

Commerzbank in the 21st century

CB 21

February 2001

COMMERZBANK 

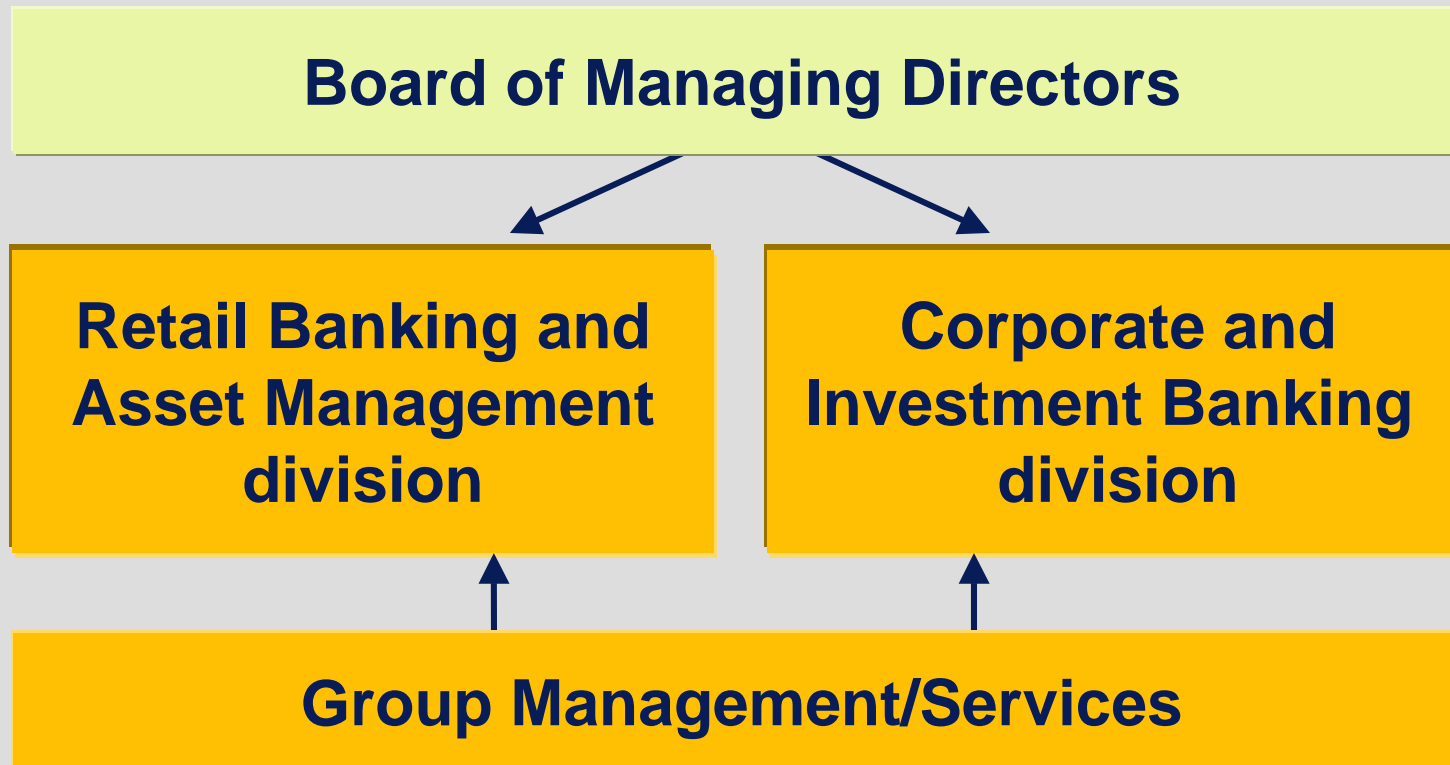
CB 21: Commerzbank's approach at the start of the 21st century

- ① Our strategy: focus on core competencies
- ② Our organization: two pillars
- ③ Our catalogue of measures: parts make up the whole
- ④ Summing up: a successful bank

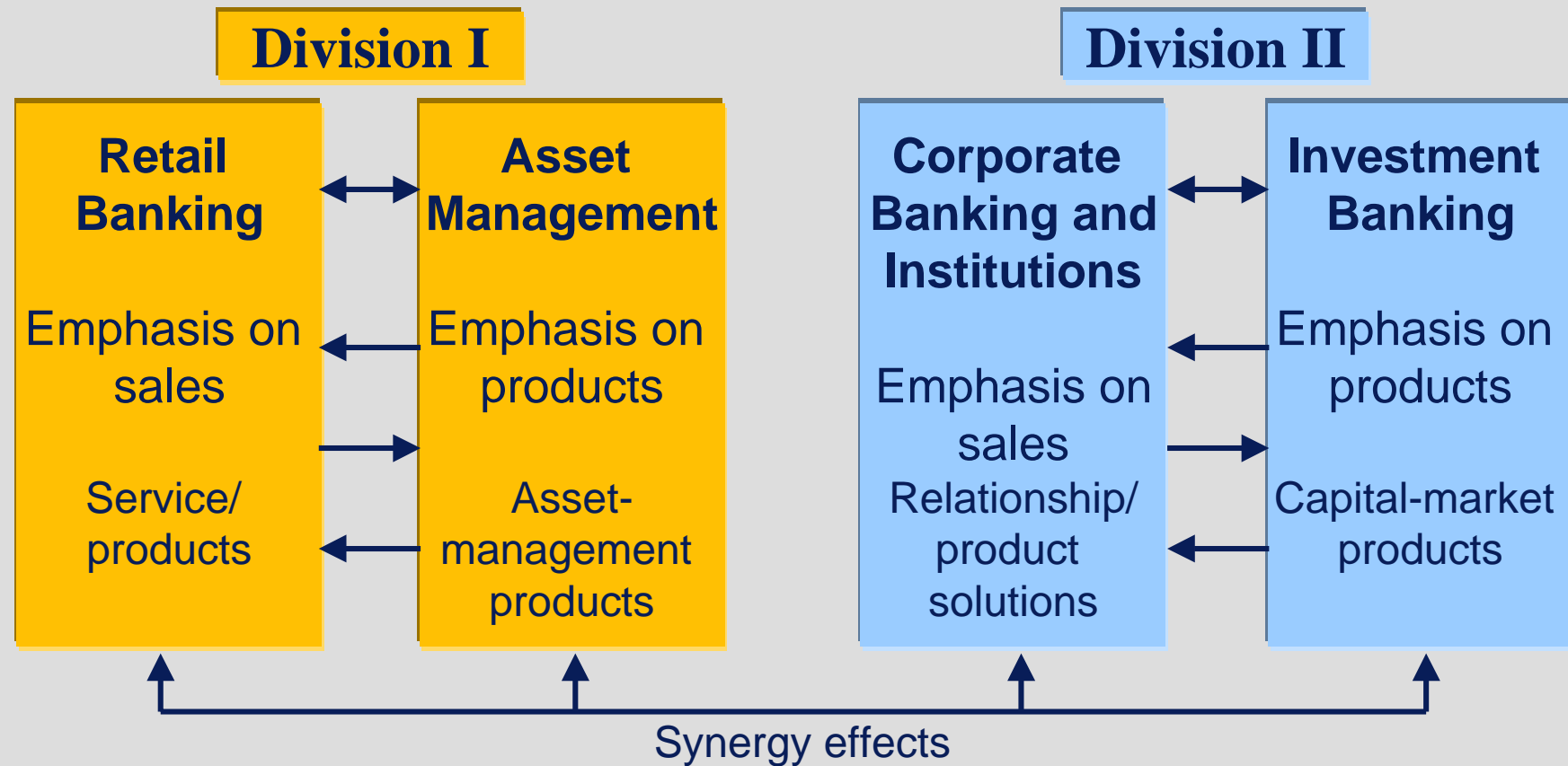
CB 21: Our strategy

- Our goal:
Market-oriented approach in all banking departments; permanent rise in profitability to provide the basis for an increase in shareholder value
- Our approach:
 1. Concentration on core competencies, i.e. what we do best
 2. Exploring business potential through close contact with customers and integration
 3. Achieving critical mass in all market segments
 4. Investment in new technologies to meet customer demand around the clock, with high quality and at reasonable cost

CB 21: Our organization structure



CB 21: Two double pillars comprising sales and production



CB 21: Our measures

1. Structural measures in Germany and abroad
2. Projects in Division I
3. Projects in Division II
4. Other measures

CB 21: Structural measures in Germany and abroad

1. Closer customer contact through improved access
2. Streamlined branch structure at Parent Bank
3. Investment-banking activities
4. Density of branch network in Europe maintained
5. Bundling together of non-European activities
6. Streamlining at other foreign branches and holdings in other banks

CB 21: Customer contact through improved access

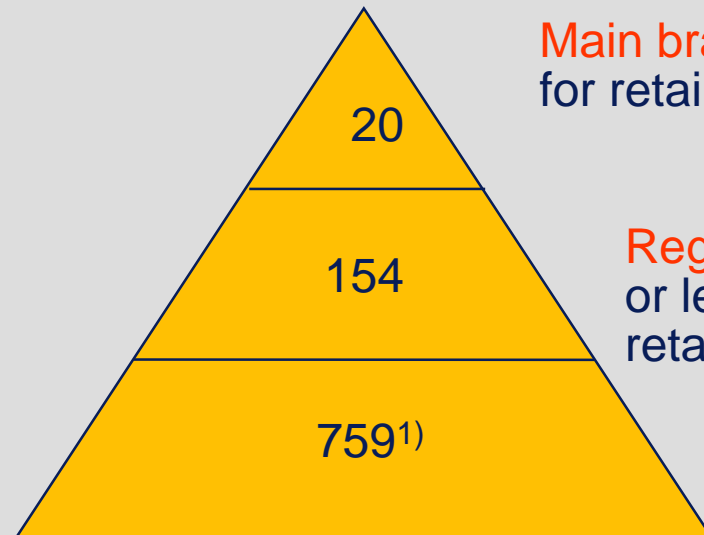
Applying new technologies (virtual branch/WAP/multi-bank trading platform/direct bank for corporates), we are making the Bank more accessible and boosting sales potential.

Increasingly, customers are using different forms of access to the Bank.

- ▶ Our goal:
to constantly improve the quality of our advice and service and also to expand our market shares while raising sales capacity
- ▶ Our conclusion:
For all branches to be permanently successful (ensured sales, exploitation of potential, specialization) we are concentrating the German branch network – especially in conurbations – on 781 locations, while maintaining our nationwide presence.

CB 21: Streamlined branch structure at Parent Bank

at present: 933 offices

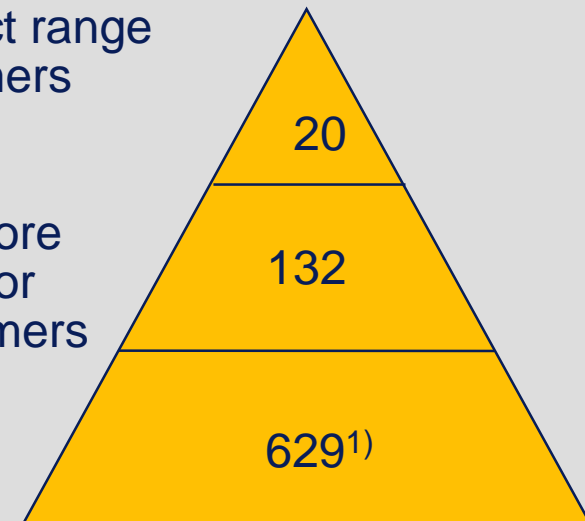


Main branches with full product range for retail and corporate customers

Regional branches with more or less full product range for retail and corporate customers

Branch offices for all retail customers

in future: 781 offices²⁾



1) including 26 Commerzbank Shops

2) corporate customer services at 204 offices

CB 21: Integrated investment-banking activities

- In corporate and investment banking, Commerzbank presents itself as a fully-integrated bank with a clear focus on Europe.
- In terms of product expertise, our traditionally strong position in foreign-exchange dealing and the successful development of equity business are to be complemented by the expansion of our fixed-income activities and the rebuilding of our M&A/advisory services.
- Outside Europe, our investment-banking activities are concentrated on New York and Tokyo, as well as on selected product areas in which an active presence in these locations is absolutely necessary for meeting European demands (research, distribution, 24-hour trading) and in certain clearly defined products (derivatives and retail products) where Commerzbank has recognized expertise.

CB 21: Density of European branch network maintained

The single European currency makes it possible to:

- ◆ pool treasury activities
- ◆ standardize marketing and product range
- ◆ centralize back-office functions
 - ➔ Focus on sales

CB 21: Bundling together of non-European activities

Regional centres in:

- **New York**
for North America
- **Singapore**
for Asia (*excl. Japan*)

Cost synergies through concentration

- of back office functions
- of support functions
- of specialist functions

CB 21: Streamlining of other branches abroad and holdings in other banks

- ▶ Closing down units not strategically necessary for us as a bank focusing on Europe
- ▶ Reduction of strategically unnecessary holdings in other banks

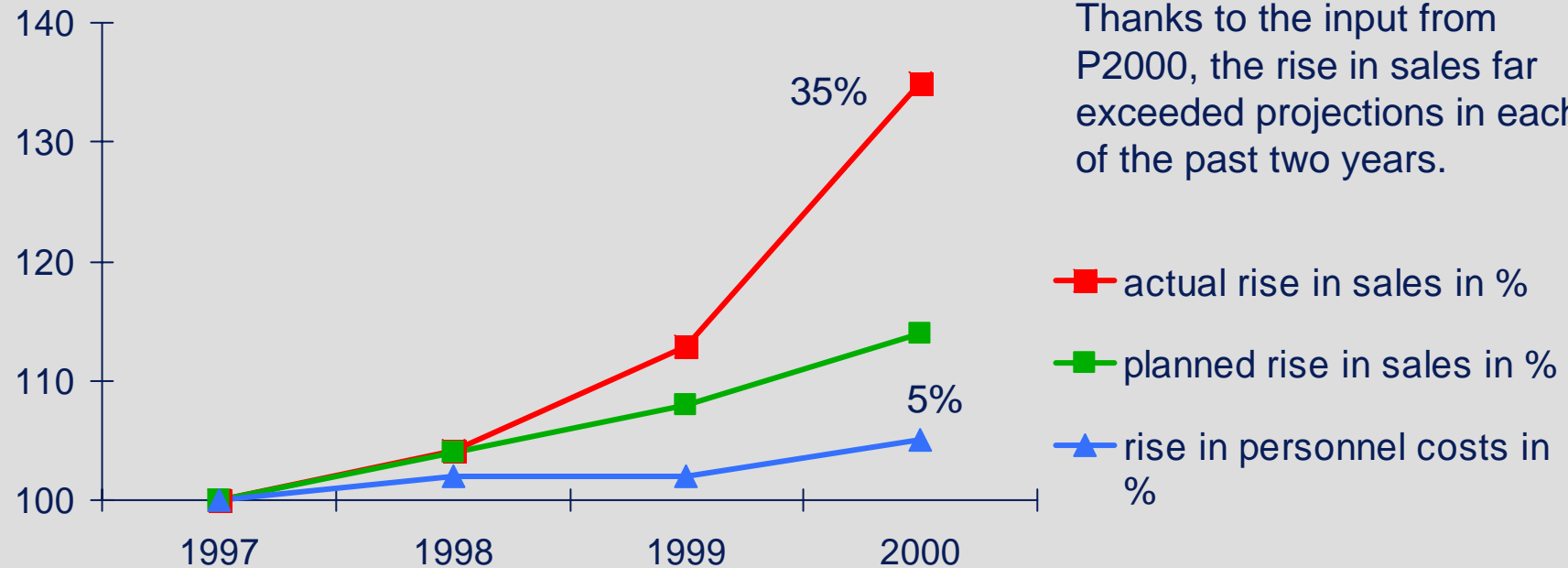
CB 21: Projects in Corporate Division I

Retail Banking and Asset Management

- 1** Data-based marketing as key factor behind success
- 2** Cooperation with Generali: New dimension in bancassurance
- 3** Asset management remains growth segment worldwide
- 4** Private banking – a growth area

CB 21: Data-based marketing a key ingredient for success

In Germany, only Commerzbank has a fully-integrated and closed marketing and distribution system



The positive experience in retail customer business (P2000) is being utilized with high net-worth individuals (I-Plus). We are streamlining the product range.

CB 21: New dimension in bancassurance

Generali Group and Commerzbank are sharing their customer bases.

AMB has 13.5 million insurance-policy holders,
Commerzbank AG has 3.7 million bank customers

- Setting-up of banking centres at insurance agencies
 - Deployment of insurance and home-loan savings specialists at Commerzbank branches
- ➔ Goal: one million new customers

CB 21: Asset management remains a growth segment worldwide

- Extension of the strong position in Germany to Europe. Currently, the focus is on: Italy, Spain, Czech Republic, Poland. Cooperation with comdirect and acquisition of distribution partners
- Goal: Europe-wide market presence with major product lines; in core markets (outside Germany): at least 5th place among foreign companies
- Targeted streamlining and bundling along the value-added chain between all subsidiaries and partners
- In Asia, more cross-selling; in the U.S., acquisition of an asset management company with a high distribution capacity in the retail area
- Benchmarking for cost/income ratio. Goal: to become one of the top ten companies worldwide

CB 21: Private banking – a growth area

- In Germany: Further expansion of our 20 private banking centres, offering services related to securities investment and real estate (products, advice, administration)
- Worldwide: International private banking is rapidly being restructured and strengthened.

The palette of products and services will be broadened.

CB 21: Projects in Corporate Division II

Catalogue of measures for Corporate and Investment Banking (a)

All the needs of multinational companies (MNC) are served by relationship managers who have expertise in the respective industries.

Investment banking research is geared to meeting the needs of our corporate-customer business; Credit Risk and Relationship Management are organized on a sectoral basis.

CB 21: Projects in Corporate Division II

Catalogue of measures for Corporate and Investment Banking (b)

Selective recommendation of investment-banking products, based on advice of our teams of specialists

In line with our intention of becoming Germany's leading bank for successful SMEs, we are also expanding the investment-banking and asset-management operations in our branches.

In this way, we are responding on a nationwide basis to the rapidly expanding need for treasury and capital-market oriented products.

▶ **Goal:**

Higher profitability through better use of existing corporate-customer potential and acquisition of new clients

CB 21: Other measures

Buying-holding-selling of industrial shareholdings remains one of Commerzbank's core competencies

We see extra earnings and equity-capital potential in the reduction of our investment portfolio (industrials and financials)

Commerzbank's shareholdings (end-1999)

Book value: €4,055m

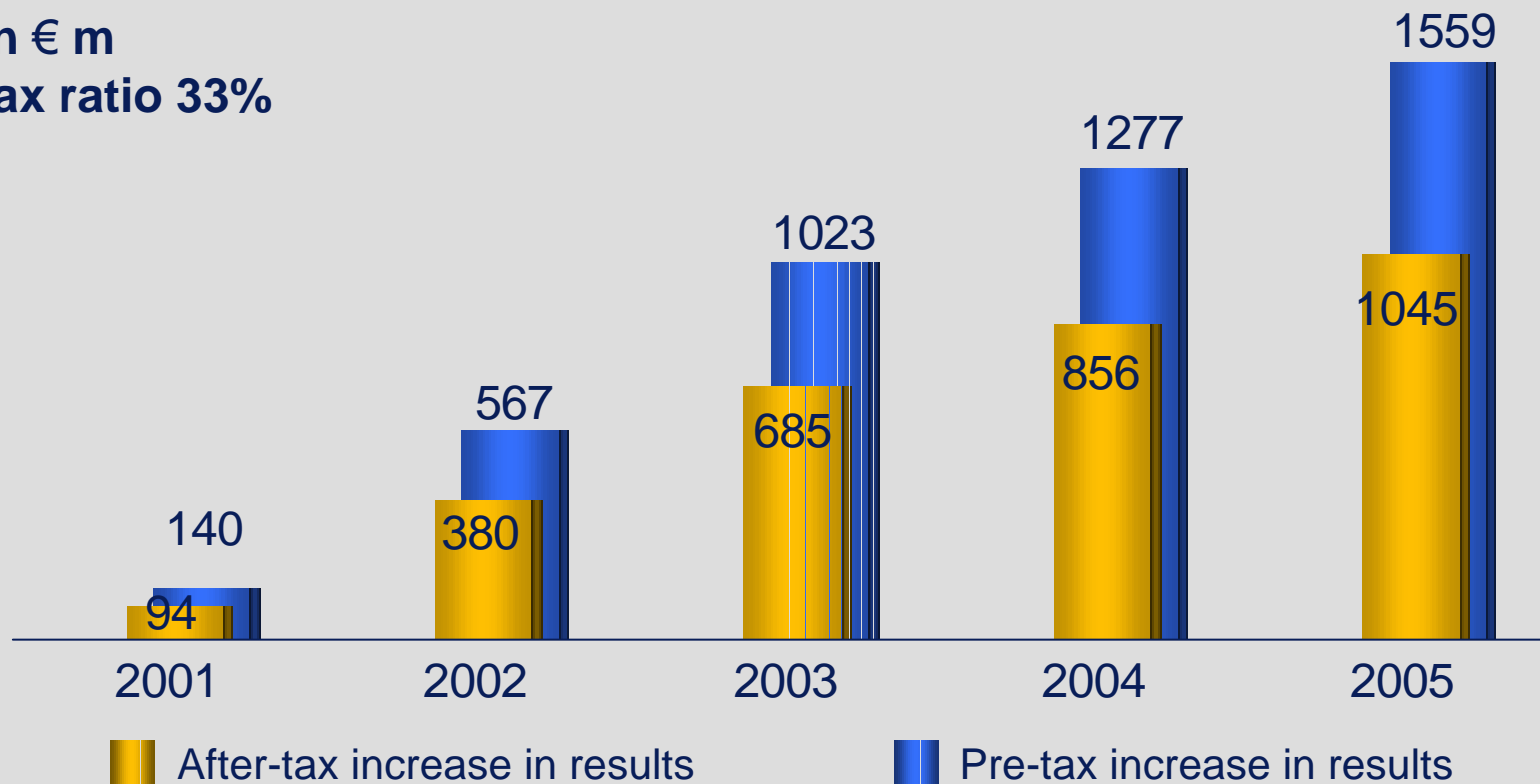
Market value: €5,434m

CB 21: Summing up

- ◆ Commerzbank is on a successful course.
- ◆ The Bank will continue to strengthen its position as a major European financial group.
- ◆ Through a strictly customer-oriented approach, combined with a concentration on core competencies and a realization of economies of scale, we serve the interests of our customers, are appreciated as an employer and raise shareholder value.
- ◆ Our goal remains a long-term after-tax return on equity of at least 15%.

CB 21: Impact on results through the CB 21 project

in € m
tax ratio 33%





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