

Commerzbank: Net result at minus EUR 687 m in the third quarter of 2011

- Operating result in the Group minus EUR 855 m, in the Core Bank plus EUR 851 m
- EUR 798 m impairments on Greek sovereign bonds
- Core Tier 1 ratio as of September 30, 2011 at 9.4 %, Equity Tier 1 ratio 8.6 %
- Blessing: “From January to September 2011 we have earned almost EUR 3 bn in the Core Bank”

Commerzbank closed the third quarter of 2011 with a **net result** attributable to Commerzbank shareholders of minus EUR 687 million and an **operating result** of minus EUR 855 million. The **Core Bank**, with the operating segments Private Customers, Mittelstandsbank, Central & Eastern Europe, as well as Corporates & Markets, saw a gratifying development with an operating profit of EUR 851 million (third quarter of 2010: EUR 205 million) despite the ongoing sovereign debt crisis. In the Asset Based Finance segment an additional **impairment** of EUR 798 million on Greek sovereign bonds was booked as of September 30, 2011. With a view to the ongoing uncertainty regarding Greece’s financial solvency and with regard to the EU summit on October 26, 2011, the positions held by the Bank were in 2011 thus depreciated by 52% of their nominal value. The accelerated reduction of non-core activities in the framework of consistent risk reduction had an additional negative impact of EUR 197 million. Adding to this were further losses due to market-related valuation changes. Against this background, the operating result in the Asset Based Finance segment in the third quarter of 2011 was clearly negative at minus EUR 1.5 billion (third quarter 2010: minus EUR 403 million).

In the first nine months of 2011 the Commerzbank Group attained an operating profit of EUR 344 million (in the first nine months of 2010: EUR 1.1 billion). “From January to September 2011 we have earned almost EUR 3 billion in the Core Bank. We continue to be committed to our original operating profit target of EUR 4 billion for the Group, but on account of the market environment we will be unable to reach this target next year,” said Martin Blessing, Chairman of the Board of Managing Directors of Commerzbank. When the figures were published for the first six months of 2011 the Bank had already stated that the profit targets for 2012 stated in 2009 remained conditional upon stable markets. For 2012 Commerzbank expects a good operating result for the Core Bank. In the non-core areas the result for 2012 will be dependent to a great degree on how the European sovereign debt crisis continues to develop.

Commerzbank has already implemented fundamental strategic targets of ‘Roadmap 2012’ despite the turbulence in the markets. “We have successfully reduced the risks and our costs under control. We have reduced our assets in the non-core areas more quickly than planned. Also in the future we will focus on our

customer-centric business model, reduce risks and non-strategic assets, and realise the synergies from the take-over of Dresdner Bank as planned,” said Martin Blessing. Commerzbank assumes that loan loss provisions in 2012 will amount to less than EUR 1.8 billion. The costs in the coming year, as foreseen in the ‘Roadmap 2012’, are likely to be EUR 7.7 billion.

Net investment income with charges from impairments

Risk-weighted assets declined by 13% to EUR 244 billion in a year-on-year comparison. **Total assets** were also down as compared to the third quarter of 2010 and amounted to EUR 738 billion (minus 13%). This shows the positive impact of the continued reduction in risks and assets. The **Core Tier 1 ratio** as of the end of the third quarter of 2011 was 9.4 %; the **Equity Tier 1 ratio** was 8.6 %. In particular as a consequence of the low interest rates, **net interest income** decreased slightly by 3 % over the third quarter of 2010 to EUR 1.6 billion. With a view to the difficult market environment and the caution of investors regarding securities transactions **net commission income** has declined in a year-on-year comparison (minus 3% to EUR 844 million), as has **net trading income** (minus 16% to EUR 353 million, including income from hedge accounting). **Net investment income** saw charges from the impairments on Greek sovereign bonds, and amounted to minus EUR 1.3 billion (third quarter of 2010: minus EUR 24 million). **Loan loss provisions**, which at EUR 413 million declined by around one third compared to the third quarter of 2010, reflect the impact of the German economy, which has been relatively stable to date, and the successes of consistent risk management. **Operating expenses** were reduced further in the third quarter of 2011 to EUR 2.0 billion (down 7 % compared to the third quarter of 2010).

All segments of the Core Bank positive and on track

Despite the caution of customers with respect to securities transactions, the operating profit of the **Private Customers** segment increased in a comparison with the third quarter of 2010 by EUR 47 million to EUR 71 million. This reflects, above all, the risk and cost discipline. In addition, there was non-recurring income from the sale of non-core activities. **Mittelstandsbank** profited from ongoing low loan loss provisions and its strong market position, which also led to an increase in commission income. With an operating profit of EUR 344 million it again closed the quarter at a high level. In comparison with the very strong third quarter of the previous year the operating profit declined by 20%, however. In the third quarter of 2011 **Central & Eastern Europe** posted an operating profit of EUR 92 million, versus EUR 31 million in the third quarter of 2010. The decisive factor in this respect was the clear downturn in loan loss provisions. In addition, further restructuring successes at Bank Forum and the consistent cost management need to be mentioned. The number of customers in the region increased in the months July to September 2011 to 4.4 million. In the typically weaker third quarter 2011 the development in the **Corporates & Markets** segment was impacted by the difficult market situation. The sharp decline on the global stock markets, the caution of investors and issuers with capital market placements and Initial Public Offerings, as well as the volatility on the interest rate

and foreign exchange markets, led to an operating profit of EUR 35 million, versus EUR 121 million in the third quarter of 2010. Further progress was made in the reduction of costs.

Portfolio reduction in Asset Based Finance consistently continued

In the third quarter of 2011 Commerzbank consistently continued the reduction of risks and assets in the non-core areas. In total the exposure at default in the Public Finance sector in the **Asset Based Finance** segment was reduced by EUR 16 billion to EUR 93 billion since the beginning of the year. Taking the impairment into account the Bank has reduced its commitments to public debt in the GIIPS states by more than 20 % to EUR 13.0 billion in the same period. The reduction in European government bonds is to be continued in the coming months. As a result of the charges from the continuing risk reduction, as well as the impairments on Greek sovereign bonds, the segment's operating result was further reduced in the third quarter of 2011 to minus EUR 1.5 billion (versus minus EUR 403 million in the third quarter of 2010). In the development of the **Portfolio Restructuring Unit** above all the impact of the uncertainty on the financial markets may be seen. As a consequence of market-related valuation losses, the operating result of the segment declined in the third quarter of 2011 to minus EUR 212 million (versus plus EUR 314 million in the third quarter of 2010).

Outlook 2011

“In the third quarter of 2011 we have continued to successfully focus on the activities of the Core Bank and the result shows that our customer-focussed business-model bears fruit also in a challenging environment. Mittelstandsbank and Central & Eastern Europe have continued their positive operating development. The Private Customer business is also on track,” said Eric Strutz, Chief Financial Officer of Commerzbank. “For the current year we assume that the Core Bank will profit from its customer-centric positioning also in the fourth quarter of 2011. The economic environment is increasingly likely to see a downturn, however. On the securities markets the development in October 2011 continued to be shaped by uncertainties.” Loan loss provisions in 2011 will probably be less than EUR 1.7 billion. To date the Bank had assumed that loan loss provisions would be less than EUR 1.8 billion. As early as the end of June 2011 Commerzbank had already met its refinancing requirements for the entire year. In the third quarter of 2011 it was thus possible to successfully initialise the refinancing for 2012.

As already announced on 27 October, 2011 Commerzbank is currently examining all options so as to meet the additional capital requirements of the European Banking Authority (EBA). Against this background, the Board of Managing Directors of the bank has decided upon immediate measures to accelerate the reduction of risk-weighted assets. Amongst these are:

- the temporary suspension of new business at Eurohypo
- the temporary suspension of new loan business without connectivity to Germany or Poland
- the accelerated reduction or the sale of non-strategic assets such as special and project financing portfolios, as well as
- a review of the possibility of selling financial investments; this does not include comdirect and BRE Bank, which are part of the core business.

With these measures, to be adopted with immediate effect, the Bank can reduce its risk-weighted assets by as much as EUR 30 billion. Retained earnings and an accelerated cost management will provide additional options to attain the required capital ratio. This includes, for example, a revision of all external consulting services and purchased services.

“Since 2009 we have already been consistently reducing risks in our business. We are now further accelerating this process”, said Eric Strutz. “This will not happen at the expense of the German economy. We will continue to stand by our customers and particularly continue to support the Mittelstand, and we do not intend to make use of public funds.”

Excerpt from the consolidated profit and loss statement

In EUR m	Q3 2011	Q3 2010	9M 2011	9M 2010	Q2 2011
Net interest income	1,589	1,633	5,106	5,372	1,790
Provisions for loan losses	- 413	- 621	- 1,009	- 1,904	- 278
Net commission income	844	870	2,792	2,772	928
Net trading income	353	422	1,448	1,574	576
Net investment income	- 1,267	- 24	- 2,209	- 83	- 954
Current income on companies accounted for at equity	16	- 5	29	3	13
Other income	59	26	407	18	10
Operating expenses	2,036	2,185	6,220	6,622	2,030
Operating profit	- 855	116	344	1,130	55
Impairments of goodwill	-	-	-	-	-
Restructuring expenses	-	-	-	33	-
Taxes	- 191	- 19	- 54	- 115	2
Consolidated profit	- 664	135	398	1,212	53
Consolidated profit attributable to Commerzbank shareholders	- 687	113	322	1,173	24
Cost/income ratio in operating business (%)	127.7	74.8	82.1	68.6	85.9

About Commerzbank

Commerzbank is a leading bank for private and corporate customers in Germany. With the segments Private Customers, 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 around 60 sites in more than 50 countries and serves more than 14 million private clients as well as 1 million business and corporate clients worldwide. In 2010, it posted gross revenues of EUR 12.7 billion with some 59,000 employees.

Disclaimer

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 the 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.