**Klaus-Peter Müller**
Chairman of the Board of Managing Directors
Commerzbank AG

**Press conference**
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**Remarks as recorded for delivery**

Ladies and gentlemen,

Both on my own behalf and on that of my colleagues from the Board of Managing Directors, all of whom are gathered here today, I would like to welcome you to today's press conference. New to the podium are Bernd Knobloch and Michael Reuther who, after Klaus Patig's departure, took over responsibility for the Public Finance and Treasury segment and, as a qualified lawyer, Legal Services.

While the consolidated financial statement as we present it today has been checked by our auditor, it has not yet been certified. One thing is certain, however: Commerzbank earned a record profit in the past year. 2006 was the best year in our bank's history. Commerzbank is back in the game: successful, healthy, alert and programmed for growth. And it is generally felt that we - as Germany's number two bank - are nationally and internationally a respected and highly regarded place of business. Even critical rating analysts and institutional investors have acknowledged our progress and helped boost our share price. There is without doubt still scope for our rating to improve and the share price to rise.

We not only reached our targets in 2006, we exceeded them. Before adjustments, the net return on equity rose to 14.1% and operating return on equity rose to 21.5%.

At 11.2%, our after-tax return on equity, adjusted for extraordinary income on the one hand and restructuring expenses on the other, clearly surpass our target of 10%, and this despite an unforseeable special risk provision of nearly EUR 300 million in the third quarter. In 2005 our adjusted return was 9.9%. At the same time, the adjusted cost/income ratio improved from 69.8% to a healthy 64.0%, which brings us considerably closer to our medium-term target of 60%.

In absolute terms, the consolidated net profit for the year is EUR 1,597 million, around 35% higher than the previous year and considerably in excess of even our previous record from 2000, which was due to a large extent to the IPO of our subsidiary comdirect. The fourth quarter of 2006 was also good and contributed EUR 352 million towards our net income.

As announced, our shareholders will benefit commensurately from our commercial success. The Board of Managing Directors will submit a proposal to the Supervisory Board to raise the dividend per share by half from 50 cents to 75 cents. This translates into a total dividend payment of EUR 493 million, which makes it our largest distribution to shareholders ever, apart from the exceptional situation in 2000.

In addition to our shareholders, our staff will also receive a larger payment. At the beginning of 2006 we introduced a system of profit sharing, the amount to be graduated according to the actual prior-year return on equity. The return of 14.1% achieved in 2006 means that the third of the yield levels set within the bank has been exceeded. Consequently, the bank will be making available an amount of three quarters of all basic monthly salaries to be paid out. This will be an individual, performance-based payment. Staff on the negotiated pay scale may receive an additional payment based on performance of up to two months' salaries. Those members of staff outside the negotiated pay scale will receive proft-sharing payments under a bonus model. Those whose performance has been above-average should receive above-average remuneration.

Our *Mittelstand* or SME segment and the Corporates & Markets and Commercial Real Estate segments were key contributors to this excellent overall result. A surprisingly dynamic upswing in the economy and the continued liveliness of international equity markets gave us momentum but, in the interest of preventing misunderstandings, I'd like to mention that 2006 didn't just happen on its own.

Competition was simply too intense for that in light of high market liquidity and steadily fierce rivalry from abroad in both retail and corporate banking. And with the yield curve levelling off, business became quite difficult in sub-sectors such as Public Finance and Treasury. In light of these realities, we are all the more pleased to present these figures to you today. And we remain confident for 2007, as well. Initial indications show – and I think this is nearly a tradition now – that January was another good month. The sale of our interest in Germanischer Lloyd also generated extraordinary income of EUR 38 million.

**2006 in retrospect**

Now I'd like to take a look at the most important details regarding our figures and will begin with the fourth quarter of 2006. In that final quarter, net interest income was EUR 975 million. Owing to the interest situation mentioned, this was indeed somewhat lower than in the previous quarters. In our important core businesses, however, interest earnings continued to rise. Simultaneously we were able to cut back risk provisions considerably to just EUR 79 million as a result of further relaxation in the economic situation, particularly among our corporate customers.

At EUR 781 million, net commission income achieved its highest quarterly result to date. This even surpassed the first quarter's high, season-related results. Equally pleasing was the trading income of EUR 303 million.

The rise in operating costs was primarily a result of higher performance-based bonuses paid to staff as a result of good business performance. Larger investments being made in the course of ongoing efficiency and growth programmes are also making a difference, however.

All things considered, in the fourth quarter we once again earned a strong operating profit of EUR 631 million. In a pro-forma comparison or, in other words, after fully integrating Eurohypo into earlier comparison data, this translates into a sharp increase of 26% over the same quarter in the previous year.

Even in light of the additional EUR 39 million in restructuring expenses for growth initiatives in Asset Management and Private Banking, the overall consolidated surplus of EUR 352 million was slightly higher than in the previous year.

This takes me to 2006 as a whole: the fact that we were able to boost earnings by more than one quarter to a total of EUR 8.7 billion before loan-loss provisions is a very positive development.

Specifically, net interest income (in a pro-forma comparison) reached the same level as the previous year. In light of the flat yield curve, we are particularly satisfied with the fact that the core operating segments still succeeded in further increasing their interest earnings. Our interest-bearing business thus rests on solid foundations.

Loan-loss provisions accounted for a total of EUR 878 million. If we subtract the one-time charge of EUR 293 million required in the third quarter to harmonize the risk models of Commerzbank and Eurohypo, current provisions have declined by a little over one fifth. Once again, provision requirements were lower in our *Mittelstand* segment, in particular, and there we were even able to make net reversals in the fourth quarter. The decline is also evidence, however, of our cautious value adjustment policies of the past few years. In 2007 current provisions should be below the level of 2006, (i.e. at most EUR 637 on a pro forma basis). Furthermore, as mentioned at our Investors' Day event in September, the additional risk provision requirements for 2007 which arose as a result of the changes in valuation regulations stipulated by IFRS and the Basel II provisions had already been taken into account the previous year. This led to smaller adjustments in previous quarterly figures, particularly in 2005. In 2006 this effect had virtually no impact on net income. We are extremely pleased with net commission income, which continued to improve greatly and reached EUR 2.86 billion. Asset management and private securities trading were the main drivers behind the ongoing upward trend.

Progress here shows that our strategic realignment toward higher commission income is already bearing fruit. During the past year, the greatest leap forward was achieved in the trading result, which grew by over 70% to reach an impressive EUR 1.18 billion. More focussed and more customer-oriented, we have obviously hit upon the right structure for our Corporates & Markets segment, which promises to generate stable earnings even under less favourable market conditions.

For the most part, strong earnings from the investments and securities portfolio stemmed from the sale of our interest in KEB and Ferrari. Despite these prominent divestitures, the balance sheet shows a revaluation reserve of EUR 1.75 billion, insignificantly less than that at the end of 2005. Following these and other sales of the past few years, Hochtief, EADS and Deutsche Börse are examples which demonstrate that we can also acquire shares when this makes good business sense.

A pro-forma comparison revealed a slight increase of 3% in operating expenses for 2006. As I already mentioned, this growth is mainly a result of our good business performance, but is also in part due to the fact that the number of employees working throughout the Group increased to nearly 36,000 over the course of the year.

All in all, this results in a sound operating profit of EUR 2.63 billion for 2006. The operative return on equity improved to 21.5%, while the unadjusted cost/income ratio actually fell below the 60% mark. By way of comparison, though, it was still at 81% in 2001!

We intend to take EUR 493 million of the consolidated surplus after restructuring expenses, rising taxes and profits attributable to minority interests and apply it towards a higher dividend. The remaining EUR 1.1 billion will go into retained earnings. This brings our core capital ratio to 6.7% at year's end, right in the middle of our target range of 6.5% to 7%. Earnings per share climbed to EUR 2.43 in 2006, an increase of 23%.

**About the individual segments**

Let me say a few words about the individual business areas. The result in the **Private and Business Customers** segment is strongly marked by high restructuring costs and the special risk provision. Operating results thus show a loss of EUR 58 million despite the fact that results from ongoing operations, particularly the 9% increase in commission income, were quite respectable. Regardless of this, we want to and need to improve in this area and have set some ambitious goals which I will discuss in more detail at a later point.

In **Asset Management**, we were able to boost operating profits in 2006 to EUR 139 million, an increase of 19%. Both Cominvest and our foreign subsidiaries Jupiter and CCR contributed to this pleasing performance. Assets under management by the Group as a whole grew by 14% to reach a total of EUR 112 billion by the end of the year.

Our ***Mittelstand*** segment held its successful course and, with operating profits reaching EUR 817 million, contributed nearly one third of the bank's overall profit. Both net interest income and net commission income increased while risk provisions were cut even further. A key role in our success was played by our Polish bank, BRE Bank. This segment's operative return on equity reached an impressive 27%.

The biggest leap was made by **Corporates & Markets,** which ended the year with an operating profit of 76% and doubled its return on equity to 26%.

Another quite positive performance was seen in **Commercial Real Estate,** which increased its operating profits by nearly 40% and achieved a return on equity of 14%. Our improved performance was accompanied by a record volume of EUR 35 billion in new business.

Given the flat yield curve, we are satisfied with interest income in the newly formed area **Public Finance and Treasury,** with the operative return on equity of 25%, but we shall clearly have to aim under the aegis of Michael Reuther at achieving rapid, fundamental improvements.

**Programmed for growth**

Ladies and Gentlemen, these figures show that we have achieved a great deal in recent years. After working hard to become leaner and fitter, and adjusting to changed market conditions, Commerzbank has got back on track and caught up with the European banking sector.
We are confident that the gap between our return on equity and that of comparable foreign rivals will gradually close in the years ahead.

So we won’t be resting on our laurels, but have raised the bar for this year's after-tax returns from 11% to over 12%. This is only a stop-off point, though, on our way to our goal of a steady 15% by 2010.

To reach that goal, we have to keep a firm grip on costs and continue shifting income toward the comparably stable commission income. At the same time, we expect the Basel II rules to provide us some relief, and intend to step up our capital-management activities on the whole. Of course, now that Germany's economic development has finally taken off, we expect this to give us an additional boost. My impression is that Germany has spent the past few years subjected to drastic remedies, and is now in an upbeat mood both politically and economically – thereby providing fertile soil for our *Mittelstand* and Commercial Real Estate segments.

We want to seize these opportunities, and to do so have dictated an **offensive strategy** for the upcoming years and implemented efficiency and growth programmes in all operative departments: This applies to **Retail Banking** in particular, where we see enormous potential. There our target is to achieve an operative return on equity of at least 18% by 2010. To do so, we launched the **'Growth for the Future'** campaign last autumn, which calls for additional investments of around EUR 400 million by 2009 for staff and equipment as well as our vision of intensive customer service branch offices which, by the end of this year, will increase in number to around 260. In addition, we will create 700 new jobs in sales throughout the Group. Our aim here is to attract around 800,000 new private customers by 2009 for both our branch business and comdirect.

These efforts have got off to a very promising start. In the branch business alone, products such as Topzins investments and free current accounts have already succeeded in attracting more than 90,000 new customers since mid-October.

Special initiatives have already helped us make good progress in other areas of our retail business, as well: Our **Private Banking** services, offered at 37 locations across the country for the greatest density of private-banking outlets in Germany, acquired more than 2,400 new wealthy private clients within the space of two years. With a total of 22,400 clients around the world and assets under management of over EUR 25 billion, we are among Germany's top three players in this lucrative segment. During that same period of time, more than 50,000 new **corporate customers** chose Commerzbank. And over the past two years, **comdirect** has acquired more than 180,000 new customers.

We will continue to follow a **two-brand strategy** in order to assert ourselves successfully on the fiercely competitive private banking market. It is the perfect response to customers' varied and more frequently changing needs. This strategy combines the advantages of a flexible brokerage – comdirect bank – with those of a widespread branch bank which focuses on proximity to its customers and advisory services. This model has now proven successful for more than ten years, and we're certain that it also represents the ideal model of the future, one very likely to be imitated by others.

At the same time, we want to initiate targeted qualification measures to take our employees up another notch with regard to their advisory services and quality. Apparently we've been doing quite a few things right, a fact confirmed by Stiftung Warentest, which ranked us highest at 1.6 of all institutions tested with regard to our credit advisory services.

Our growth programme **Alpha** is in place in the **Asset Management** segment. Here, too, we are investing heavily in product quality, innovation and in our focus on customers and sales, with the goal of massively increasing the assets under management by Cominvest from their current level of EUR 58 billion to around EUR 100 billion by 2011. Our attractive range of products and services as well as excellent performance – 70% of Cominvest funds outperformed their benchmark in 2006 – make us confident in our ability to generate once again an inflow of funds to the private investment fund business as early as this year. Unlike private customers, institutional clients generated a high inflow of funds in the past year of EUR 4.5 billion, thereby putting them ahead of target. Targeted expansion of third-party and internal sales activities within the framework of the Alpha programme will play an important role. Over the course of the next few years, we intend to increase their contribution towards overall sales from the current level of nearly 40% to around 50%.

As in retail banking, our excellent portfolio management work also received praise from outside the bank: A well-known business magazine named Cominvest the "Shooting Star of the Year".

Growth will remain the order of the day in our ***Mittelstand*** segment, as well. Figures clearly show that this segment is running smoothly, yet this is precisely where we want to make the most of the economic upswing to continue our expansion efforts and further increase profitability.

Back on the home market, our **Move to the Top** programme is still in place and has already succeeded in attracting over 12,000 new SME clients since 2004. Our original, fairly ambitious goal started out at 9,000. Meanwhile, one out of every three companies in Germany with an annual turnover of over EUR 2.5 million has an account at Commerzbank. Through innovative products specially tailored to meet the needs of medium-sized companies, top-quality advisory services, swift credit decisions and close interaction between Corporate Banking and Investment Banking, we have systematically worked to gain a competitive advantage. Because of this, we have every right to declare ourselves Germany's **number one** SME bank. A recent study conducted by the Association of Independent Entrepreneurs has now confirmed our progress in the areas of SME-focus, the quality of advisory services provided and competitive pricing.

All in all, we ranked above all of our key competitors. This year we will continue to promote cooperation between the two worlds of more traditional banking and the modern capital markets business in an effort to maintain our lead as well as offer larger SMEs and large corporations even greater quality.

In **Corporates & Markets**, our investment banking segment, we are aiming for a sustained operating return of over 20%. We see opportunities for growth in many different products in all areas of Sales, Markets, Corporate Finance and Client Relationship Management, which advises large and multinational corporations.
After having achieved a market share of over 21% last year, which positioned us as Germany's market leader, structured products will continue to play an important role in the future. We plan on taking this offer and selectively gaining a foothold in both the American and Asian markets. More intense cooperation with Eurohypo also holds considerable potential. Our prime dictum for all of our business dealings, however, will still be to maintain a strict focus on our customers while minimizing market risks and volatility.

The **Commercial Real Estate** (CRE) segment comprises not only Eurohypo but the activities of CommerzLeasing und Immobilien AG and the open-ended property funds offered by the Commerz Gundbesitz Group, as well. In this segment, we have united all of the real-estate interests of the Commerzbank Group, both on the financing as well as on the investment side, and thus lent the bank an expertise in the area of real estate that is unique within Germany. We expect to enjoy a clear head start on new issues such as REITs, and have set our profit target at an initial operating return of around 16% by 2008.

**Eurohypo**'s integration has been concluded successfully. It's not every day that a takeover of this magnitude proceeds so smoothly and effectively while also generating so many cost and earnings synergies. I can tell you today that, even though Commerzbank and Eurohypo are two legally independent companies, from a strategic, organizational and HR perspective, they make a single unit.

Over the past few years, **Eurohypo** has become a modern, innovative real-estate bank. Mortgage banks used to offer one product only: a long-term loan was entered into the books and remained there until it was due. Today's markets, initiators and investors are globally oriented. They want more than just simple financing and, correspondingly, Eurohypo offers a blend of a professional real-estate business and investment banking for comprehensive real-estate investment banking services. This is provided along the entire value chain of complex real-estate transactions, including consultancy, structuring and arranging mortgages, underwriting and syndication. A perfect example of these different roles can be seen in the Citylife project in Milan: In its role as investment bank, Eurohypo serves as both structurer and a classical provider of financing, since a portion of the overall volume appears on its own balance sheet. At the same time, however, Eurohypo is a syndicator which passes on the financing of a large portion of the loan and is then involved in refinancing.

Finally, in **Public Finance and Treasury**, we plan to become one of Europe’s leading providers, with the emphasis not so much on balance-sheet growth as on qualitative growth. Given the public sector’s financial problems, we see considerable potential for providing structured solutions and achieving added value for our customers and stable earnings for Commerzbank, irrespective of the market situation.

Well, that's enough about the growth plans of our operational segments. To accompany these measures, we will streamline **IT and Transaction Banking** to make these services faster, more secure and more economic in the future. As part of our **service to perform** programme, our declared goal is to cut costs in this area by 2008 to a level around 20% lower than in 2005. This will allow us to continue performing the vast majority of services in Germany rather than oursourcing them abroad.

Given that the world is becoming smaller and smaller every day, **foreign countries** will also be taking on more prominence in our strategic planning. As an international institute which alone provides financial processing services for more than 16% of all Germany's foreign trade, we particularly want to concentrate our efforts on those areas where our customers do business. And by the way, our attempt to realize the often greater, more profitable potential found abroad is also in line with a recommendation McKinsey very recently made to German banks.

Since booming **Asia** and, increasingly, the **Middle East**, are among the preferred regions, we will soon be applying to open an operational branch office in **Dubai.** Our main focus, however, will still remain on **Central and Eastern Europe,** including Russia. Our Polish subsidiary, BRE Bank, has just wrapped up an excellent year and sees a lot of big opportunities in the areas of both corporate and retail banking. In **Hungary** we now count over 700 SMEs among our customers, and will soon be serving even more customers in ten local branches. The situation in the **Czech Republic** and **Slovakia** is similar, where we are also adding branches in order to put us closer to our SME clientele.

Our growth plans abroad are rounded off by **Eurohypo,** which is already conducting nearly three quarters of its new business abroad. For further expansion it is increasingly relying on its own bases, as evidenced by recent openings in Moscow, Tokyo, Istanbul, Bucharest and Hong Kong. Others are being planned.

On the subject of **acquisitions,** I'd like to repeat what I've stressed so many times before. We take a look at and evaluate the infrequent opportunities that arise both in Germany and abroad. We do not, however, have our sights set on acquisitions. They have to make strategic sense, be economically tenable and create added value for our shareholders. Since we did not feel that these criteria would have been met in the two instances which arose in Germany last year, we consciously rejected any involvement.

Our realistic plans essentially involve **organic growth** both in Germany and abroad. Our ongoing growth programmes have created the necessary conditions, and Europe's economic outlook seems good. At the same time, the rigid, fragmented structures in Germany's banking market are breaking down, and apparently doing so more quickly than had been expected. We feel well equipped to make active use of these opportunities. It is thus with confidence that I would like to repeat our claim of being not only the **leading**, most widespread commercial bank in Germany, but the **best** bank for our customers, as well.