Commerzbank publishes 2013 Annual Report

- Financial year 2013: solid operating profit of EUR 725 million
- Capital target for 2014 already achieved: core capital ratio CET 1 improved to 9.0% as of 31 December 2013 with full application of Basel 3

In 2013, Commerzbank posted a total operating profit of EUR 725 million. In the Core Bank an operating profit of EUR 1.8 billion was attained in an ongoing challenging market environment. Commerzbank’s net profit stood at EUR 78 million in 2013; this sum includes restructuring expenses of around EUR 500 million in connection with the job reductions within the Group.

“For us, 2013 was dominated by the implementation of our strategic agenda. The measures we have brought in will over the coming years align our business model with the altered operating environment in the financial sector. We have made progress – faster than planned in some areas – on all three of our strategic focuses: “investing in the earnings power of the core business”, “rigorous cost management” and “optimising the capital base”, and we have hit some key milestones”, said Martin Blessing, Chairman of the Board of Managing Directors of Commerzbank in the 2013 Annual Report submitted today.

Commerzbank made good progress in implementing its strategic agenda in 2013. In Private Customer business, the Bank last year drove forward its strategic repositioning and modernisation with the aim of becoming the leading multi-channel bank. Commerzbank fundamentally overhauled its range of products and services and focused consistently on the values of “fairness and competence”. The ongoing independent customer satisfaction surveys, alongside the growth in customer numbers, account numbers and asset volumes, signal that the Bank is on the right track. The positioning of the Mittelstandsbank remains strong. The Bank defied the market trend to increase lending volumes with small and medium-sized German customers in 2013. It further improved the already high market shares in export payments and the processing of documentary credits. These successes helped to make up in part at least for the heavy pressure on earnings caused by interest rates. Also in the core market of Poland Commerzbank further reinforced the market position during 2013. The new mBank, which came into being during the year under review as a result of the merger of the previously independent BRE Bank Group brands, gives Commerzbank the most modern bank in the direct banking field. Corporates & Markets posted its best results since 2010. Business performance benefited both from the positive market environment and from implementation of the measures under the strategic agenda, with further improvements to both trading platforms and advisory capabilities.
The capital measure approved in April 2013 was used to repay the SoFFin and Allianz silent participations in full. The Bank has thus repaid early all the constituent parts of the government aid that it is able to redeem by itself. Successes also came from a further reduction of the non-strategic commercial real estate portfolio and the shipping portfolio. Here Commerzbank made faster progress than planned and also generated a positive capital effect.

“In 2013 we further improved our capital base. We reached the Basel 3 core Tier 1 ratio on a “fully phased-in” basis of 9% already as at end-2013 – one year ahead of schedule. We are aiming for a Basel 3 ratio of more than 10% by the end of 2016. The leverage ratio under the Basel 3 Capital Requirements Directive (CRD IV, phased-in), which is increasingly coming under the scrutiny of banking supervisors and analysts, measures the ratio of regulatory capital to total assets. It stood at 4.3% on the reporting date, comfortably above the minimum of 3% that will apply from 2018”, said Martin Blessing.

The individual financial statements of Commerzbank AG pursuant to the provisions of the German Commercial Code (HGB) show a net profit of EUR 166 million for 2013. In the context of a persistently difficult market environment and mounting regulatory requirements, capital strengthening is Commerzbank’s highest priority. Therefore no dividend will be paid out for 2013. Detailed information about the monetary remuneration of the board members can be found in the remuneration report (pages 29 to 39). The number of employees of the Commerzbank Group as of the end of December 2013 was 52,944 (page 86).

**Outlook**

Given that the operating environment remains difficult for financial institutions, 2014 is likely to be another challenging year. Nevertheless, Commerzbank expects a year-on-year improvement in the operating profit.
About Commerzbank
Commerzbank is a leading bank in Germany and Poland. It is also present worldwide in all markets for its customers as a partner to the business world. With the business areas Private Customers, Mittelstandsbank, Corporates & Markets and Central & Eastern Europe, it offers its private and corporate customers as well as institutional investors the banking and capital market services they need. With approximately 1,200 branches Commerzbank has one of the densest branch networks among German private banks and is on its way to become a modern multichannel bank. In total, Commerzbank boasts approximately 15 million private customers, as well as 1 million business and corporate customers. In 2013, it generated revenues of more than EUR 9 billion with approximately 54,000 employees on average.

*****

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 Poland, elsewhere in Europe 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, potential defaults of borrowers or trading counterparties, the implementation of its strategic initiatives to improve its business model, particularly to reduce its public finance portfolio in Private Customers, 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 periodically 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.