Press release

For business editors
February 23, 2011

Commerzbank: Net profit in 2010 at EUR 1.4 billion

- **Gross revenues EUR 12.7 bn, operating profit EUR 1.4 bn**
- **German GAAP result of the AG minus EUR 1.2 bn mainly due to EU requirement on Eurohypo sale**
- **Core bank with strong operating performance, Mittelstandsbank posts record result**
- **Core Tier 1 ratio at 10.0%, Tier 1 ratio 11.9% (2009: 10.5%)**
- **Blessing: "We want to reduce the silent participations of SoFFin significantly already in 2011"**

As previously announced and one year earlier than forecasted, Commerzbank returned to profitability in 2010. Thanks to the strong performance in customer business and bolstered by the positive market development **gross revenues** rose by 16% to EUR 12.7 billion (2009: EUR 10.9 billion). The economic recovery is also reflected in **loan loss provisions**. These declined by some 40% to just under EUR 2.5 billion (2009: EUR 4.2 billion). The **operating profit** of the Bank amounted to EUR 1.4 billion. Even the typically weaker fourth quarter was positive with an operating profit of EUR 256 million. **Net profit** (IFRS) attributable to Commerzbank shareholders amounted to EUR 1.4 billion in the full year 2010; in the fourth quarter of 2010 it came to EUR 257 million. Mittelstandsbank posted a record result for 2010. The Corporates & Markets segment was profitable in all four quarters of 2010. Central & Eastern Europe and the Private Customers segment also concluded the year with positive results. In total, the core bank achieved a profit of EUR 2.0 billion.

"2010 was a successful year for Commerzbank in many respects. We have achieved key targets and the Commerzbank Group has returned to profitability one year earlier than forecasted in the 'Roadmap 2012'. We have also implemented the integration of Dresdner Bank more quickly than planned in some important areas. Our employees have worked hard towards achieving these goals. I thank them very warmly for this. Our targets for 2012 are already in sight," said Martin Blessing, Chairman of the Board of Managing Directors of Commerzbank. "For 2011, we expect to close the year with an operating profit according to IFRS that will be significantly higher than that seen in 2010. It is also our aim to service the silent participations of the German government for 2011. Much, however, depends on the ongoing development of the debt crisis that arose in certain European states and the consequences of the global financial market and economic crisis. The Financial Market Stabilisation Fund (SoFFin) has, as is known, made available to the Bank silent participations currently amounting to EUR 16.2 billion. Martin Blessing: "We want to reduce the silent participations of SoFFin significantly already in 2011."

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Servicing silent participations of SoFFin not permissible for 2010

In the unconsolidated financial statements of Commerzbank AG prepared in accordance with German GAAP, a net loss for the year of EUR 1.2 billion was accrued. The main reason behind this was a write-down of the Eurohypo book value on such financial statements amounting to EUR 1.9 billion. The servicing of silent participations is based on the rules for the payment of dividends. Under German law these are paid from the profit pursuant to German GAAP in the unconsolidated financial statement of the AG. Due to the net loss in Commerzbank AG's financial statements pursuant to German GAAP, servicing the silent participations of SoFFin for 2010 is not permissible.

With regard to the EU requirements, the strategic reorientation of Eurohypo had to be stepped up further in 2010. The volume reduction is being further accelerated, Public Finance is no longer acquiring any new business, and Commercial Real Estate concludes new business only selectively. This is especially due to ongoing charges in Commercial Real Estate, and the emerging impact of the debt crisis that arose in certain European states since the beginning of 2010. As the future revenues of Eurohypo will thus be lower, its book value had again to be written down in the unconsolidated financial statement of Commerzbank AG pursuant to German GAAP in 2010. Already in 2009, the Eurohypo book value had been written down by EUR 860 million in the unconsolidated financial statement of the AG pursuant to German GAAP. In the consolidated financial statements prepared in accordance with IFRS, the goodwill in the Asset Based Finance segment was written down by a total of EUR 690 million in 2009, mainly due to Eurohypo. The Eurohypo goodwill was thus written down in full in the 2009 consolidated financial statements.

Core Tier 1 ratio at a good level, operating expenses declining

In the 2010 financial year, Commerzbank made considerable progress in the reduction of its total assets and risks. Compared to year-end 2009, **total assets** were reduced by 10.6% to EUR 754 billion. **Risk-weighted assets** were lowered from EUR 280 billion to EUR 268 billion. “Thanks to the reduction in non-core activities we are gaining leeway for further growth in our core business,” said Eric Strutz, Chief Financial Officer of Commerzbank. The **core Tier 1 ratio** was at 10.0% (2009: 9.2%) at the end of December 2010, with the **Tier 1 ratio** coming to 11.9% (2009: 10.5%).

Operating expenses decreased slightly in a year-on-year comparison (down 2% to EUR 8.8 billion). Adjusted for integration costs, they decreased by 4%. In 2010, **cost synergies** amounting to EUR 1.1 billion were realised from the Dresdner Bank take-over. This corresponds to some 45% of the synergy target of EUR 2.4 billion per annum. In 2011 the realised synergies are forecasted to amount to more than EUR 1.5 billion.

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Mittelstandsbank also positive in Q4, Corporates & Markets with successes in customer business

Against the background of the improved economic development, in 2010 **Mittelstandsbank** attained the best result ever. The operating profit was EUR 1.6 billion, following EUR 602 million in the previous year. Loan loss provisions have been reduced to EUR 279 million (2009: EUR 954 million). In the fourth quarter 2010 the segment also developed positively with an operating profit of EUR 469 million (after EUR 429 million in the third quarter 2010). Next to the market recovery this also reflects positive earnings contributions from restructured loans.

The **Corporates & Markets** (C&M) segment posted an operating profit of EUR 786 million for 2010 (2009: minus EUR 420 million). In addition to the positive market development, the reasons for the increase are, above all, strong performance in customer business, which led to a stable income, particularly in Corporate Finance and with Fixed Income and Currencies business for customers. The segment also profited from net releases of loan loss provisions and, particularly in the fourth quarter 2010, from positive earnings contributions from restructured loans. The operating profit thus increased from EUR 122 million in the third quarter 2010 to EUR 221 million in the fourth quarter 2010. In 2011, C&M intends to increasingly invest in the infrastructure of its electronic trading platforms due to expected changes in the market environment against the background of regulatory changes.

Central & Eastern Europe initiates turnaround, BRE Bank with strong earnings contribution

Thanks to profitable restructuring measures and in light of the economic recovery of the Central and Eastern European markets, the **Central & Eastern Europe** (CEE) segment initiated a turnaround in 2010. After minus EUR 393 million in 2009 a positive operating profit of EUR 53 million was attained in 2010. The number of customers in the region increased in comparison to 2009 considerably by 460,000 to a total of more than 4 million. The operating expenses rose, predominantly due to exchange rate effects, from EUR 486 million in 2009 to EUR 565 million in 2010. The result of the Ukrainian Bank Forum has improved recently but remained negative for the whole year. The Polish Commerzbank subsidiary BRE Bank has again contributed strongly to the result of the segment in 2010.

BRE Bank Group’s capital adequacy ratio stood at 15.9% and core capital (tier 1) ratio reached 10.4% at year-end 2010. In view of BRE Bank Group’s sustainable core capital and earnings strength and in accordance with international standards, the existing letters of comfort issued to BRE Bank and its subsidiaries BRE Bank Hipoteczny and BRE Leasing will expire by the end of March 2011. BRE Bank is a strategic core investment of Commerzbank Group in its second home market Central and Eastern Europe and together with its subsidiaries part of the funding pool of Commerzbank Group.

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Private Customers still facing charges from integration, ABF with successes in risk reduction

With an operating profit of EUR 48 million, the **Private Customers** segment closed 2010 on a positive note, yet is still facing charges from the impact of integration. In the fourth quarter the operating profit was negative at minus EUR 13 million (third quarter 2010: EUR 24 million). The operating expenses in the segment were EUR 3.6 billion in 2010, slightly lower than the EUR 3.8 billion seen in a year-on-year comparison. At EUR 246 million loan loss provisions remained at the same level seen in the previous year. The number of customers in the segment was stable at 11 million.

In the **Asset Based Finance** (ABF) segment there has again been progress with risk management and the optimisation of the portfolio structure: Thus the assets in the Public Finance sector have been reduced by nearly one third since the end of 2008 to EUR 108 billion, in the Commercial Real Estate area by 9% to EUR 73 billion. At EUR 1.6 billion the loan loss provisions remained at the level seen in the previous year. From the background of continuing comprehensive risk reduction the operating profit was minus EUR 1.3 billion (2009: minus EUR 813 million).

Portfolio Restructuring Unit concludes 2010 with a clearly positive result

The Portfolio Restructuring Unit (PRU) closed 2010 with an operating profit of EUR 675 million (2009: minus EUR 1.5 billion), thus providing strong support for the effectiveness of value-maximising portfolio reduction. In 2010 the loan loss provisions in the segment were reduced, in a year-on-year comparison, from EUR 327 million to EUR 62 million. In the fourth quarter 2010, the operating profit of the PRU declined vis-à-vis the third quarter by EUR 209 million, to EUR 105 million. For 2011 a positive operating result is expected in the segment. The PRU assets were further lowered from EUR 19.7 billion in 2009 to EUR 14.1 billion as of the end of December 2010.

Outlook: Loan loss provisions expected to be at a maximum of EUR 2.3 billion in 2011

“Our operating profit within the Group has improved by EUR 3.7 billion in just one year. This shows that our business model is bearing fruit, and it is testimony to the successful implementation of the ‘Roadmap 2012’,” said CFO Eric Strutz. “In the current year, we intend to further reduce costs and again improve our operating performance. We expect further growth at Mittelstandsbank, in the Corporates & Markets segment, as well as in Central & Eastern Europe. In the Private Customers segment we expect to profit increasingly from the integration in the second half of 2011.”

Strutz: “We had a good start in January. February has so far also developed positively. For the current year, we expect to see a further decline of at least EUR 200 million in loan loss provisions compared to 2010 to a maximum of EUR 2.3 billion. This pleasing development gives us additional leeway for the

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repayment of the silent participations." In order to optimise the capital structure, at the beginning of the year, the Bank entered into a transaction whereby equity instruments that bear profit-related coupons were swapped for shares. "We expect to attain a pre-tax profit according to IFRS of roughly EUR 300 million with this transaction in the first quarter of 2011," said Strutz.

The integration of Dresdner Bank is also progressing as planned: "We are approaching the finishing line and will probably conclude the integration of the IT systems at Easter," said Strutz. The charges from the integration – as already announced – amount to EUR 2.5 billion. The annual cost synergies from the integration are as announced expected to be around EUR 2.4 billion after its complete implementation.

CEO Martin Blessing: "We will not content ourselves with achieving the goals of the 'Roadmap 2012'. On the contrary: We intend to bring about a clear increase in profit subsequently. Additionally, we will do our utmost to ensure that the German government concludes its support measures on a positive note."

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Excerpt from the consolidated profit and loss statement

in EUR m	**2010**	**2009**	**Q4 2010**	**Q3 2010**	**Q4 2009**
Net interest income	7,054	7,174	1,682	1,633	1,882
Provision for loan losses	–2,499	–4,214	–595	– 621	–1,324
Net commission income	3,647	3,773	875	870	985
Net trading income	1,958	–409	384	422	–574
Net investment income	108	417	191	–24	–87
Current income on companies accounted for at equity	35	15	32	–5	8
Other income	–131	–22	–149	26	–68
Operating expenses	8,786	9,004	2,164	2,185	2,396
Operating profit/loss	**1,386**	**–2,270**	**256**	**116**	**–1,574**
Impairments of goodwill	-	768	-	-	52
Restructuring expenses	33	1,621	-	-	212
Taxes	–136	–26	–21	–19	73
Consolidated profit/loss (attributable to Commerzbank shareholders)	**1,430**	**–4,537**	**257**	**113**	**–1,857**
Cost/income ratio in operating business (%)	69.3	82.2	71.8	74.8	111.6

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About Commerzbank

Commerzbank is a leading bank for private and corporate customers in Germany. With the segments Private Clients, Mittelstandsbank, Corporates & Markets, Central & Eastern Europe as well as Asset Based Finance, the Bank offers its customers an attractive product portfolio, and is a strong partner for the export-oriented SME sector in Germany and worldwide. With a future total of some 1,200 branches, Commerzbank has one of the densest networks of branches among German private banks. It has above 60 sites in more than 50 countries and serves approximately 14 million private clients as well as one million business and corporate clients worldwide. In 2010 it posted gross revenues of EUR 12.7 billion with some 59,000 employees.

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This release contains statements concerning the expected future business of Commerzbank, efficiency gains and expected synergies, expected growth prospects and other opportunities for an increase in value of the company as well as expected future net income per share, restructuring costs and other financial developments and information. These forward-looking statements are based on management's current 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. 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.

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