

Commerzbank Zrt.

COMMERZBANK 
Group

Annual Report 2009



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Management's report on the 2009 business year

In terms of the economic developments that characterised it, last year showed a clearly negative picture. All areas of the economy were impacted hard by the global recession, with performance further weakened by Hungary's competitive disadvantages and the problems in public finances inherited from the preceding period. Perhaps the only positive development that can be mentioned is that, following the uncertainties of 2008 in this regard, financial stability was restored, while the position and the financing of the state budget at least did not deteriorate any further.

For the most part, macroeconomic indicators followed the trends witnessed in the global economy. As the performance of the economy declined sharply, unemployment increased significantly. In parallel with falling inflation and the destabilization of the foreign exchange market, forint interest rates continuously declined.

All these circumstances had a powerful impact on sentiment with regard to the economy and the banking market during the year. The growth tendencies apparent in the economic performance of previous years ceased, and for the most part turned negative, and the bank sector as a whole proved no exception to this. In the financial sector the growth in loan placements came to an abrupt halt, and indeed declined in certain segments, as most players reduced their activity over the course of the year and sensitivity to risk continued to rise.

Amidst these macroeconomic and global economic difficulties, Commerzbank Zrt., as was the case with other players in the economy, endured a difficult, challenge-filled financial and business year.

We can regard it as a success that the bank retained its client portfolio of international and domestic companies that it had successfully built up over recent years, and that it was able to continue serving these clients to the high standard to which they had become

accustomed. Although we made no plans to cut back on our activity in the market, and as a result no significant change occurred in the number of our clients, economic circumstances unfortunately did not permit further expansion, and therefore the portfolio of corporate loans declined over the year as scheduled repayments were made.

In what was a major test for the bank, in 2009, in harmony with the merger of Commerzbank and Dresdner Bank in Germany, the transfer of the business of Dresdner Bank's Hungarian branch was completed quickly and efficiently. The integration of new clients and staff genuinely took place without problems, and we are certain that we will be able to serve our new clients at Commerzbank to an even higher standard and with an even broader range of products than they have been used to before. We also take this opportunity to thank our clients and staff for their cooperation in the integration process.

Our earlier strategic objective of significantly strengthening the infrastructure and staff of our private banking division was implemented in 2009, and we can already report additional success in this field as a result.

The decrease in the loan portfolio and in market interest rates naturally also affected the bank's interest income, though we did manage to soften the impact of this. By contrast, other banking income and the bank's operational costs were characterised by decidedly positive trends.

The deteriorating macroeconomic and risk environment, coupled with the renewed significant growth in the number of insolvent companies, naturally had an effect on the way our bank manages its clients. For the sake of prudent banking, we recognised impairment on the more risky transactions in accordance with the given situation, and unfortunately, this evolved

during the course of the year in line with the general trends in the market, deteriorating further compared to the preceding year. Our bank placed particular emphasis last year on managing risks appropriately, and on alleviating the negative effects of the changing economic environment. This conservative approach and the prudent decisions relating to impairment played a vital role in the bank's performance last year. Commerzbank Zrt. bases its credit risk management policy on the principles adopted by Commerzbank AG, and on the practices followed by it. Our bank continues to cover its lending risks by recognising impairment and setting aside risk provisions calculated on the basis of client ratings reviewed each quarter.

In line with previous years, the bank's liquidity and financing position in both Hungarian forint and foreign currency is very stable. We have been able to maintain the stability of financing through active asset-liability management and the strong background assured by our parent bank.

Events in the global economy and at home are expected to again have a major impact on developments in the 2010 business year, and we are aware that

any positive signs will only translate into genuine improvements slowly. While bearing this mind, our bank will nonetheless remain committed to its successful strategy of recent years of focusing on corporate clients, with the goal of achieving new and significant growth in all areas of its business, now actively supplemented by private banking services. Our secure liquidity position and capital strength provide us with a suitable basis for reinforcing our market position.

Building on our already proven and successful strategy and the positive trends seen in 2009, while also taking into account the negative experiences, we look forward to 2010 with confidence. We will continue to provide innovative and customer-oriented services to our clients, thereby further strengthening our market position and the reputation of Commerzbank.

On behalf of the bank's management, we would like once again to thank all our staff for their tireless work, as without their commitment and focused attitude the ambitious goals set by the bank could never be achieved.

Budapest, 8 March 2010

Financial report

Balance sheet as at 31st December, 2009

(T HUF)

ASSETS	2009	2008
Current Assets	158 582 375	162 769 510
Liquid assets	2 870 550	5 973 849
Securities	54 643 577	6 035 035
Receivables	101 068 248	150 760 626
Claims on banks due within one year	12 368 259	54 205 501
Claims on customers due within one year	87 596 535	96 007 421
Other claims	1 103 454	547 704
Invested assets	84 943 946	111 239 093
Securities	993 301	12 681 847
Receivables	79 865 360	94 458 507
Claims on banks due in more than one year	7 012 173	9 799 755
Claims on customers due in more than one year	72 853 187	84 658 752
Financial investments	31 669	31 669
Intangible and tangible assets	4 053 616	4 067 070
Accruals & Deferrals	2 447 647	5 922 910
TOTAL ASSETS	245 973 968	279 931 513
LIABILITIES		
Liabilities	218 750 728	248 801 682
Liabilities to banks	128 719 369	157 149 578
Short-term liabilities	93 762 642	92 183 732
Long-term liabilities	34 956 727	64 965 846
Liabilities to customers	82 940 039	81 872 890
Short-term liabilities	82 940 039	81 872 890
Long-term liabilities	0	0
Subordinated liabilities	4 604 280	4 501 260
Other liabilities	2 487 040	5 277 954
Accruals & Deferrals	2 822 346	4 877 485
Provisions	2 016 043	1 509 282
Equity	22 384 851	24 743 064
Share capital	2 466 916	2 466 916
Capital reserve	3 265 397	3 265 397
Profit reserve	17 877 847	16 802 522
Non-distributable reserves	0	0
General reserves	1 132 904	1 132 904
Net income	-2 358 213	1 075 325
TOTAL LIABILITIES	245 973 968	279 931 513

Income statement for the year ended 31st December, 2009

	2009	2008
Interest and interest related commissions received	16 889 577	25 569 392
Interest and interest related commissions paid	10 146 280	17 793 461
Net interest and interest related commissions	6 743 297	7 775 931
Dividends received	16 920	13 900
Net fee income	675 580	1 042 906
Net income on other financial services	2 695 008	2 542 492
Other income	2 127 759	3 699 789
Other expenses	10 705 118	9 327 877
Cost of banking activities	3 911 659	4 312 791
Operating result	-2 358 213	1 434 350
Extraordinary result	0	0
Profit before taxation	-2 358 213	1 434 350
Tax payable	0	239 544
Profit after taxation	-2 358 213	1 194 806
Release of general risk reserve	0	-119 481
Net income	-2 358 213	1 075 325

Authentication clause to the 2009 annual report of Commerzbank Zrt.

The elected independent auditor of Commerzbank Zrt. is PricewaterhouseCoopers and the registered Hungarian auditor proceeding on behalf of the latter is Arpad Balazs. On 8 March 2010 PricewaterhouseCoopers issued an unqualified Auditor's Opinion on the Bank's statutory Annual Report pertaining to the year ended 31 December 2009 and which is available for inspection at the headquarters of Commerzbank Zrt.

The supervisory board

Rainer Ottenstein

Chairman

Commerzbank AG

Dr. Andre Carls

Commerzbank AG

Andreas De-Maiziere

Commerzbank AG

Michael Schmid

Commerzbank AG

Board of directors

Kozma András

Chairman

Chief Executive Officer

Commerzbank Zrt., Hungary

Dr. Walter Görgy

Deputy CEO

Commerzbank Zrt., Hungary

Dr. Lajer Zsolt

Non-Executive

Commerzbank in Hungary

Head Office

Commerzbank Zrt.

1054 Budapest
Széchenyi rakpart 8.

Telephone: (+36-1) 374-8100
Fax: (+36-1) 269-4574
E-Mail: info.budapest@commerzbank.com

Regions

Dél-Buda

H-1117 Budapest, Fehérvári út 50–52.
Telephone: (06-1)-382-7760
Fax: (06-1)-382-7767

Dél-Pest

H-1095 Budapest, Mester u. 87.
Telephone: (06-1)-323-3730
Fax: (06-1)-323-3737

Debrecen

H-4026 Debrecen, Bethlen u. 10–12.
Telephone: (06-52)-503-030
Fax: (06-52)-503-037

Kecskemét

H-6000 Kecskemét, Izsáki út. 6.
Telephone: (06-76)-502-550
Fax: (06-76)-502-557

Zalaegerszeg

H-8900 Zalaegerszeg, Kis u. 1.
Telephone: (06-92)-550-430
Fax: (06-92)-550-437

Pécs

H-7626 Pécs, Király u. 66.
Telephone: (06-72)-513-550
Fax: (06-72)-513-557

Székesfehérvár

H-8000 Székesfehérvár, Budai út 49–51.
Telephone: (06-22)-512-080
Fax: (06-22)-512-087

Győr

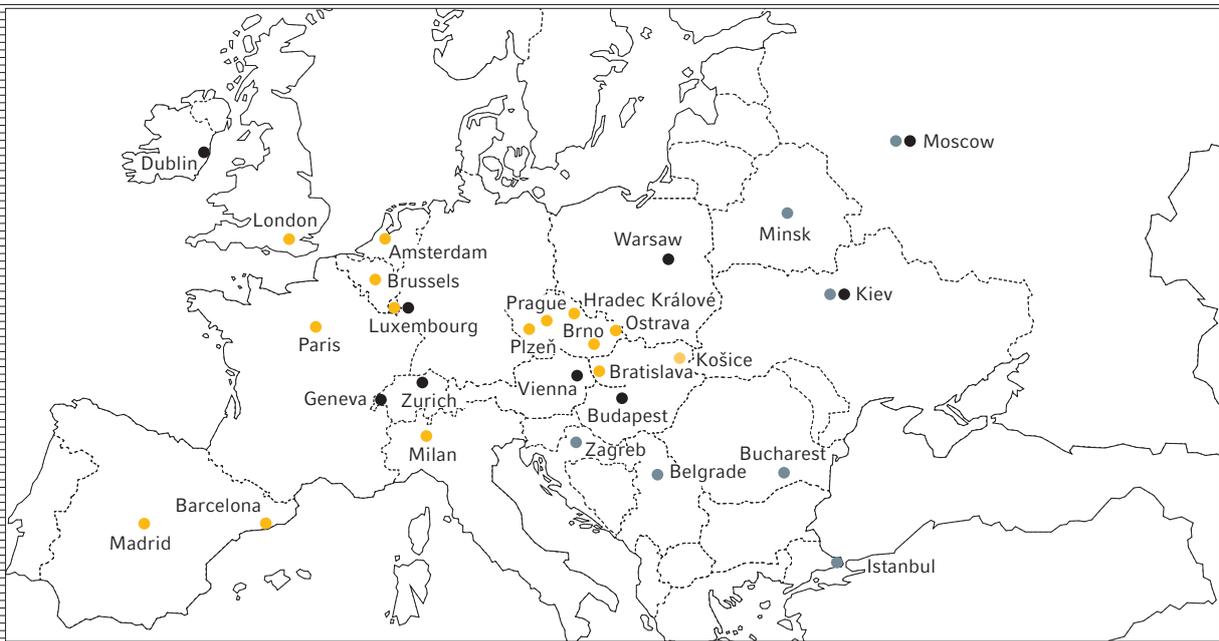
H-9022 Győr, Móricz Zsigmond rakpart 1.
Telephone: (06-96)-547-680
Fax: (06-96)-547-687

Miskolc

H-3525 Miskolc, Arany János tér 1.
Telephone: (06-46)-501-220
Fax: (06-46)-501-227

Szeged

H-6722 Szeged, Petőfi Sándor sugárút 18.
Telephone: (06-62)-549-340
Fax: (06-62)-549-347



Commerzbank worldwide

- Foreign branches
- Representative offices
- Group companies and major foreign holdings

Commerzbank Zrt.

Széchenyi rakpart 8.

H-1054 Budapest

Telephone: (+36-1) 374-8100

Fax: (+36-1) 269-4530

info.budapest@commerzbank.com

