3	3.2	4.2	3.3
CRE (EaD in €bn)	3.1	2.7	2.5	3.1	2.5
Ship Finance (EaD in €bn)	6.1	5.0	4.8	6.1	4.8
Public Finance (EaD in €bn)	9.3	9.5	9.0	9.3	9.0

Highlights

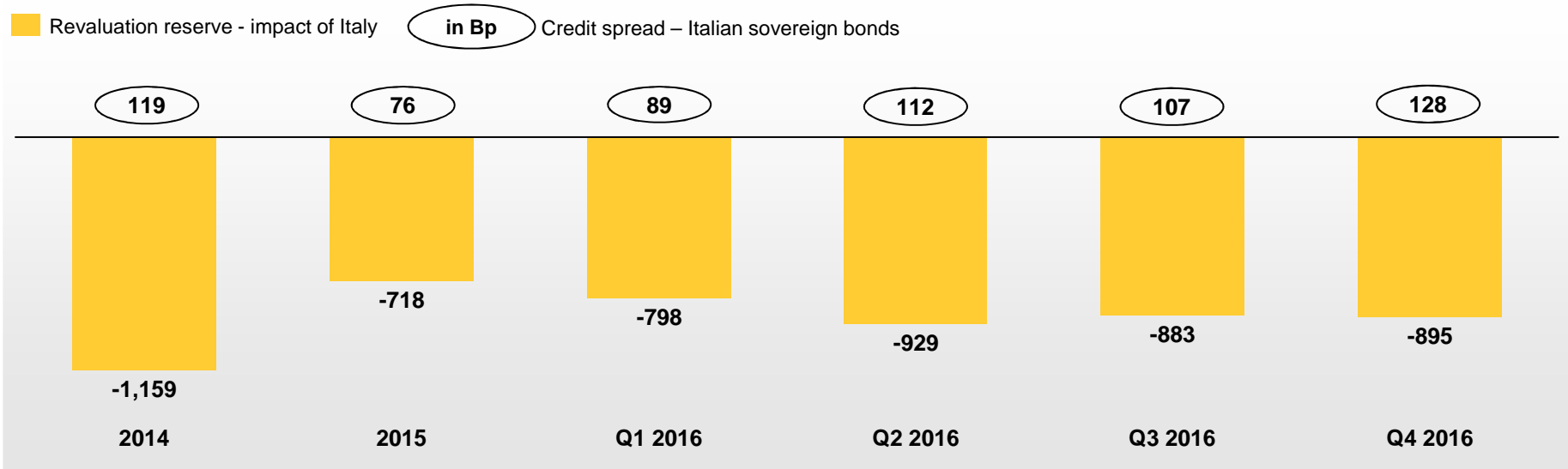
- › Revenues in Q4 supported by sale of HETA exposure with €135m positive impact
- › Higher LLPs due to ship finance
- › Ongoing portfolio shrinkage with EaD reduction of €2.3bn (-13%) yoy to €16.2bn – driven by lower shipping (€-1.3bn, despite €+0.1bn FX effect) and CRE exposures

Commerzbank financials at a glance

Group	Q4 2015	Q3 2016	Q4 2016	FY 2015	FY 2016
Operating result (€m)	384	429	337	1,942	1,399
Net result (€m) ¹⁾	193	-288	183	1,084	279
CET1 ratio B3 phase-in (%)	13.8	13.6	13.9	13.8	13.9
CET1 ratio B3 fully phased-in (%)	12.0	11.8	12.3	12.0	12.3
Total assets (€bn)	533	514	480	533	480
RWA B3 fully phased-in (€bn)	197	195	190	197	190
Leverage ratio (fully phased-in revised rules) (%)	4.5	4.5	4.8	4.5	4.8
Cost/income ratio (%)	77.9	71.1	73.9	73.1	75.5
Net RoE (%) ¹⁾	2.7	-4.0	2.6	3.9	1.0
Net RoTE (%) ¹⁾	3.0	-4.5	2.8	4.3	1.1
Total capital ratio fully phased-in (%)	14.7	14.9	15.3	14.7	15.3
NPL ratio (in %)	1.6	1.7	1.6	1.6	1.6
CoR (bps)	16	19	21	16	21

Change in revaluation reserve due to changes in Italian credit spread

Movement of revaluation reserve due to changes in the credit spread of Italian sovereign bonds (€m)

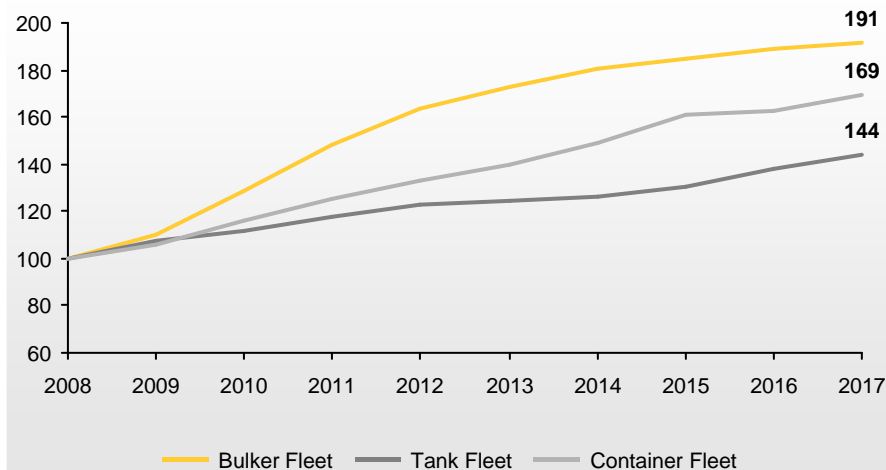


Background

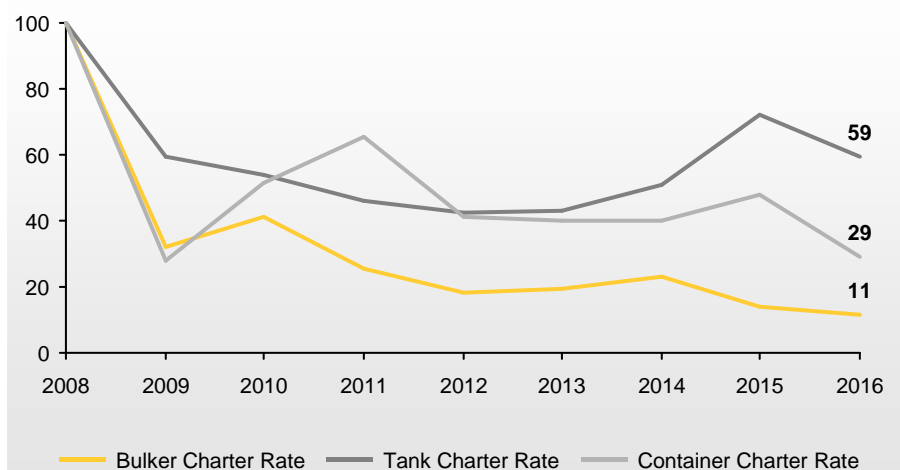
- › ~€10bn Italian sovereign bond portfolio mainly consists of sovereign and sub-sovereign exposures with long maturities
- › About one-third of portfolio is classified as available for sale – Italian credit spread changes affect revaluation reserve
- › Principally hold-to-maturity management strategy

Sustainable ship market recovery not yet in sight

Fleet Index (%)



Charter Rate Index (%)



Shipping markets environment / Mid-term outlook

- › Net fleet growth still $\geq 4\%$ (container / tanker) in 2017e despite lower new capacity / more scrapping limits rate recovery
- › Sale of loan portfolios by competitors likely to cause some price pressure
- › Diverse development for different ship types expected
- › We view a sustainable recovery of charter rates unlikely before 2018 – container: not before 2019

Commerzbank position

- › CBK with largest portfolios downsizing in relative terms in peer group
- › Steadily declining ratio of NPL / CET1 capital in recent years – approaching 5%, close to benchmark levels among peers
- › Strong portfolio run down of €19bn (-76%) since 2008
- › Steadily increased coverage ratio to 64%

ACR Ship Finance portfolio as of 31 December 2016

	31 December 2016 (31 Dec 2015)							
Performing portfolio SF by ship type €m	Total		Container		Tanker		Bulkier	
Exposure at Default	3,511	(4,965)	1,116	(1,858)	875	(1,106)	912	(1,233)
Expected Loss	288	(389)	85	(227)	12	(12)	121	(89)
Risk Density	820	(783)	760	(1,220)	131	(108)	1,324	(718)

	31 December 2016 (31 Dec 2015)							
Default portfolio SF by ship type €m	Total		Container		Tanker		Bulkier	
Default volume	1,243	(1,160)	548	(434)	111	(163)	154	(233)
Loan loss provisions	628	(540)	223	(218)	56	(33)	78	(92)
GLLP	172	(213)	36	(116)	4	(7)	54	(49)
Coverage ratio incl. GLLP excl. collaterals (%)	64	(65)	47	(77)	54	(24)	85	(61)
Collaterals	466	(604)	178	(199)	73	(118)	82	(118)
Coverage ratio incl. GLLP and collaterals (%)	102	(117)	80	(123)	119	(96)	138	(111)
NPL ratio (%)	26.2	(18.9)	32.9	(18.9)	11.3	(12.8)	14.5	(14.4)

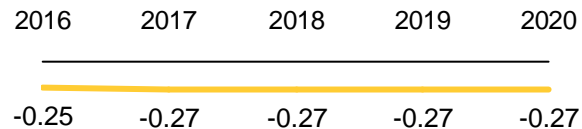
Commerzbank Group

€m	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	% Q4 vs Q4	% Q4 vs Q3
Total Revenues	2,794	2,444	2,317	2,240	9,795	2,323	2,240	2,437	2,399	9,399	7.1	-1.6
o/w Total net interest and net trading income	1,986	1,496	1,469	1,270	6,221	1,343	1,272	1,505	1,277	5,397	0.6	-15.1
o/w Net commission income	915	855	825	835	3,430	823	783	781	825	3,212	-1.2	5.6
o/w Other income	-107	93	23	135	144	157	185	151	297	790	>100	96.7
Provision for possible loan losses	-158	-280	-146	-112	-696	-148	-187	-275	-290	-900	>100	-5.5
Operating expenses	1,957	1,737	1,719	1,744	7,157	1,893	1,702	1,733	1,772	7,100	1.6	2.3
o/w European bank levy (including Polish banking tax)	167	2	-4	-46	119	156	32	21	21	230	>100	2.4
Operating profit	679	427	452	384	1,942	282	351	429	337	1,399	-12.2	-21.4
Impairments on goodwill and other intangible assets	-	-	-	-	-	-	-	627	-	627	-	-100.0
Restructuring expenses	66	-	28	20	114	-	40	57	32	129	60.0	-43.9
Net gain or loss from sale of disposal groups	-	-	-	-	-	-	-	-	-	-	-	-
Pre-tax profit	613	427	424	364	1,828	282	311	-255	305	643	-16.2	>100
Taxes on income	240	91	158	140	629	89	58	14	100	261	-28.6	>100
Minority Interests	29	24	31	31	115	24	38	19	22	103	-29.0	15.8
Consolidated Result attributable to Commerzbank shareholders	344	312	235	193	1,084	169	215	-288	183	279	-5.2	>100
Assets	608,920	564,574	567,772	532,701	532,701	535,954	532,809	513,715	480,450	480,450	-9.8	-6.5
Liabilities	608,920	564,574	567,772	532,701	532,701	535,954	532,809	513,715	480,450	480,450	-9.8	-6.5
Average capital employed	27,278	29,132	29,447	29,743	28,900	29,588	29,448	29,506	29,562	29,526	-0.6	0.2
RWA credit risk fully phased in (end of period)	176,024	171,399	171,005	158,617	158,617	154,061	154,692	150,256	146,201	146,201	-7.8	-2.7
RWA market risk fully phased in (end of period)	22,471	20,368	20,481	17,427	17,427	18,286	19,281	20,508	19,768	19,768	13.4	-3.6
RWA operational risk fully phased in (end of period)	23,053	22,655	21,978	21,398	21,398	22,176	24,327	23,836	23,879	23,879	11.6	0.2
RWA fully phased in (end of period)	221,547	214,422	213,465	197,442	197,442	194,523	198,300	194,601	189,848	189,848	-3.8	-2.4
Cost/income ratio (%)	70.0%	71.1%	74.2%	77.9%	73.1%	81.5%	76.0%	71.1%	73.9%	75.5%	-	-
Operating return on equity (%)	10.0%	5.9%	6.1%	5.2%	6.7%	3.8%	4.8%	5.8%	4.6%	4.7%	-	-
Operating return on tangible equity (%)	11.2%	6.6%	6.9%	5.8%	7.5%	4.3%	5.4%	6.5%	5.0%	5.3%	-	-
Return on equity of net result (%)	5.2%	4.4%	3.3%	2.7%	3.9%	2.4%	3.0%	-4.0%	2.6%	1.0%	-	-
Net return on tangible equity (%)	5.9%	4.9%	3.7%	3.0%	4.3%	2.6%	3.4%	-4.5%	2.8%	1.1%	-	-

Specific growth and pricing measures compensate for adverse effects from current interest rate environment

In current rate environment

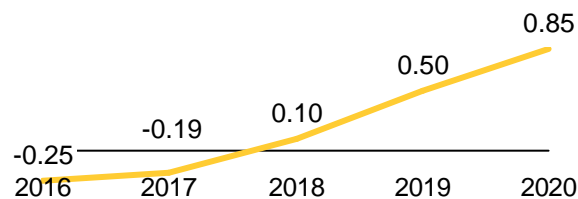
3M-Euribor (avg. p.a. in %)



- › Expected gross revenue decline under current interest rate conditions by 2020: ~€300m vs. 2016
- › Revenue loss will be reduced to ~€100m by ...
 - › growth initiative in residential mortgage lending
 - › specific pricing measures in corporate clients business

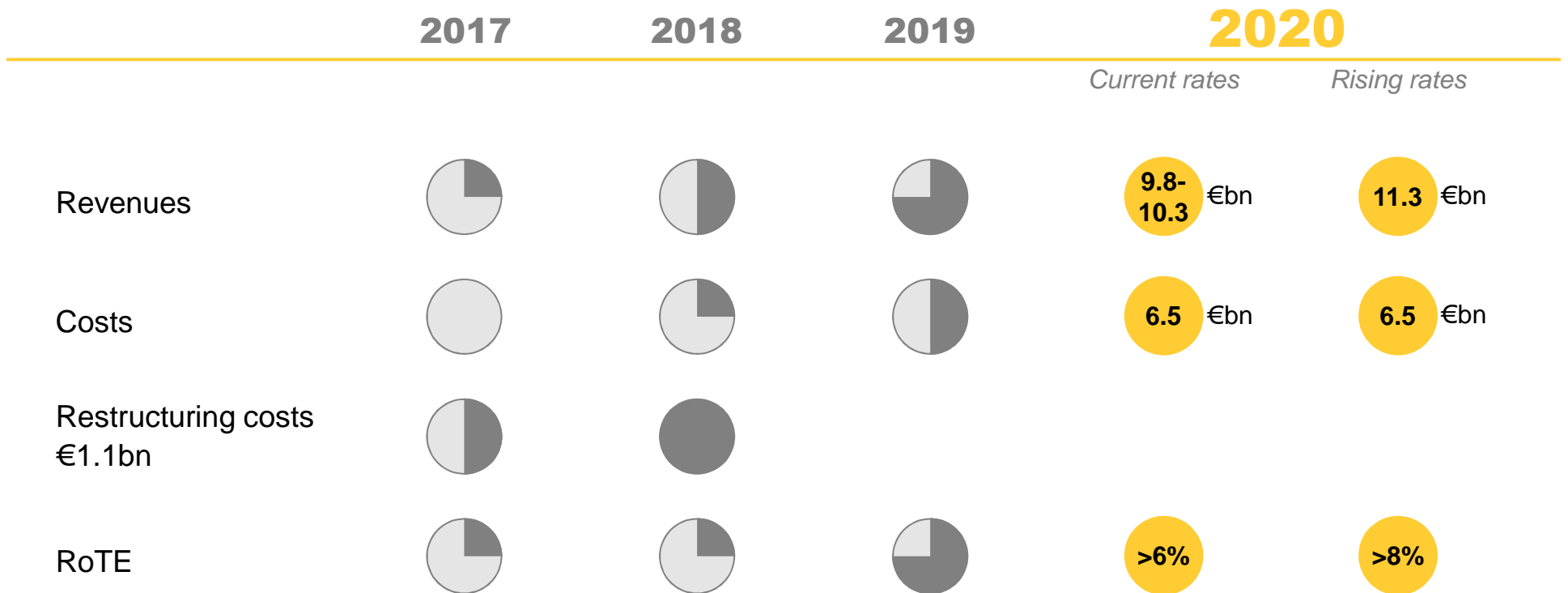
In rising rate environment

3M-Euribor (avg. p.a. in %)



- › Higher interest income up to €1.0bn due to ...
 - › return to positive rates on central bank deposits
 - › high share of non-interest bearing customer deposits
 - › higher returns from reinvestment of excess deposits

Transformation requires two years with low profitability



For more information, please contact Commerzbank's IR team

IR contact

Christoph Wortig (Head of Investor Relations)

P: +49 69 136 52668

M: christoph.wortig@commerzbank.com

Institutional Investors and Financial Analysts

Michael H. Klein

P: +49 69 136 24522

M: michael.klein@commerzbank.com

Fabian Brüggemann

P: +49 69 136 28696

M: fabian.brueggemann@commerzbank.com

Retail Investors

Simone Nuxoll

P: +49 69 136 45660

M: simone.nuxoll@commerzbank.com

Dirk Bartsch (Head of Strategic IR / Rating Agency Relations)

P: +49 69 136 22799

M: dirk.bartsch@commerzbank.com

ir@commerzbank.com
www.ir.commerzbank.com

Financial calendar

2017

03 May

Annual General Meeting

09 May

Q1 2017 results

02 Aug

Q2 2017 results

09 Nov

Q3 2017 results