

Klaus-Peter Müller

March 2006

Chairman of the
Board of Managing Directors

Dear shareholders,

With the announced takeover of Eurohypo, we embarked upon a new chapter in the history of our Bank. It became clear to everyone that Commerzbank has returned to a position of strength; it is systematically pursuing its independent course and making an important contribution towards consolidating the German banking system.

Through the Eurohypo transaction, we will become second-largest German credit institution and the leading commercial bank in Germany. A broader customer base, an improved product range and considerable cross-selling potential will provide a sustained boost for our earnings power.

The markets unanimously welcomed and rewarded our decision: in the year up to that point, the Commerzbank share's price performance had been encouraging. Between mid-November, when we informed the public about our plans, and the end of 2005, it continued to rise sharply. And our capital increase immediately after the transaction had been announced did not weigh upon the share price either. In 2005 as a whole, our share price shot up by 72%, easily outperforming the DAX index, which advanced by no less than 27%.

As our shareholder, you benefit twice over – for one thing, from the price increase; for another, from your Bank's substantially higher profitability. The decision in favour of Eurohypo supports our efforts to improve our earnings base and to generate more stable results, regardless of how the market is developing.

In 2004, we took a major step in this direction by restructuring our Investment Banking. We now use our investment-banking expertise primarily in order to develop intelligent products for our clients in Germany and Europe.

Our figures show that we have chosen the right course. 2005 was still a difficult year for banks in Germany, but we emerged from it successful. We managed to exceed our return on equity target of a good 8% after tax. For the first time, this was achieved through much higher revenues rather than simply through our cost management, which continues to function well. We want you, our shareholders, to participate in this good result and at the Annual General Meeting we will propose a dividend per share that is doubled to €0.50.

Important for our success was – and still is – a systematic focus and a clear strategy. We have made Germany, the growth regions of Europe and certain markets in North America and Asia central to our activities. We are concentrating on corporate customers, principally German *Mittelstand* firms and selected multinationals, private and business customers and the public sector. Restructuring and staff reductions were painful, but they were essential for steering a successful course in the future and for holding our own against ever tougher competition.

Another factor also made quite a significant contribution to our success. We know that without risk there can be no banking business. But risk has to be professionally monitored and managed. In this respect, too, we have made good progress in the past few years. We have been able to reduce our provisioning significantly; provision for possible loan losses was cut from €1.3bn in 2002 to a mere €566m last year. We achieved this above all through enhanced rating and control systems, through the targeted reduction of bulk risks and new methods in the early recognition of risk.

We feel committed to our home market, Germany. Here, we employ 77% of our personnel, but in 2004 generated only 66% of our revenues in our home market. By 2005, the figure had already risen to 70%. We want to expand this share further. To do so, we will make use of opportunities for growth in the future as well – on the one hand, organically; on the other, through acquisitions. We intend to continue to play an active role in the consolidation of the German banking market and to strengthen our position in this way. We want to become the most important bank in and for Germany.

Private customers benefit in particular from our expertise as a securities bank, from our extensive range of investment funds thanks to our open architecture approach, from our cooperation with one of the largest European insurance groups, from the efficient handling of loans, the strong market position in mortgage business and our know-how in open-ended property funds.

We offer corporate clients as well an extensive palette of products and services, ranging from traditional credit to innovative financing solutions, assistance in finding business successors or raising equity through leasing plans, to electronic banking and support for export-oriented companies in their foreign business.

Alongside “hard banking business”, corporate responsibility is becoming ever more important for us. The topics of sustainability, corporate governance and corporate citizenship all fall under this heading. In December, we published our first sustainability report. It bears the title *idea-ls* and gives a comprehensive account of our activities in these areas. We have great plans and as a first step we have set up a central steering unit for reputation and sustainability management. At the same time, we are currently refining our set of internal rules. One major aspect of this is the introduction of a code of conduct and the closer integration of sustainability criteria into the processes of banking. As a visible sign of our social responsibility, we have endowed the Commerzbank Foundation with a further €10m. Our foundation has a broad base; our *idea-ls* report contains detailed information on the main areas in which it provides support.

To sum up, I would say that we feel well-positioned actively to tackle the challenges of the future. However, we see no reason to rest on our laurels. We will continue to work hard to increase the Bank's profitability and to prove to you that your decision in favour of the Commerzbank share was the right one. For 2006, we have set ourselves the target of an after-tax return on equity of over 10%. In the long run, we are aiming for an after-tax return of 15% and a cost/income ratio of around 60%.

At this point, I want to express our special gratitude to our customers and business associates, whose trust is both an incentive and an obligation for the future.

I cordially invite you to our Annual General Meeting on May 17, 2006 at Jahrhunderthalle Frankfurt and look forward to seeing you there.

Jürgen
Klaus-Peter Rinke