

Press Release

For editors

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Commerzbank predicts increased activity for German capital markets in 2015

- **Equity financing and M&A transactions for SMEs on the increase**
- **Corporate bonds and syndicated loans form sound basis for debt financing**
- **Considerable potential for renminbi bonds and green bonds**

2015 is set to see a significant increase in German companies actively seeking financing via capital markets, with equity financing, M&A, bond issuance and syndicated loans set to increase by at least ten percent, according to Commerzbank's Corporate Finance experts at their 2015 Outlook, in Frankfurt.

“Senior management of German companies are set to be focusing on growth in 2015. This inevitably means an increase in M&A and traditional capital markets activity”, said Roman Schmidt, Head of Corporate Finance at Commerzbank. “The main reasons for the upturn in M&A are high liquidity on the part of companies and financial investors, and attractive financing terms. Volatility is still to be expected, and it is likely there will still be some ‘geopolitical unknowns’ to contend within the year ahead.”

Despite slow growth in the Eurozone, German companies will be looking to make strategic acquisitions. “Capital market activity in the Eurozone is still markedly underdeveloped compared with the USA. In 2015, there will be a slight narrowing of the gap between the two markets, which will continue for years to come, regardless of interest rate rises, added Schmidt.

“High global M&A activity in 2014 was driven by international transactions and in 2015 we anticipate this renewed momentum to start trickling down into the takeover market in the German “Mittelstand” in 2015”, commented Christoph Thierolf, Head of Corporate Advisory and M&A at Commerzbank. “Large-volume strategic transactions, many of them cross-border, are to be expected next year.”

According to Jens Voss, Head of Equity Capital Markets, "The capital markets will play an ever greater role in acquisition financing, including capital increases. IPO activity will increase in the coming year as valuations continue to be at attractive levels, while activity in equity-linked transactions is strengthening again on the back of the recent rise in volatility."

Bond issuance in 2015 will be affected by two emerging trends. "Firstly, the market for offshore renminbi bonds is continually gaining traction and secondly, the volume of issuance of corporate "green bonds" is advancing rapidly. The high-yield bond market, which grew by 8% in 2014, is also still performing well", comments, Ulrich Hoeck, Head of DCM Bonds at Commerzbank.

Roland Boehm, Head of DCM Loans, believes that "banks' and institutional investors' high liquidity is giving rise to stiff competition, providing companies with a good choice of refinancing options. He comments, "We can expect a stable and liquid market environment in 2015 and demand for acquisition financing will remain at a high level."

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About Commerzbank

Commerzbank is a leading international commercial bank with branches and offices in more than 50 countries. The core markets of Commerzbank are Germany and Poland. With the business areas Private Customers, Mittelstandsbank, Corporates & Markets and Central & Eastern Europe, its private customers and corporate clients, as well as institutional investors, profit from a comprehensive portfolio of banking and capital market services. Commerzbank finances more than 30 per cent of Germany's foreign trade and is the unchallenged leader in financing for SMEs. With its subsidiaries comdirect and Poland's mBank it owns two of the world's most innovative online banks. With approximately 1,200 branches Commerzbank has one of the densest branch networks among German private banks. In total, Commerzbank boasts approximately 15 million private customers, as well as 1 million business and corporate clients. The Bank, which was founded in 1870, is represented at all the world's major stock exchanges. In 2013, it generated gross revenues of more than EUR 9 billion with an average of approximately 54,000 employees.