

09.05.2012 / 07:07

Commerzbank: EBA capital target achieved ahead of plan -
operating profit of EUR 584 m in the first quarter of 2012

- Original EBA capital target of EUR 5.3 bn already achieved as of March 31, 2012 and additional buffer of approximately EUR 1.1 bn generated
- Core Bank with operating profit of EUR 845 m, Group net profit of EUR 369 m in first quarter of 2012
- Operating expenses reduced by 17% in a year-on-year comparison
- Risk-weighted assets reduced by a further 10% in the first quarter of 2012 compared to previous year, Core Tier 1 ratio rises to 11.3%
- Blessing: 'Despite challenging markets we have made a solid start to 2012 and have not only achieved the EBA capital target earlier than demanded, but even surpassed it'

In the first quarter of 2012 Commerzbank posted an operating profit of EUR 584 million (Q1 2011: EUR 1,144 million) and has thus made a solid start to the year. Adjusted for the positive one-off effect of EUR 358 million from the measure to improve the capital structure in the first quarter of 2011 and a negative effect of EUR 158 million from the increased market valuation of liabilities ('Own Credit Spread' - OCS) in the first quarter of 2012, the operating profit in the Group is at a stable level in a year-on-year comparison. At the Core Bank, which encompasses the strategically significant customer-centric business of Commerzbank, the operating profit was EUR 845 million (Q1 2011: EUR 1,219 million). The original capital target of the European Banking Authority (EBA) of EUR 5.3 billion has already been surpassed by approximately EUR 1.1 billion as of March 31, 2012. Approximately EUR 0.7 billion thereof originate from the measure to improve the capital structure executed in March 2012.

'Despite challenging markets we have made a solid start to 2012. We have again made good progress with our strategic goal of consistently de-leveraging the balance sheet and further strengthening the capital base,' said Martin Blessing, Chairman of the Board of Managing Directors of Commerzbank. 'In the first quarter our priority was achieving the EBA capital target. We have not only reached this goal earlier than required, but even surpassed it.'

Downturn in revenues compensated for to a large extent by reduced costs and lower loan loss provisions

The revenues before loan loss provisions in the Group in the first quarter of 2012 were EUR 2,585 million (Q1 2011: EUR 3,616 million). The bulk of this reduction is attributable to a positive one-off effect from the measure to improve the capital structure in the same quarter of the previous year, a balance sheet effect as a consequence of the increased market valuation of the Bank's own liabilities and the de-risking in non-core areas. In addition there were negative effects from the low interest rate environment and the muted client activity. It was possible, however, to compensate the bulk of the downturn in revenues through a significant reduction in costs and lower loan loss provisions. The loan loss provisions in the Group were lowered in the first quarter of 2012 due to the robust German economy and successful risk reduction in commercial real estate financing by more than 30%, to EUR 212 million (Q1 2011: EUR 318 million). However, this was contrasted by higher loan loss provisions in Ship Finance due to the difficult market environment. In comparison with the same quarter of the previous year the operating expenses were reduced by nearly EUR 400 million to approximately EUR 1.8 billion (Q1 2011: approximately EUR 2.2 billion). Cost synergies realised from the take-over of Dresdner Bank and additional cost measures have had a positive impact here.

'If the operating profit in the Group is adjusted for one-off effects, it is at a stable level compared with the strong opening quarter of 2011. The revenues saw charges above all from the consistent de-leveraging, the weak interest environment, and the ongoing reservation of customers, above all in securities business. We were able to compensate for this to a large extent, however, through reduced loan loss provisions and lower costs,' said Stephan Engels, CFO of Commerzbank.

All segments of the Core Bank concluded the first quarter of 2012 positively. The Portfolio Restructuring Unit was also profitable and was able to reduce net assets to a single-digit billion number. In the Asset Based Finance segment there were charges on the result from the ongoing de-risking in Public Finance, the wind-down of the Greek sovereign bond exposure, and valuation effects concerning derivatives. In total Commerzbank posted a net profit of EUR 369 million (Q1 2011: EUR 985 million).

EBA capital target already surpassed by some EUR 1.1 billion as of March 31, 2012

As of March 31, 2012 Commerzbank has already achieved the original capital target of EUR 5.3 billion laid down by the European Banking Authority (EBA). As of the end of March 2012 it was possible to surpass the capital requirement, which had already been lowered to some EUR 1.8 billion as of the end of 2011, by some EUR 1.1 billion thanks to several measures. Included in these are retained earnings from the first quarter of 2012 which were used to strengthen the Core Tier 1 capital by some EUR 0.4 billion. In addition, the reduction in risk-weighted assets contributed some EUR 1.2 billion to achieving the EBA target in the first quarter of 2012, and the reduction in regulatory capital deductions and other measures contributed some EUR 0.6 billion. Furthermore, the measure to improve the capital structure that was successfully concluded in March 2012 has strengthened the Core Tier 1 capital by approximately EUR 0.7 billion. Therefore, despite a lower result for the first half of 2012 than originally planned, Commerzbank plans to significantly surpass the EBA capital target as of June 30, 2012.

Risk-weighted assets reduced by 10%, Core Tier 1 ratio rises to 11.3%

Commerzbank continues to consistently implement its strategy of de-risking and de-leveraging non-strategic portfolios. The risk-weighted assets (RWA) were reduced by 10% to EUR 223 billion in a year-on-year comparison (Q1 2011: EUR 248 billion). Compared with the fourth quarter of 2011 the RWA were reduced by EUR 14 billion. The total assets decreased only slightly in comparison with Q1 2011 to EUR 691 billion (Q1 2011: EUR 697 billion). This is due to a further reduction of non-core assets compensated by an increase in liquid assets due to a conservative liquidity management strategy. It was possible to increase the Core Tier 1 ratio compared with the fourth quarter of 2011 by 1.4 percentage points to 11.3%, and thus to a comfortable level. In addition to the strengthening of the Core Tier 1 capital through the repurchase of hybrid equity instruments in March 2012 to the amount of more than EUR 760 million, in the first quarter of 2012 the successful reduction of regulatory capital deductions also had a positive impact on the capital base. 'Commerzbank is increasing its Core Tier 1 ratio and is thus preparing itself at an early stage for the new regulatory requirements of Basel 3. Including the stricter capital rules of Basel 3 which are valid as of the coming year, for January 2013 we currently expect a Core Tier 1 ratio of at least 10%,' said Stephan Engels.

Funding plan covered for 2012, clear growth in deposits

Commerzbank continues to enjoy a comfortable funding position. In particular as a result of the clear growth in deposits within Commerzbank's branch network and the de-leveraging in non-core areas the Bank has further strengthened its funding profile in the first quarter of 2012. Thus, the Bank has still, from today's stance, already met its need for capital market funding for the current year.

All segments of the Core Bank profitable

The solid operating profit of EUR 845 million at the Core Bank in the first quarter of 2012 shows the stability of Commerzbank's customer-centric

business model, which is firmly anchored in the real economy. All the segments of the Core Bank were profitable in the first quarter of 2012.

Even in an ongoing difficult economic environment, the Private Customers segment posted an operating profit of EUR 112 million in the first quarter of 2012, which is on last year's level (Q1 2011: EUR 116 million). Revenues in the private customers business continued to be impacted by the major reservation on the part of customers in the securities segment and low interest rates. It was possible, however, to compensate for this to a large extent through a clear reduction in costs thanks to the integration synergies and additional cost measures, as well as lower loan loss provisions. Thus the operating expenses were lowered by 18% compared to the first quarter of 2011. The focus of the Private Customers segment in the first quarter of 2012 was above all on customer deposits, which increased by approximately EUR 7 billion.

With an operating profit of EUR 487 million Mittelstandsbank again posted a strong result (previous year: EUR 433 million). The segment profited from its business model, which is firmly anchored in Germany's Mittelstand (SME), and thus from the positive earnings position of German companies in the months January to March 2012. In a year-on-year comparison the credit volume in Germany was increased by approximately EUR 1.7 billion. The revenues before loan loss provisions were 6% lower than in the strong first quarter of 2011; compared to the previous quarter it was possible to increase them by 1%. The segment also benefited from the release of loan loss provisions.

Central & Eastern Europe was able to continue the positive earnings trend seen in previous quarters. The operating profit was increased over the first quarter of 2011 by 45% to EUR 87 million (Q1 2011: 60 million). This was mainly due to lower loan loss provisions and again a strong result of Poland's BRE Bank. The revenues before loan loss provisions included a positive foreign exchange rate-driven valuation effect of EUR 15 million from the holding in Russia's Promsvyazbank. The operating expenses were reduced by 12% in a year-on-year comparison thanks to an ongoing cost discipline while the Bank is growing in the region.

The operating profit of Corporates & Markets amounting to EUR 30 million saw charges of nearly EUR 160 million from a balance-sheet effect following an increased market valuation of its own liabilities ('Own Credit Spread'). Without this charge on earnings the operating profit of the segment would have been EUR 188 million (Q1 2011: EUR 240 million; including positive effect of EUR 7 million from 'Own Credit Spread'). Customer activity has increased again compared to the weak second half of 2011. It was possible to reduce the operating expenses by 23% in a year-on-year comparison thanks to efficient cost management and the realisation of synergies. The tied-up equity capital of the segment was reduced significantly to EUR 3.2 billion thanks to the RWA reduction of EUR 8 billion (Q1 2011: EUR 4.2 billion).

ABF sees charges from de-risking and wind-down of Greek sovereign bond portfolio, PRU profits from market environment

The Asset Based Finance (ABF) segment saw charges from the ongoing de-risking in Public Finance, the wind-down of the Greek sovereign bond portfolio, and negative valuation effects concerning derivatives. In the Public Finance portfolio the total volume decreased by EUR 22 billion to EUR 82 billion (Exposure at Default) compared to the previous year. The total sovereign bond exposure in the GIIPS states was reduced significantly over the first quarter of 2011, by EUR 4.7 billion to EUR 12.1 billion (Exposure at Default). The volume of the Commercial Real Estate portfolio was lowered by EUR 12 billion to EUR 54 billion (Exposure at Default). In a year-on-year comparison the loan loss provisions were lowered by 26% following successful restructuring in commercial real estate financing. The operating profit in the ABF segment in the first quarter of 2012 was minus EUR 425 million (Q1 2011: minus EUR 138 million).

The Portfolio Restructuring Unit (PRU) posted a strong operating profit of EUR 164 million (Q1 2011: EUR 63 million). The Bank took advantage of the market environment and successfully sold structured securities. In the first quarter of 2012 the assets of the PRU were reduced by EUR 3.2 billion to EUR 8.7 billion, and thus for the first time since the foundation of the segment have reached a single-digit billion number. The PRU assets were reduced by

30% in a year-on-year comparison.

Outlook: Core Bank is well positioned in a difficult market environment

'By achieving the EBA capital target we have reached an important milestone earlier than demanded. Furthermore, with the decision on the restructuring of Eurohypo in March 2012 we established clarity for the future orientation of the Asset Based Finance segment,' said CFO Stephan Engels. 'For the year as a whole we are aiming for loan loss provisions of a maximum of EUR 1.7 billion. We also have the costs firmly under control. We are on the way to overachieve our cost guidance of EUR 7.6 billion for the year as a whole. The high degree of uncertainty associated with the European sovereign debt crisis will continue to pose a challenge to the Bank's revenue situation, however. But the Core Bank still is well positioned even in a difficult market environment thanks to its customer-centric business model. Given a stable economic environment, we are continuing to aim for a solid operating profit for the full year 2012 in the Core Bank. Moreover, Commerzbank is now already well prepared for the new regulatory capital ratio requirements of Basel 3,' said Engels.

Excerpt from the consolidated profit and loss statement

In EUR m	Q1 2012	Q1 2011	Q4 2011	2011	2010
Net interest income	1,429	1,727	1,618	6,724	7,054
Provisions for loan losses	-212	-318	-381	-1,390	-2,499
Net commission income	843	1,020	703	3,495	3,647
Net trading income	457	519	538	1,986	1,958
Net investment income	-176	12	-1,402	-3,611	108
Current income on companies accounted for at equity	11	-	13	42	35
Other income	21	338	846	1,253	-131
Operating expenses	1,789	2,154	1,772	7,992	8,786
Operating profit	584	1,144	163	507	1,386
Impairments of goodwill	-	-	-	-	-
Restructuring expenses	34	-	-	-	33
Taxes	-153	-135	-186	-240	-136
Consolidated profit attributable to Commerzbank shareholders	369	985	316	638	1,430
Cost/income ratio in operating business (%)	69.2	59.6	76.5	80.8	69.3

Under www.tvservicebox.de and www.getaudio.de you will find broadcast-ready video and audio material with statements by Stephan Engels from 7.30 onwards on May 9, 2012.

The videos can be viewed directly using mobile end devices.
Statements Stephan Engels: [LINK]

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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 52 countries and serves more than 14 million private clients as well as 1 million business and corporate clients worldwide. In 2011, it posted gross revenues of EUR 9.9 billion with 58,160 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.

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Language: English
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ISIN: DE0008032004
WKN: 803200
Indices: DAX, CDAX, HDAX, PRIMEALL
Listed: Regulierter Markt in Berlin, Düsseldorf, Frankfurt
(Prime Standard), Hamburg, Hannover, München,
Stuttgart; Terminbörse EUREX; London, SIX
Category Code: QRF
LSE Ticker: CZB

Sequence Number: 1083
Time of Receipt: May 09, 2012 06:59:54

End of News DGAP News-Service

168795 09.05.2012