



# ***Commerzbank Presentation***

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Munich  
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# Restructuring at Commerzbank successfully implemented

## Strategic accomplishments

- ① All business units restructured and re-positioned ✓
- ② Two cost-cutting initiatives successfully implemented ✓
- ③ All asset portfolios thoroughly reviewed and revalued ✓
- ④ Margins improved ✓
- ⑤ Capital base strengthened ✓

**2003**

*Stabilization in a difficult market environment/  
recovery of financial and strategic flexibility*

**2004**

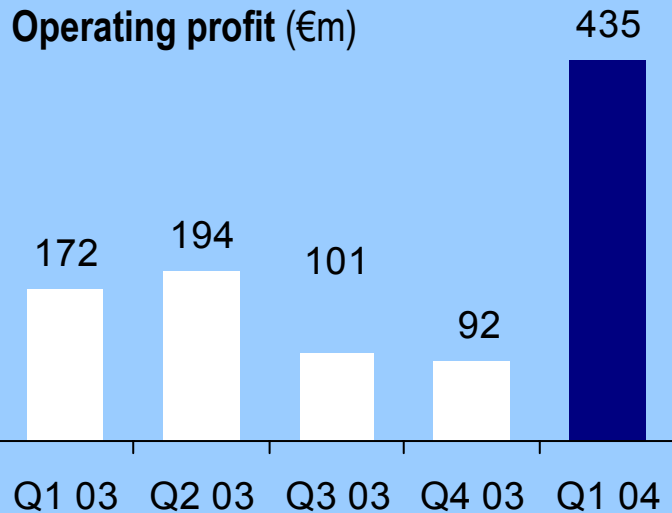
*Implementation of profitable growth initiatives/  
maintaining tight financial control*

- Implementation of revenue growth initiatives (“grow to win”, “move to the top”)
- String-of-pearls acquisition strategy (e.g. SchmidtBank)
- Tight cost management as permanent task
- Accelerated disposal of non-core assets
- Active participation in the consolidation process

**Strategic agenda 2004**

# Commerzbank's measures are paying off

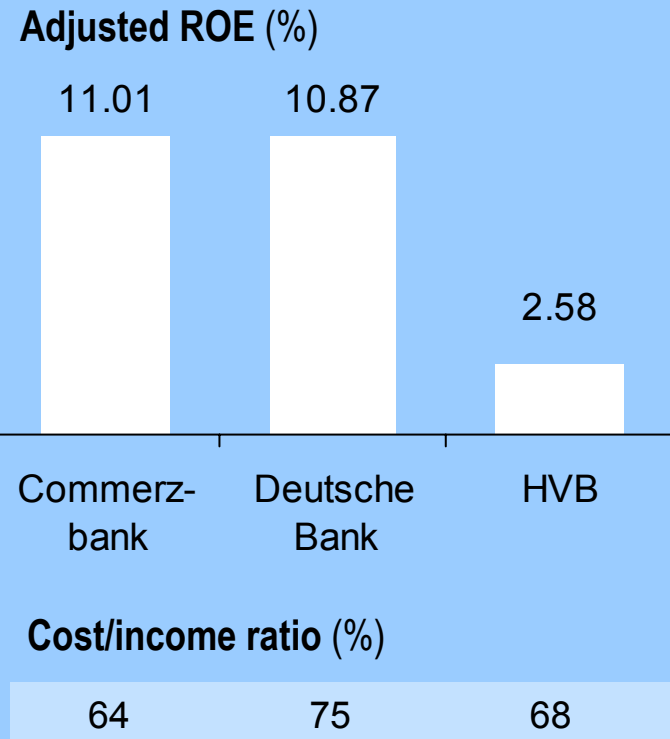
## Operating profit



## Earnings per share (€)

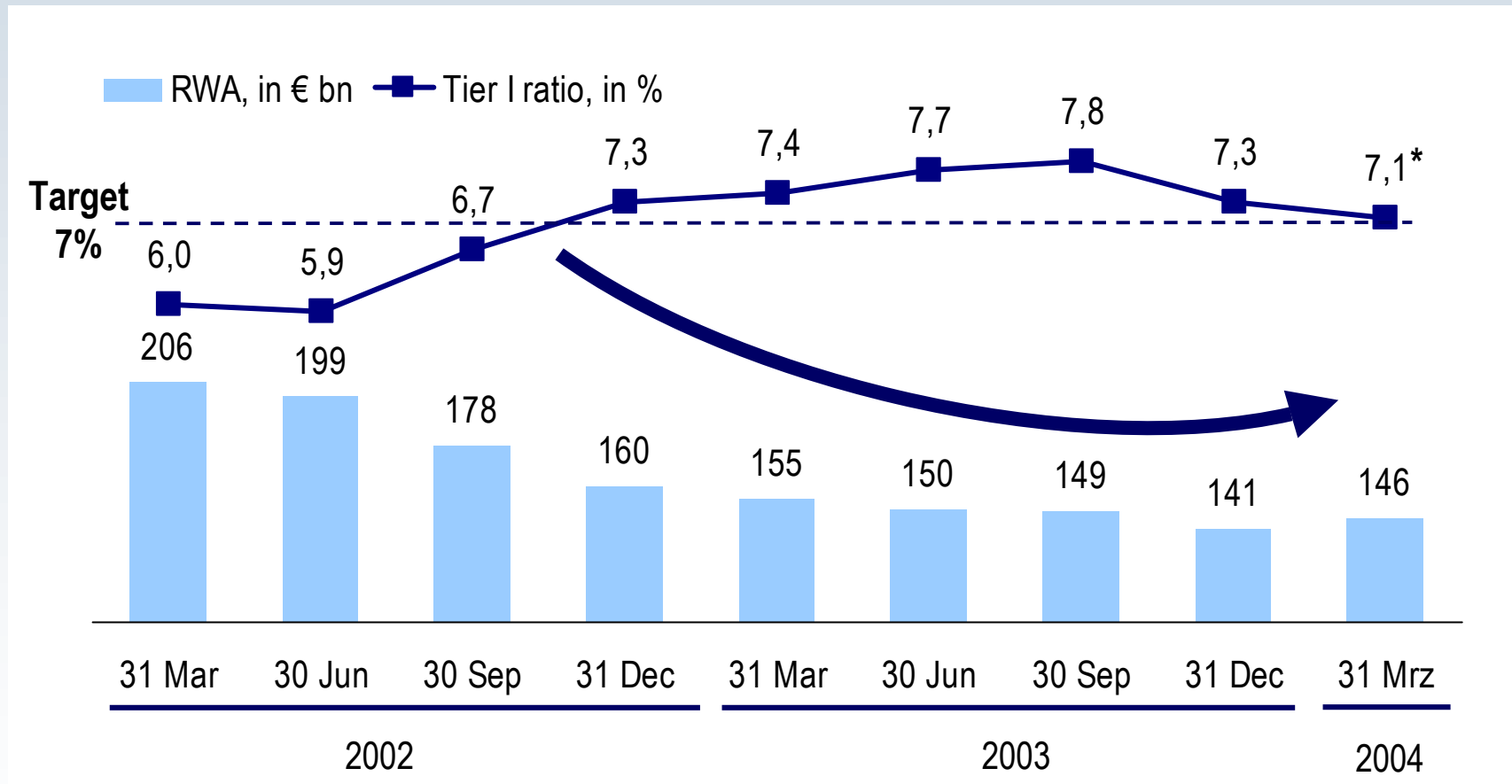
0.01	0.13	-4.32	-0.08	<b>0.43</b>
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## Benchmarking Q1 figures to peer group



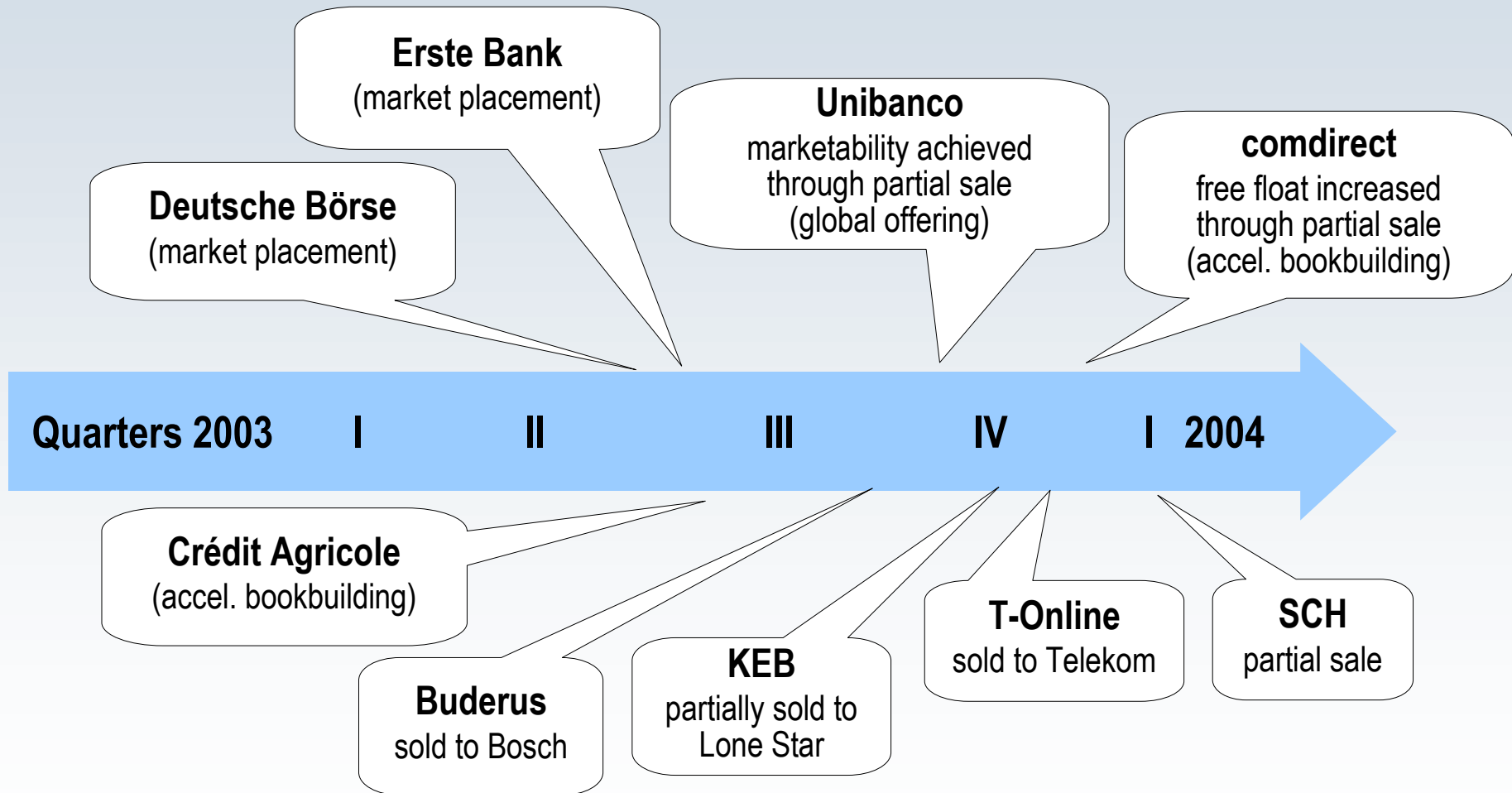
Source: Fitch

# Tier I ratio above target level



\*) incl. net result of Q1 2004, ratio would be 7.3%

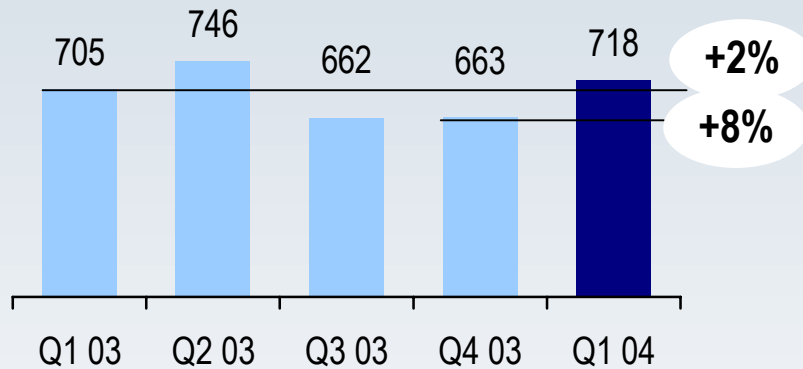
# Major disposals of participations in 2003 and 2004



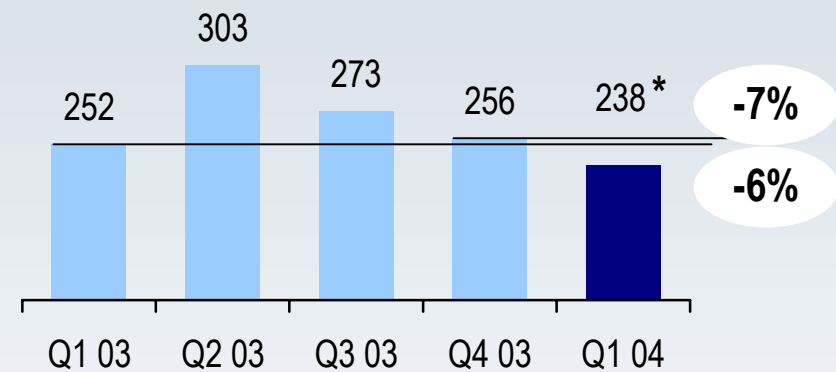
# Improving results in all core earnings components

€ m

## Net interest income

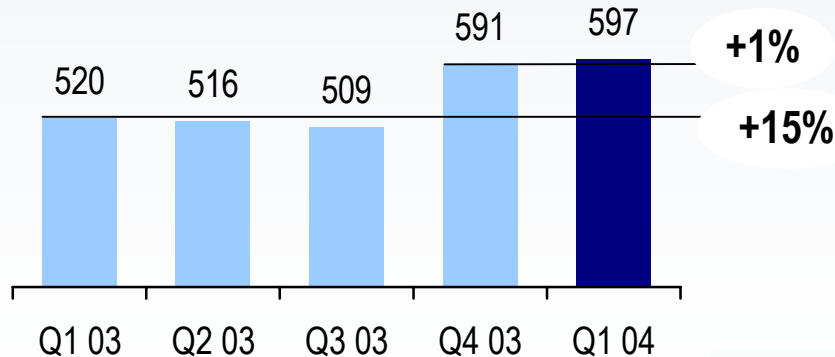


## Loan loss provisions

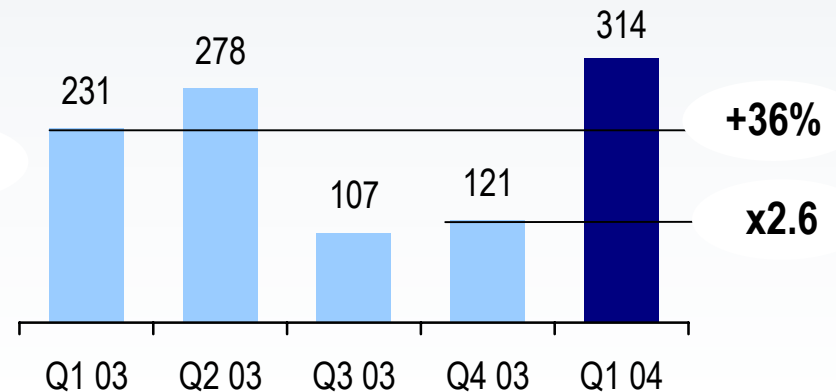


\*) budgeted 2004: €950m; ¼ = €238m

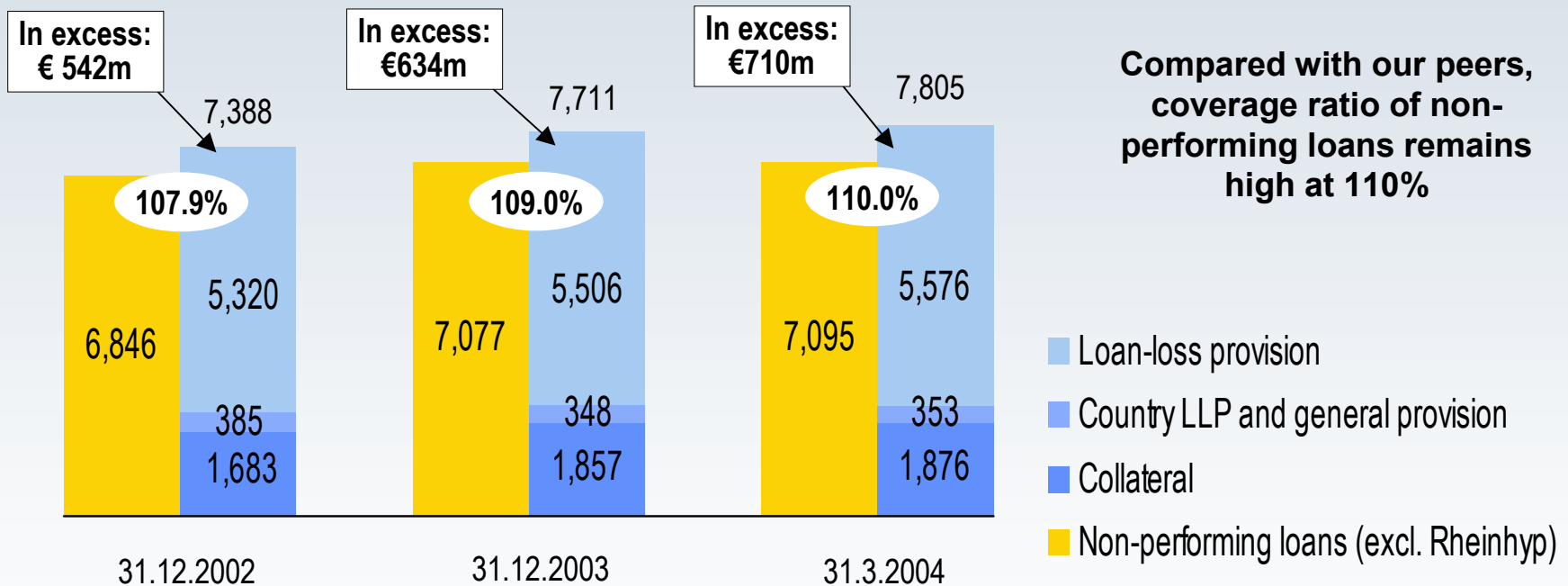
## Net commission income



## Trading profit

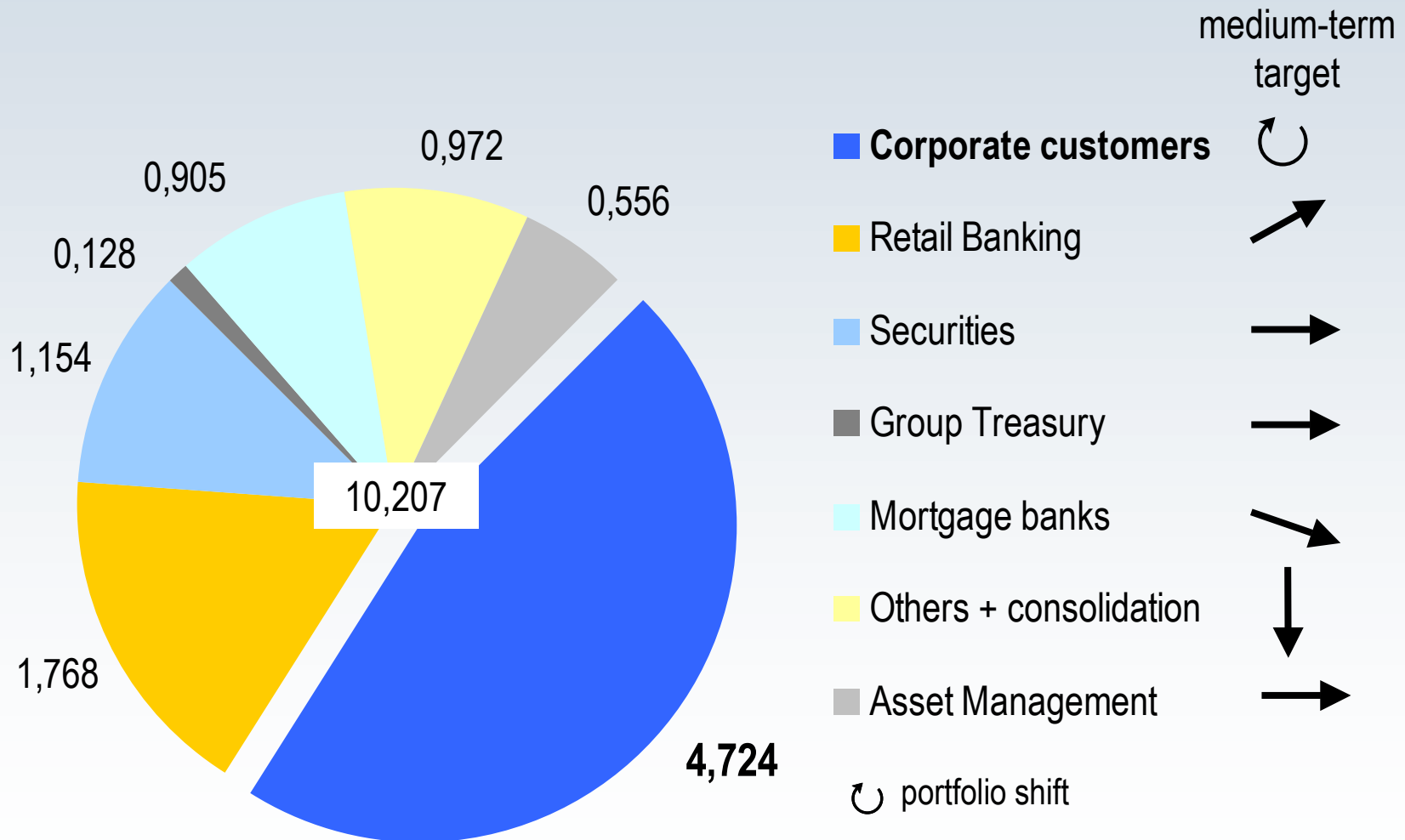


# Commerzbank's loan-loss coverage ratio



# Equity allocation within Commerzbank Group

Strengthening of growth areas, 31.3.2004, in € m



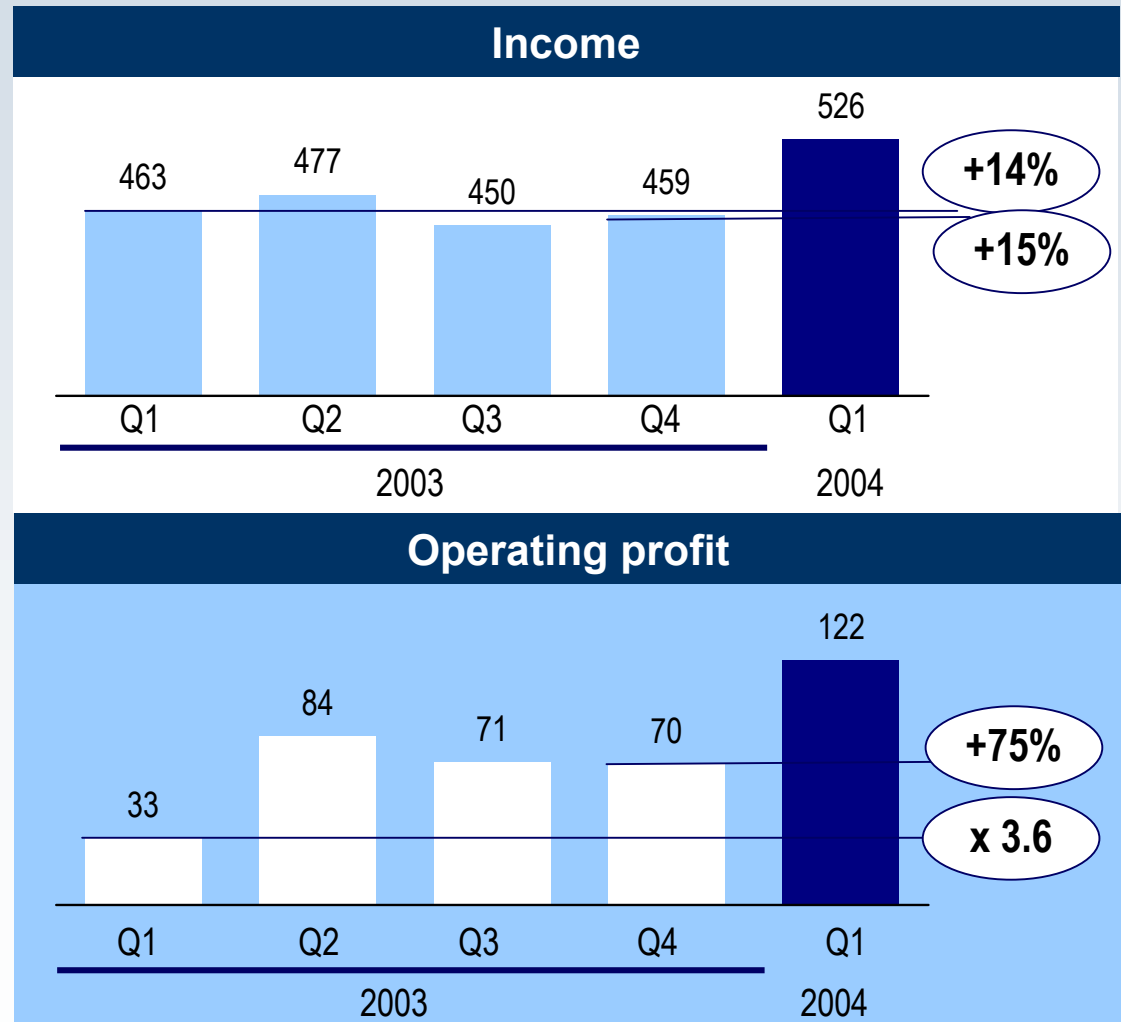


# Retail banking

in € m

- Q1 2004:
 

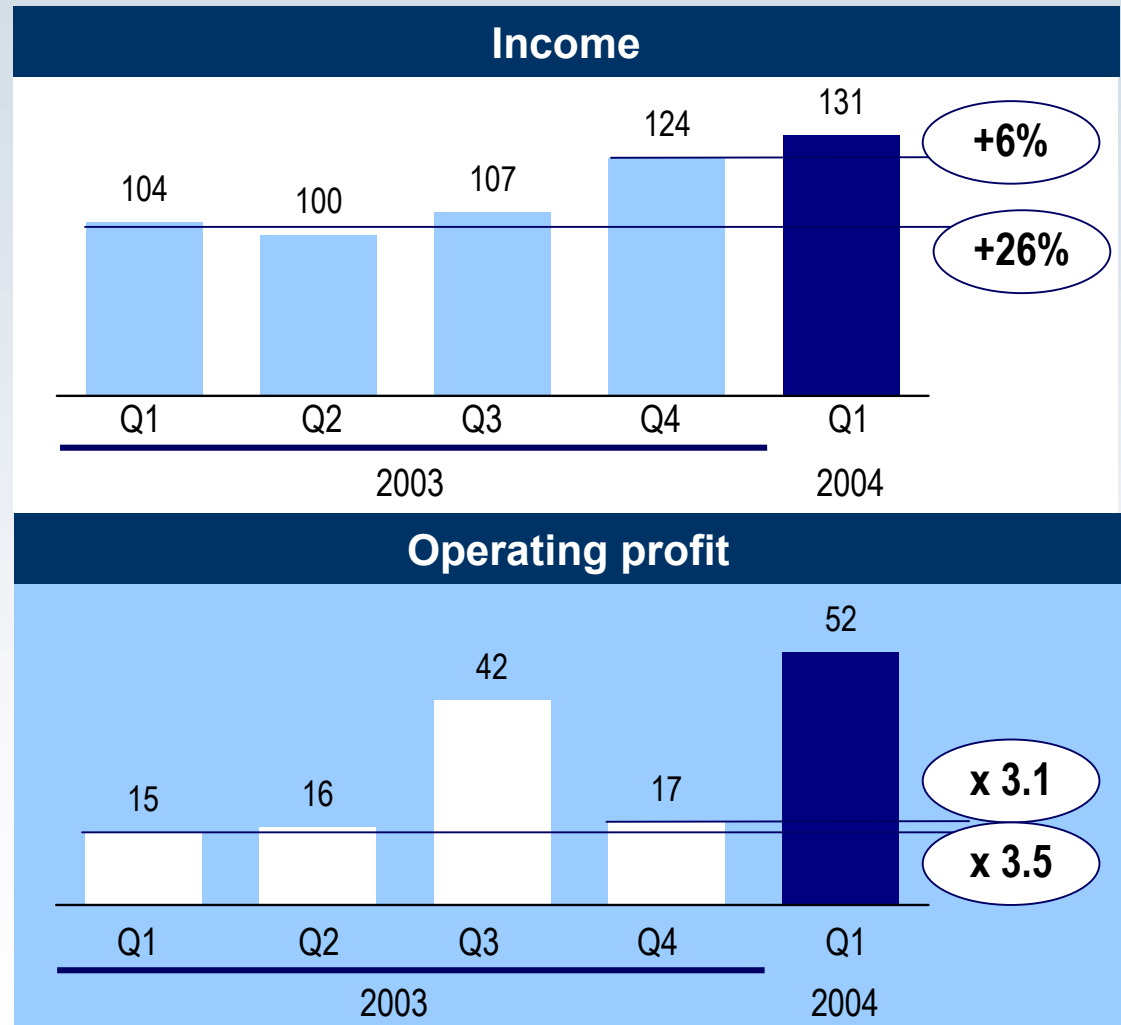
operative ROE	27.6%
pre-tax ROE	27.6%
cost/income ratio	71.5%
  - Provisions exceed Q4 level by €12m – ¼ of budgeted figures
  - Earnings growth no longer driven by cost-cutting; revenue growth is the name of the game in Q1 2004
- ➔ In retail banking, Commerzbank is achieving outstanding results even by European comparison
- Operating profit should grow by another 25% in 2004



# Asset Management

in € m

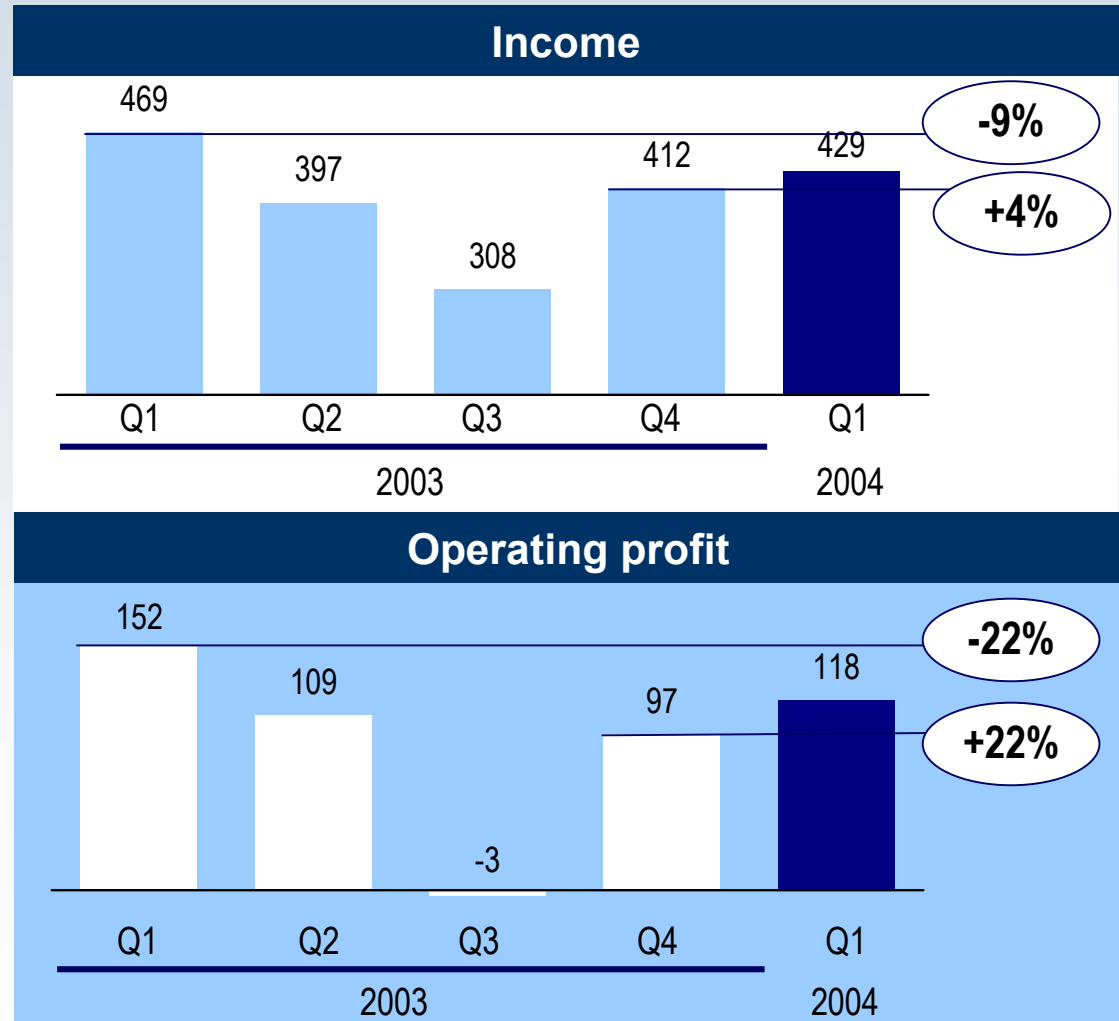
- Q1 2004:  
 operative ROE            37.4%  
 pre-tax ROE            26.6%  
 cost/income ratio        60.3%
  - Clear strategic orientation after disposal of foreign subsidiaries and/or reduction of book values
  - Adjusted for seasonal performance fees, commission income rose further
- ➔ Minimal target for 2004:  
 a return higher than our current cost of capital
- Operating profit should exceed last year's level by 40%



# Corporate Customers and Institutions

in € m

- Q1 2004:  
 operative ROE           10.0%  
 pre-tax ROE            9.8%  
 cost/income ratio       49.9%
  - Only slight increase in interest income due to weak demand for credit
  - Under our "Move to the top" strategy, our goal is to become the No. 1 Mittelstandsbank in Germany and to raise the profitability of each individual larger-corporate and multi-national-business relationship to above 17%
- ➔ In the corporate customers and institutional segment we plan to earn more than €500m in 2004

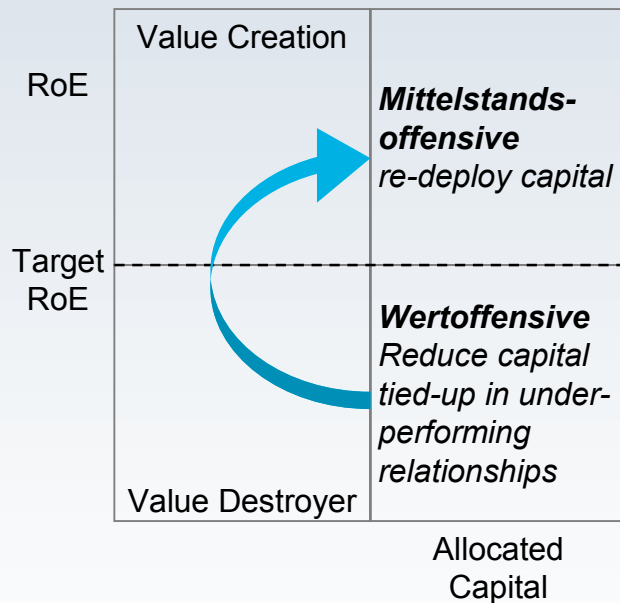


# Domestic corporate customers: Strategy of a value-driven portfolio structuring, re-alignment of organization

## Portfolio Shift

## “Mittelstandsoffensive“

## “Wertoffensive“



- ✓ Expand business with existing clients, build up new relationships: additional €2bn of risk-weighted assets
- ⇒ Target: 45% of SMEs with CB account (38% today); 9,000 new clients
- ⇒ Extend cross-selling capabilities further
- ⇒ Maintain strong focus on credit quality

- ✓ Set-up of five centres for large corporates
- ✓ Review all client relationships on a case-by-case basis
- ⇒ Protect existing value creators, develop potential value creators
- ⇒ Exit value destroyers
- ⇒ Reduce capital employment
- ⇒ Reduce bulk risk

# 2004 will create the basis for further improvements

- **Domestic**

- turnaround in 2004

- target 2006: 17% RoE (pre tax)

- **Europe**

- after heavy bulk-risk provisions in 2002 (UK) and 2003 (France), substantially lower level expected in 2004 and the years ahead.

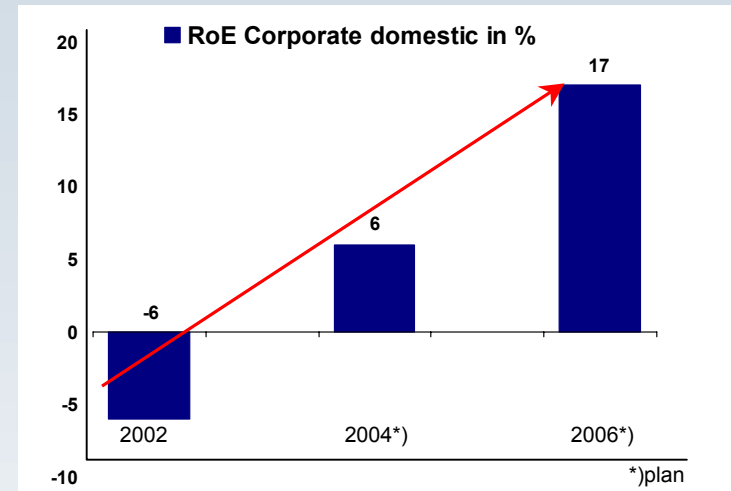
- BRE Bank turnaround achieved in 2003, profitability to expand further in 2004

=> European operations to generate a double-digit RoE figure in 2004

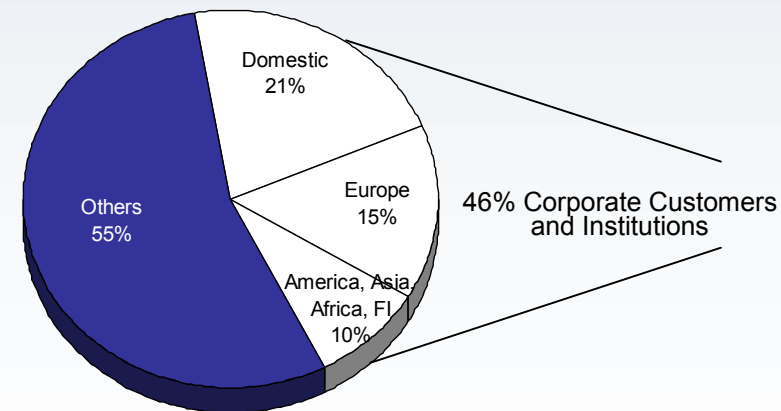
- **America, Asia, Africa and Financial Institutions**

- even in 2003 RoE substantially above 10%

- stable results can be expected in the years ahead



Equity allocation within Commerzbank Group



**Corporate Banking and Institutional Business**  
is the crucial success factor for Commerzbank

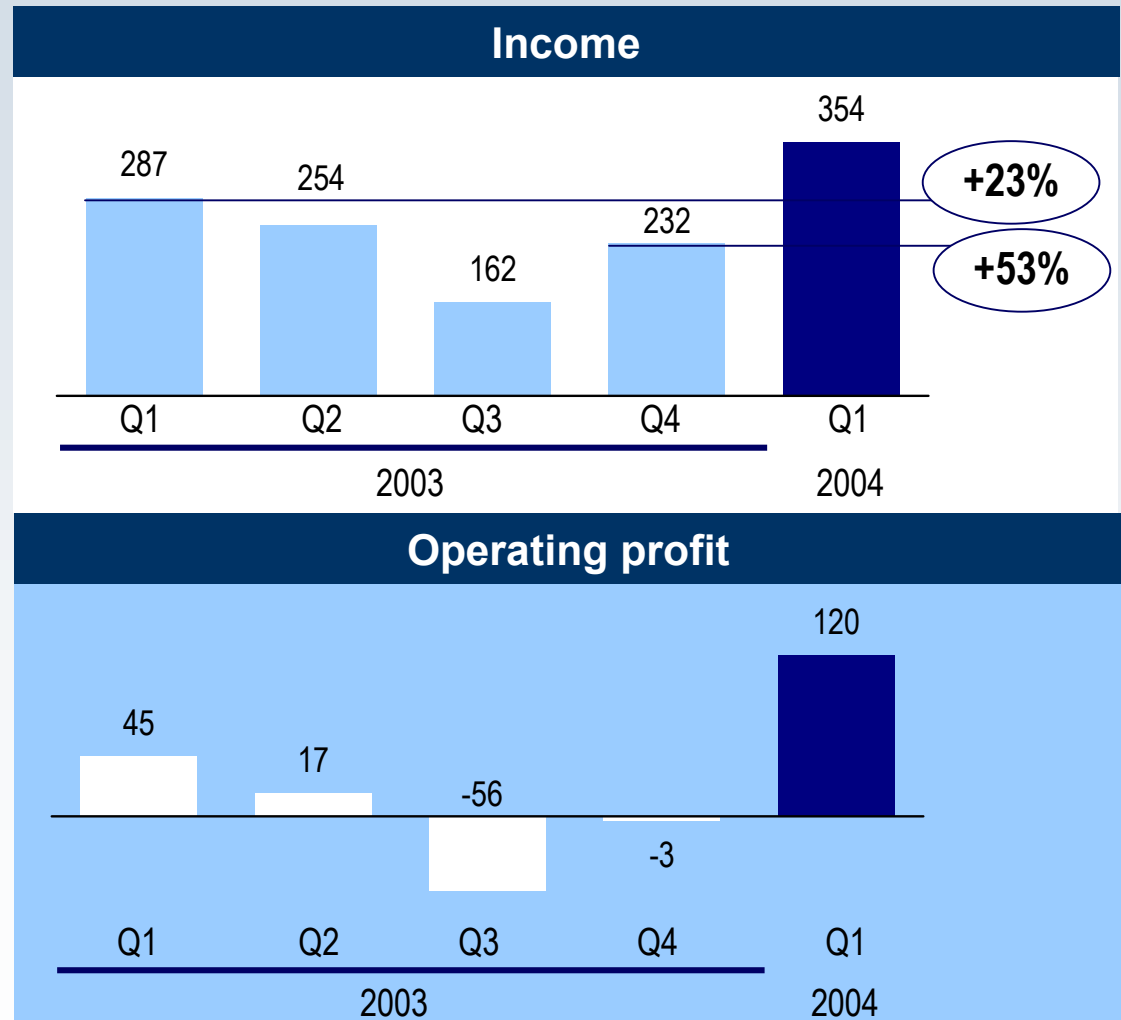
# Securities

in € m

- Q1 2004:
 

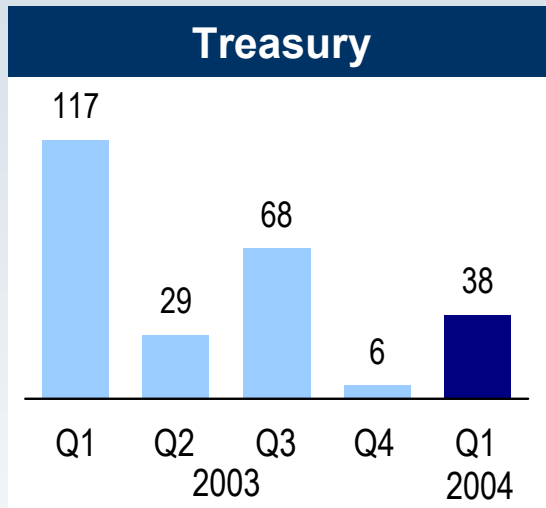
operative ROE	41.6%
pre-tax ROE	41.6%
cost/income ratio	66.1%
- At €312m, trading income in Q1 2004 was 1/3 higher than a quarter previously
- Higher equity allocation due to:
  - increase in market risks
  - extended credit lines for hedge funds
  - raising of confidence interval from 97.5% to 99%

➔ We expect securities business to produce good results in 2004



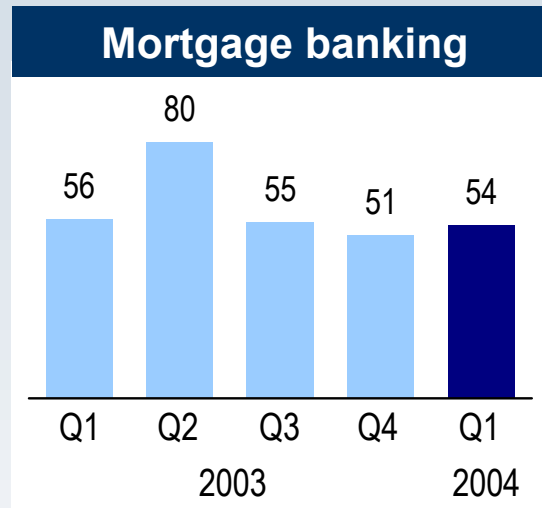
# Benefiting from better earnings and lower costs in the three non-core segments

operating profit in € m



Previous quarter weakness was overcome

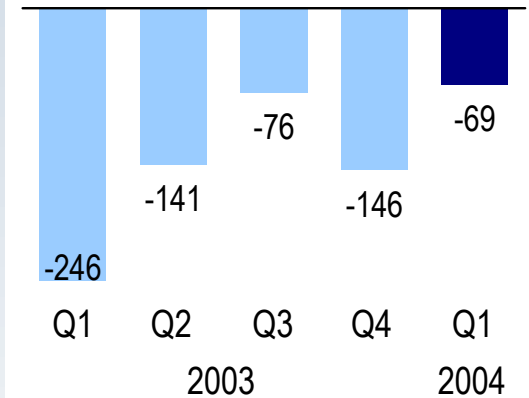
Operative ROE boosted to 119%



Eurohypo's Q1 results have not been taken into account, but goodwill amortization has been

We are very pleased with the earnings performance of Hypothekenbank in Essen and Erste Europäische Hypothekenbank

### Others and consolidation



The lower refinancing costs of our investment portfolio led to a substantially reduced interest burden

The negative operating profit of no more than €69m increases the information value of the core business lines for analytical purposes

# Commerzbank to sharpen its profile via acquisitions

## String-of-pearls acquisitions up to now

### SchmidtBank

- + 360,000 retail customers
- + 70 branches
- + 2,000 corporate customers

### BRE Bank

- + 880,000 retail customers
- + 35 branches (retail)
- + 23 branches (corporate)
- + 30% market share with large corporates

## Commerzbank's profile as of today

- > 5m retail customers
- 40% market penetration with German *Mittelstand*
- One of top 10 players in CEE
- Goals:
  - best German bank for private customers
  - number 1 *Mittelstand* bank
  - leading distribution platform in middle of Europe

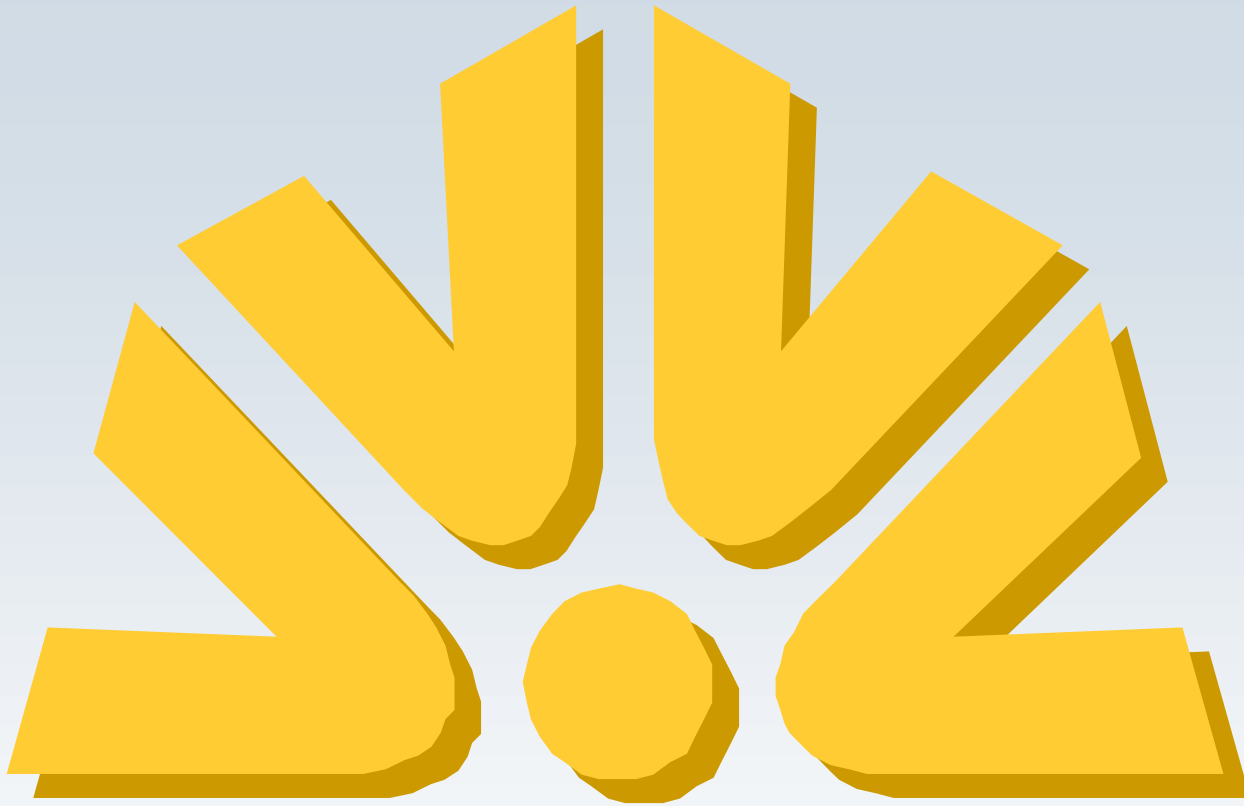


## ***Commerzbank's potential by no means exhausted***

- |  |   |  |
|--|---|--|
| ■ German capital market to regain strength     | ⇒ | rising commission & trading income         |
| ■ Good quality of Commerzbank's loan portfolio | ⇒ | lower provisioning                         |
| ■ Investments portfolio cleaned up in 2003     | ⇒ | lower funding costs                        |
| ■ Now positive revaluation reserve of €1.25bn  | ⇒ | flexible sale of non-strategic investments |
| ➔ Substantial progress with core activities    | ⇒ | operating strength                         |

**Commerzbank – facing the future with confidence!**

**We are working hard to maintain our position as one of Germany's two most profitable banks.**



**For more information, please contact:**

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