

Commerzbank Zrt.

COMMERZBANK 
Group

Annual Report 2011



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Management's report on the 2011 business year

After the favourable trends witnessed in 2010, another relatively bleak period ensued in 2011. Economic growth, which had just started to get under way, stalled again in almost every country and region, and this was accompanied by a deepening of the crisis in the eurozone. Unfortunately, these negative tendencies are unlikely to change for the better in 2012 either.

The perception of Hungary's macroeconomic indicators among analysts and investors remains ambiguous to this day. The rate of GDP growth increased slightly in 2011, while overall the structure of exports and imports and the development of inflation can be cited as positive factors. For the first time in many years a significant reduction in the budget deficit was achieved; however, the means of doing this and its sustainability has given rise to fierce debate. In response to these factors, although the government bond market and issuances functioned satisfactorily for most of the year, by the end of the year a general consensus had been formed – mainly internationally – that a new loan from the EU and IMF will be indispensable to ensure the undisrupted financing of the budget. The uncertainty surrounding these disputes and the start of the negotiations made their mark on the end of 2011, leading to considerable volatility and more than once triggering panics on the domestic capital and money market.

The economic environment, once again fraught with problems, also had a negative impact on the bank sector both in the rest of Europe and in Hungary. The euro crisis, the new and stricter capital requirements and the deteriorating risk perception of certain countries prompted the banks to adopt even more conservative and restrained lending policies, and to avoid the markets that were seen as being in the crisis zone. Due to the aforementioned disputes, these trends had a particularly negative impact on Hungary. Similarly to previous years, in the financial sector the volume of new lending decreased and risk-sensitivity remains at what

can be regarded as a high level. The still substantial risk provisioning and the high bank tax, accompanied by the losses resulting from the scheme allowing redemption of foreign-currency loans at a discounted exchange rate, profoundly affected the profitability of the bank sector.

Commerzbank Zrt. – despite the negative trends in its business environment – closed an exceptionally profitable year in 2011.

The portfolio of loans to non-institutional customers grew for the second consecutive year, by a particularly significant rate of 14% in 2011. This result was coupled with what in our estimation was the bank's largest market share of the corporate banking segment at any time in its history. Besides again placing considerable emphasis, as in previous years, on the high-level management of lending risks, we endeavoured to forge new customer relationships through pronounced activity on the market, with undeniable success.

As a sign of healthy growth, the increase in the credit portfolio was matched by a similar rate of expansion and income growth on the deposits side. Net interest income rose by 13%, while commission and fee revenues and net income from financial transactions also increased. Alongside this, there was no significant change to operating costs and other expenses.

Our bank continues to cover lending risks with impairment and risk provisions recorded on the basis of quarterly customer ratings. In the interests of prudent bank operation, in 2011 we again recognised impairment that was appropriate for the situation, while adjusting it in line with the continuously improving loan portfolio, which meant that it decreased further in 2011 relative to the years 2008-2010.

As in previous years, the bank's liquidity and financing position, both in foreign currency and in forint, is very stable. Our active asset-liability management and the

support of a strong parent bank ensure we are able to maintain the stability of our financing operations going forward.

As a result of these business developments, and notwithstanding the uncertain macroeconomic environment, Commerzbank Zrt. – although the HUF 936 million extra bank tax payment, similar in scale to that of last year, naturally again represented a major burden for the bank – closed one of the most profitable years in its history, with a substantial HUF 2.7 billion in profit after tax.

The 2012 business year will probably continue to be shaped by global economic and domestic events. The management of Commerzbank AG has resolved to place the forging of new relationships with German

corporations, and to continue serving its existing clients in this segment, at the centre of its strategy for 2012. In 2012 this is not expected to result in any significant change relative to 2011 in terms of revenue, risks, or ultimately, profit. We will continue to offer innovative and customer-oriented services to our clients, grow our market share in the segments that we consider to be of strategic importance, and strengthen the reputation of Commerzbank.

On behalf of the bank's management we would like to thank all of our employees for their dedicated work, as without their drive and focus the ambitious goals set by the bank would not have been achievable.

Budapest, 21 May 2012

Financial report

Balance sheet as at 31st December, 2011

(HUF Million)

ASSETS	2011	2010
Current Assets	177 765	169 348
Liquid assets	5 771	9 153
Securities	42 358	7 970
Receivables	129 636	152 225
Claims on banks due within one year	36 419	68 070
Claims on customers due within one year	92 794	83 787
Other claims	423	368
Invested assets	105 606	90 957
Securities	993	993
Receivables	100 914	85 979
Claims on banks due in more than one year	1 328	1 286
Claims on customers due in more than one year	99 586	84 693
Financial investments	32	32
Intangible and tangible assets	3 667	3 953
Accruals & Deferrals	9 586	1 993
TOTAL ASSETS	292 957	262 298
LIABILITIES		
Liabilities	263 500	236 229
Liabilities to banks	150 802	141 530
Short-term liabilities	86 226	126 044
Long-term liabilities	64 576	15 486
Liabilities to customers	102 036	88 375
Short-term liabilities	102 036	88 375
Long-term liabilities	0	0
Subordinated liabilities	5 289	4 739
Other liabilities	5 373	1 585
Accruals & Deferrals	2 645	1 354
Provisions	2 664	2 461
Equity	24 148	22 254
Share capital	2 467	2 467
Capital reserve	3 265	3 265
Profit reserve	16 522	16 653
Non-distributable reserves	0	0
General reserves	189	0
Net income	1705	-131
TOTAL LIABILITIES	292 957	262 298

Income statement for the year ended 31st December, 2011

(HUF Million)

	2011	2010
Interest and interest related commissions received	13 361	12 187
Interest and interest related commissions paid	6 304	5 930
Net interest and interest related commissions	7 057	6 257
Dividends received	13	15
Net fee income	894	875
Net income on other financial services	2 826	1 789
Other income	2 257	4 306
Other expenses	5 244	9 353
Cost of banking activities	5 060	4 020
Operating result	2 743	- 131
Extraordinary result	0	0
Profit before taxation	2 743	- 131
Tax payable	849	0
Profit after taxation	1 894	- 131
Release of general reserve	-189	0
Net income	1 705	- 131

Authentication clause to the 2011 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 5 May 2012 PricewaterhouseCoopers issued an unqualified Auditor's Opinion on the Bank's statutory Annual Report pertaining to the year ended 31 December 2010 and which is available for inspection at the headquarters of Commerzbank Zrt.

The Supervisory Board

Tamás Hák-Kovács

Chairman of the Supervisory Board
(Commerzbank [Eurasija] SAO, CEO)

Rainer Ottenstein

(Commerzbank AG [Prague], CEO)

Dr. Andre Carls

(Commerzbank AG, CEE Holding [Frankfurt am Main], CEO)

Sascha Klaus

(Commerzbank AG, CEE Holding [Frankfurt am Main], CRO)

Board of Directors

András Kozma

Chairman

Chief Executive Officer, Commerzbank Zrt., Hungary

Dr. Görgy Walter

Deputy CEO

Deputy CEO, Commerzbank Zrt., Hungary

Edina Kovács Bodonyiné (since 28. September 2011)

Deputy CEO

Deputy CEO, Commerzbank Zrt., Hungary

Dr. Zsolt Lajer

External member



Gábor Fülöp: Urushi III.



Máté Orr: I'm Here on Account of the Wood

Commerzbank in Hungary

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Regions

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Pécs

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Fax: (06-72)-513-557

Székesfehérvár

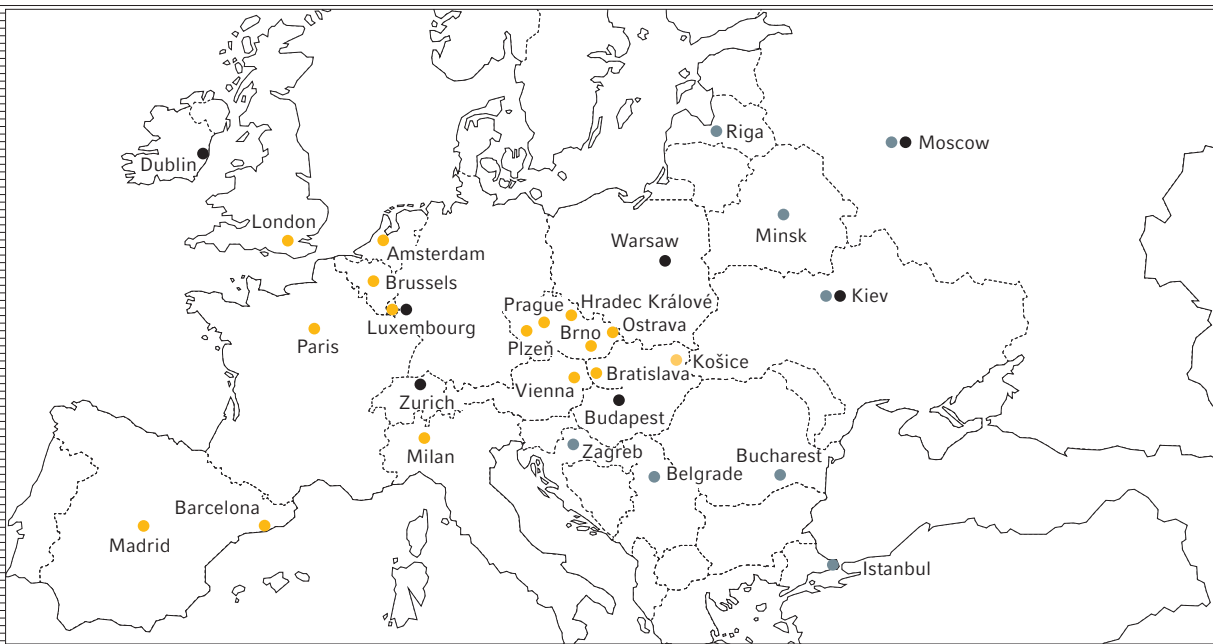
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Győr

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

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H-3525 Miskolc, Arany János tér 1.
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Commerzbank worldwide

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

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