

Press release

For business desks
11 June 2014

Commerzbank sells commercial real-estate financing portfolios in Spain and Japan, as well as the non-performing loan portfolio in Portugal, totalling EUR 5.1 bn

- **Spanish commercial real-estate financing portfolio (CRE) and the portfolio of non-performing loans in Portugal totalling EUR 4.4 bn sold to a consortium comprising JP Morgan and Lone Star**
- **Japanese CRE portfolio in the amount of EUR 0.7 bn sold to Asia-focused alternative investment manager PAG**
- **Transactions include the entire operational CRE activities in Spain and Japan as well as transfer of employees to an affiliate of Lone Star (Spain) and to PAG (Japan)**
- **Negative impact from sales on earnings in the segment Non-Core Assets in the second quarter amounts to approximately EUR 100 m**
- **Transactions reduce CRE portfolio by a total of approximately 16 % (portfolio as of the end of March 2014: EUR 32 bn) and the non-performing loans nearly by one third (portfolio as of the end of March 2014: EUR 5.1 bn)**
- **Significant improvement of the CRE risk profile: “higher risk cluster” almost run down in full**

Commerzbank has signed agreements on the sale of its CRE portfolios in **Spain and Japan** including the relevant interest-rate hedging derivatives, **as well as** the non-performing CRE loan portfolio in **Portugal**. The transactions include commercial real-estate loans totalling EUR 5.1 billion. Thereof, the Bank classifies EUR 1.4 billion as non-performing loans (Spain: EUR 1.1 billion, Portugal: EUR 0.3 billion). The sold portfolios account for approximately 16 % of the remaining commercial real-estate loans of EUR 32 billion still held by Commerzbank as of the end of March 2014. The platform in Spain as well as in Japan, and thus also the respective employees, are being transferred to an affiliate of Lone Star (Spain) and to PAG (Japan). It was agreed to maintain confidentiality on further details of the agreements.

The portfolio of CRE loans in **Spain** and the non-performing CRE loans in **Portugal** with a total volume of EUR 4.4 billion are being sold to a consortium comprising JP Morgan and Lone Star. The CRE performing book in Portugal remains with Commerzbank.

In **Japan** the Bank has sold its subsidiary Commerz Japan Real Estate Finance Corporation to PAG's Secured Capital REP V and Pacific Alliance Special Situations funds. Thereby, the primarily subordinated loans held by this subsidiary which are totalling EUR 0.7 billion are being transferred to the buyer accordingly. They are

classified by the Bank as higher risk cluster loans. The portfolio will be managed by PAG's Tokyo-based Secured Capital Investment Management.

The Bank expects that there will be a negative impact of approximately EUR 100 million on **earnings** in the Non-Core Assets segment in the second quarter of 2014 as a result of the transactions. However, based on the considerable reduction of EUR 3.2 billion in risk-weighted assets (RWA) the transactions will lead to a total positive net capital effect of approximately EUR 200 million. Overall the sales have a positive effect on the core capital position of Commerzbank. Also the reduction targets will be positively influenced by these transactions. The Bank will give an update on the reduction targets in its financial statements for the second quarter.

The **risk profile** of the CRE loan book has improved significantly with the transactions. The portfolio of loans in the CRE segment which the Bank classifies as "higher risk cluster" is being almost run down in full following the sales. In addition, the volume of CRE non-performing loans is being reduced by nearly a third as a result of the transactions (portfolio as of the end of March 2014: EUR 5.1 billion).

"These transactions are further evidence that we remain committed to our value-preserving run-down strategy. In Spain we were able to take full advantage of the excellent market opportunity, thereby reducing significantly the earnings impact through an auction process," said Sascha Klaus, Divisional Board Member Non-Core Assets Commercial Real Estate. "With the sale in Japan we have disposed of our only CRE portfolio composed of subordinated loans. At the same time we have further reduced complexity, as this was our last remaining CRE operation outside Europe."

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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.