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Remarks as prepared
for delivery

Good morning, ladies and gentlemen, and a warm welcome to our conference call on Commerzbank's first-quarter results**.**

As you know, our interim report went online this morning. We would like to use this session to provide you with more background information on the bank's performance during the first three months. My colleagues, Dr. Thomas Naumann, Head of Accounting and Taxes, Ulrich Ramm, Head of Corporate Communications, Jürgen Ackermann, Head of Investor Relations, and I will also be keen to answer your questions. We have reserved most of our time today for Q&A's.

I would now like to summarize the key points of Q1.

First, the recovery of share prices after the Iraq war and the fall in the price of crude oil have removed much of the strain on the economy. All in all, the year got off to a better start than expected. Given a modest economic recovery, we hope that the overall conditions for our business activities will also improve further – the second half in particular should provide us with fresh momentum. Second: our successful cost management and improved earnings performance helped Commerzbank to return to profit in the first quarter of the current financial year. Third: our solid capital ratio is giving us fresh scope for cautiously stepping up our new lending, where the average margin at present is quite acceptable.

I'll start my presentation with a brief look at how the major balance-sheet items developed.

By the end of the first quarter, the Commerzbank Group' total assets had shrunk by 24.2 billion euros to 398 billion. This represents a decline of 5.7%. The total assets of the parent bank, Commerzbank AG, even contracted by about 40 billion to roughly 260 billion euros since October – in other words by more than 15%. This also shows that Commerzbank now has far less need to raise funds through bonds. Whereas over the past few years, we had to raise several billions of euros per year in this way, we'll need only a billion or so in 2003; we already issued bonds to the tune of 400 million in the first quarter. In the future, too, we don't expect any difficulties in raising such funds.Our liquidity position remains stable, as you can see from our current liquidity ratio of 1.13.

Now to the development of the single items.

While claims on banks were reduced distinctly – by 11 billion euros to 43.3 billion – claims on customers more or less remained unchanged, at about 148 billion euros. Assets held for dealing purposes and our investments and securities portfolio both registered sharp declines – of 5 billion euros and 4.4 billion euros, respectively. Primarily, bonds, notes and other fixed-income securities were reduced here. Liabilities to banks also contracted by 20.5 billion euros. On the other hand, customer deposits were slightly higher at 0.8 billion euros. Securitized liabilities declined further, by 7.8 billion euros. Our capital ratios, which have registered another small improvement, continue to provide us with positive signals. Subordinated liabilities declined slightly, by 2.8%, while our profit-sharing certificates outstanding were unchanged from their level at the end of last year. All in all, our equity was 6.1% lower at 8.3 billion euros. Here the main changes were registered in the revaluation reserve (–331 million euros) and the measurement of cash flow hedges (–139 million euros). Our core capital and own funds ratios rose further to 7.4% and 12.5%, respectively. This puts them well above our medium-term targets of 7% and 11%, and creates scope for earnings-oriented growth. It also provides further impetus for our *Mittelstand* offensive.

I just want to add the following about the revaluation reserve. On March 31, it was 1.1 billion euros in minus, reflecting unrealized losses on measuring investments and available-for-sale securities. We also performed an impairment check on this portfolio when the interim report was being prepared. As the fundamental data of our equity investments have not deteriorated any further, no write-downs were necessary. We reported in detail on the criteria which we apply in performing our impairment test in note 34 of the consolidated financial statements as of December 31, 2002. Whereas the revaluation reserve was still negative, at minus 1.1 billion euros on March 31, 2003, it had improved by 500 million euros on April 30, 2003. You can see from this that its fluctuations are enormous and reveal the present volatility of the markets, which greatly exaggerate changes in the fundamental data of our equity investments.

Now I want to turn to the income statement.

All in all, we can say that earnings performance was much better than in the final quarter of last year and that we are back on a successful course. The Commerzbank Group's net interest income in the first quarter of 2003 was 4.0% stronger than in the last three months of 2002. We’re using the final quarter for comparison purposes because it is more recent. We believe that this development is a good omen for the future, especially since the balance-sheet total was reduced further in the first quarter, by more than 24 billion euros.

We set aside 252 million euros for provisioning purposes in the first three months. This is 12 million euros more than in the first quarter of 2002, after adjustment for Rheinhyp’s share in last year’s amount. In the first three months, the actual need to provide for possible loan losses fell far short of the provisioning which we made. In particular, there is now considerably less need to provide for jumbo credits or bulk risks. As you can see from chart 7, in 2002 over 41% of our provisioning in Germany related to companies with turnover in excess of 750 million euros. This year, we see far less need to form provisions in this corporate segment.

At 520 million euros, net commission income was 6.1% higher than in the final quarter of 2002. This means that we have been able to reverse the marked downward trend of previous quarters. Above all, we increased our income from securities and syndicated business by 24 and 13 million euros, respectively. On the other hand, the lower volume of investment funds that we manage had a negative effect on earnings in fund-management business. We’re also satisfied with our trading profit. It was 140 million euros higher than in the final quarter of 2002, rising to 231 million euros. So far this year, Commerzbank has been much more successful in fixed-income and derivatives business. We achieved a profit of 105 million euros on our investments and securities portfolio. This does not include any notable disposals of investments. To anticipate one of your possible questions, no capital gains on our Buderus position are included. Rather, we realized earnings on our bond portfolio as part of our ordinary business activities. The balance of other operating income and expenses reached 32 million euros. Basically, this covers allocations to –

and reversals of – provisions, income and expenses arising in connection with building and architects' services, and income from the disposal of fixed assets.

We maintained the positive development of our operating expenses. In the first quarter, they were 3.4% lower than in the last three months of 2002. The marginal rise in personnel expenses – due to higher allocations for performance-oriented remuneration – was more than offset by a marked reduction in other operating expenses. At the end of March, the Commerzbank Group had a workforce of 35,384, which is 3,281 fewer than a year previously. As we told you in March, we will make further staff reductions in the months ahead under our second cost-cutting offensive.

Our operating profit was 172 million euros. In the final quarter of last year, our operating profit was 32 million euros. As you can see, we've managed to raise our operative performance substantially since the final quarter of 2002. So we're on the right course.

As already mentioned, we resolved the measures for our second cost-cutting offensive in March. With their help, we intend to cut operating expenses even further in 2003 and to get them down to 4.5 billion euros by next year. In order to implement these measures, we have formed restructuring provisions of 104 million euros. As a result, we have already covered all the expenses to be incurred in the current financial year, as well as the foreseeable expenses that are expected in 2004.

Our after-tax profit – but also after restructuring and the amortization of goodwill – amounted to 38 million euros. With the taxes of 2 million euros payable and the profit or loss attributable to minority interests, we're posting a consolidated profit of 3 million euros for the first quarter of 2003. This represents a substantial improvement on the previous quarter, when we incurred a loss of 243 million euros. We're fully aware that the figures for the first quarter don't amount to a satisfactory result for our shareholders. But we're also aware that those positive tendencies have become stronger again which will give Commerzbank a market position as a successful provider of financial services.

Let me now make a few comments on our segment reporting**.**

In the first quarter of 2003, the development of the individual segments was very uneven. In retail banking business, the upward tendency was maintained. Here both the parent bank and comdirect bank made positive contributions. This is confirmation for us that in both companies we have adopted the right course. Remarkably, commission income increased by more than 45% to 240 million euros. It thus exceeded net interest income after provisioning, which amounted to 223 million euros in the first quarter of the year. At 33 million euros, the operating profit virtually repeated the result of 37 million euros achieved in the final quarter of last year. The operative return on equity was 7.2% – also hardly changed. The operative cost/income ratio improved from just under 91% to 84.8%.

In asset management, we registered an operating profit of 15 million euros, after minus 18 million in the previous quarter. The main factor here was the further 14 million of cost savings and the increase of 19 million euros in operating income. The negative factors were amortization of goodwill of 21 million euros and the 8-million euro allocation to restructuring expenses. These turned the pre-tax profit into a minus of 14 million euros. With an average equity tied up of 680 million euros, an operative return on equity of 8.8% emerges and a cost/income ratio of 85.6%.

In the corporate customers and institutions segment, the sharp reduction of risk-weighted assets was felt in interest income, which was down by 59 million euros on the previous quarter. Thanks to a decline of about 100 million euros in provisioning and slightly lower costs, the segment managed to achieve a positive operating profit of 152 million euros, compared with a negative balance of 16 million euros in the previous quarter. After an allocation of 25 million euros for restructuring, a pre-tax profit of 125 million euros was posted. This business line ties up over 47% of our equity. Its operative return on equity reached 11.2%. The cost/income ratio settled at the outstanding level of 47%.

After the sag in earnings during the previous quarter, the securities segment managed to achieve a marked turnaround. This shows that we have the right strategic positioning. It also underlines the increasing significance of this segment for the overall earnings performance of the Commerzbank Group. After 94 million euros in the final quarter of 2002, operating income soared to 287 million euros in the first three months of the year. At the same time, operating expenses were cut by 38 million euros to 242 million. The operating profit was 45 million euros, representing a positive swing of 227 million euros since the previous quarter. After 34 million euros had been allocated to restructuring expenses, a pre-tax profit of 11 million euros remained. With a smaller amount of equity of just over 1 billion euros tied up, this segment achieved an operative return on equity of 16.9%. Its cost/income ratio receded sharply to 84.3%.

The Group Treasury area has produced excellent figures. With 139 million euros of equity tied up, its operating profit of 117 million translates into an operative return on equity of 337%; its cost/income ratio was exactly 10%.

The mortgage banks segment registered no serious changes, following the deconsolidation of the Rheinhyp Group last August. The main change occurred in the item net result on hedge accounting. After a minus of 54 million in the previous quarter, a positive balance of 5 million euros was shown for the first three months of the year. This segment continues to register an extremely low cost/income ratio of 10.6%. The operative return on equity was 25.7% at the end of the first quarter.

For the Group as a whole, an operating profit of 172 million euros translates into a return on equity of 6.0%. Our cost/income ratio improved to 73.5%. After restructuring expenses of 104 million euros and minority interests, our earnings per share were just positive at 1 cent. Due to the persistently difficult environment, we’re not making a forecast for the quarters ahead or for the year as a whole. I want to assure you, however, that we intend to keep on increasing our operating profits through strict cost discipline, on the one hand, and higher earnings, on the other.

As you know, I will be stepping down from my position as CFO and Board Member at the next annual general meeting which takes place on May 30th; so this conference call is your last chance to put all the questions to me that you have always wanted me to answer. And I’m sure my colleagues with me today will be only too pleased to lend me some support.

I would now like to open this forum to your questions.