



Commerzbank's move to the top

Cheuvreux' 3rd German Corporate Conference

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From “shrink” to “grow”

2002

2003

2004

Fresh impetus from new management team

Strategic agenda 2002

- Strategic review of all divisions
- Cost-cutting initiatives
- Credit portfolio check

Strategic agenda 2003

- Restructuring of all divisions
- Implementation of more than 200 defined measures
- Strengthening of Tier 1 ratio
- Reduction of bulk risk

Financial revaluation

- Thorough review of all assets:
 - Loan book
 - Participations
 - Others
- Write-down of book values and strengthening of the balance sheet
- Improvement of financial and strategic flexibility

Strategic agenda 2004

- Implementation of revenue growth initiative to increase market share and margins
 - Grow to win (Retail)
 - *Mittelstand* initiative
 - Value offensive large corporates (“*Wertoffensive Grosskunden*“)
- Accelerated disposals of non-core assets

Phase 1:

Stabilization of franchise in difficult market environment

Phase 2:

Exploration of profitable growth opportunities/
tight financial control

Commerzbank back in the black

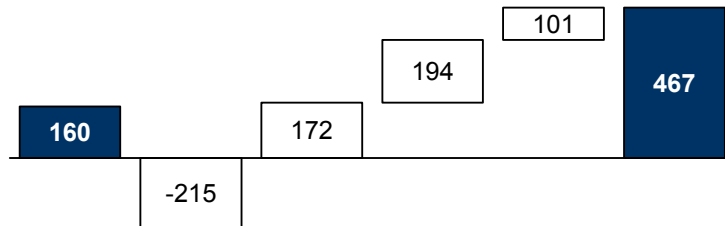
in € m

Third positive quarter in a row confirms turnaround

Business operating profit

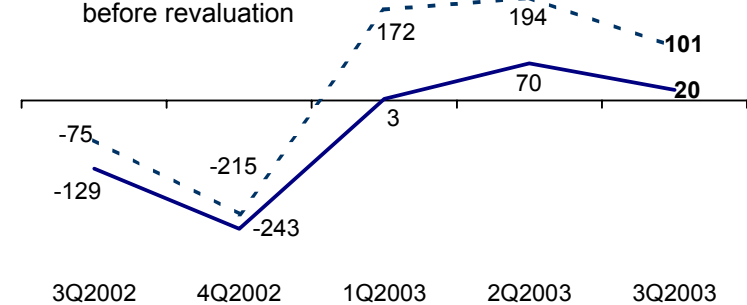
+192%

9M2002 4Q2002 1Q2003 2Q2003 3Q2003 9M2003



Profit development

Business operating profit
Consolidated profit before revaluation

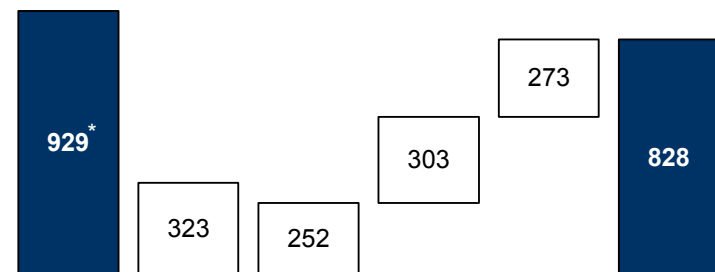


State-of-the-art credit risk management: provisioning on course

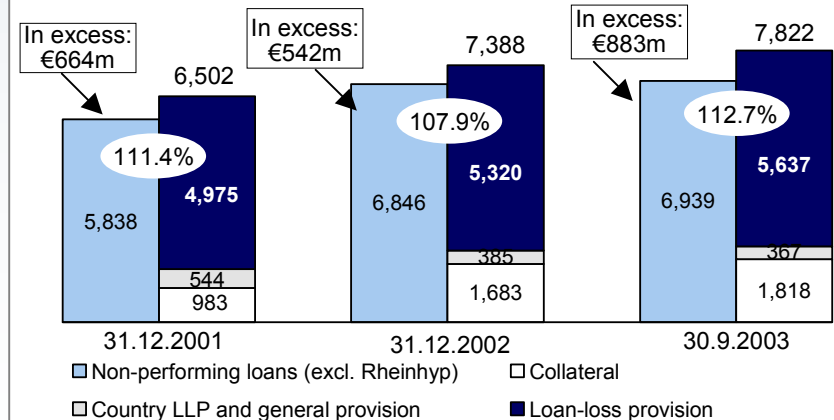
* ex Rheinhyp

-11%

9M2002 4Q2002 1Q2003 2Q2003 3Q2003 9M2003



Loan-loss coverage ratio



After allowance for special effects, net interest income down only slightly

Effects

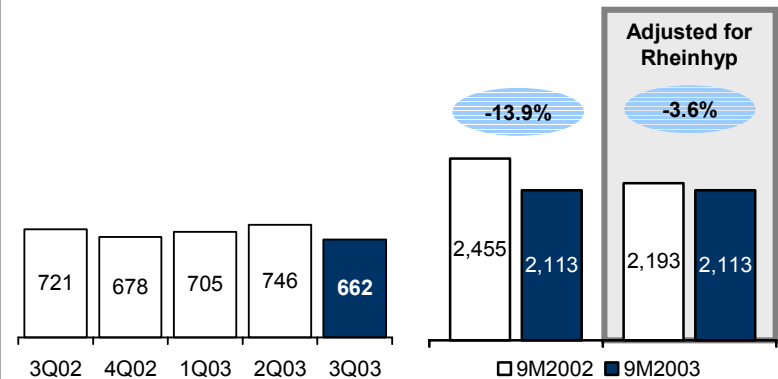
- Net interest income per 9/2003 only 3.6% down on previous year after adjustment for Rheinhyp
- Net interest income of core business lines Retail Banking and Corporate Customers and Institutions stable in Q3 as well
- Net interest income of Group Treasury, Mortgage Banks and Others and Consolidation lower due to non-recurring or seasonal effects
- Wider credit margins more than offset by reduction of risk-weighted assets and lower deposit margins
- Negative effect of €30m from currency fluctuations in Q3



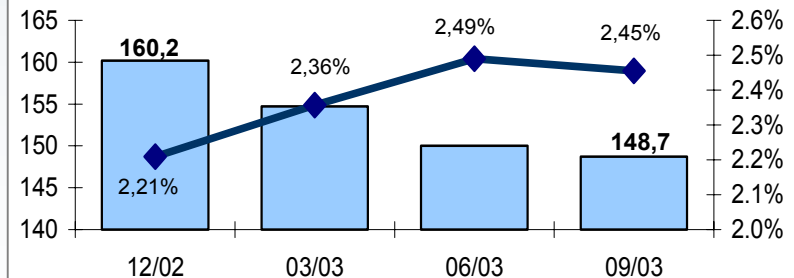
Marked improvement in interest income can be expected in the future, thanks to

- further systematic realization of wider margins
- greater lending as economy picks up, and
- sustained easing of interest burden due to revaluation of portfolio

Net interest income before provisioning



Risk-weighted assets (in € bn) and margin (in %)



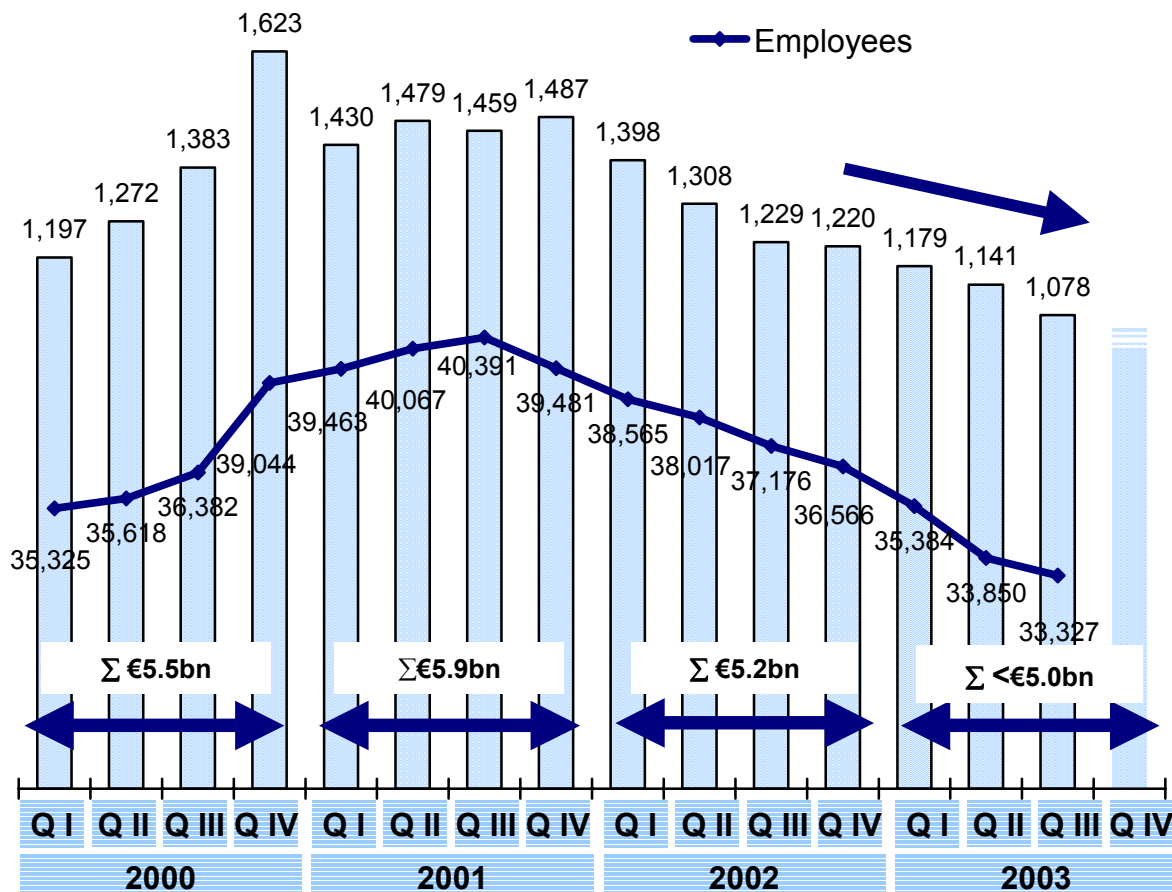
Risk-weighted assets according to BIS (including market-risk positions)
Interest margin relative to risk-weighted assets according to BIS

Cost-cutting initiative successfully implemented

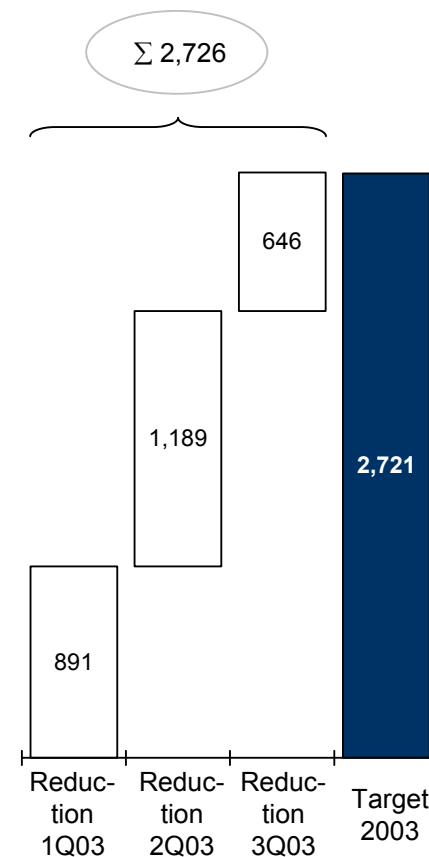
2000-2003

Operating expenses in € m

Employees



2003 target for reducing full-time staff already achieved after Q3



Systematic reduction of non-strategic participations

Reduction of non-strategic bank participations

- Freeing up of equity/reduction of funding costs
- Realization of extraordinary profits
- 5 participations completely or partially disposed of in 2003

Reduction of listed industrial participations

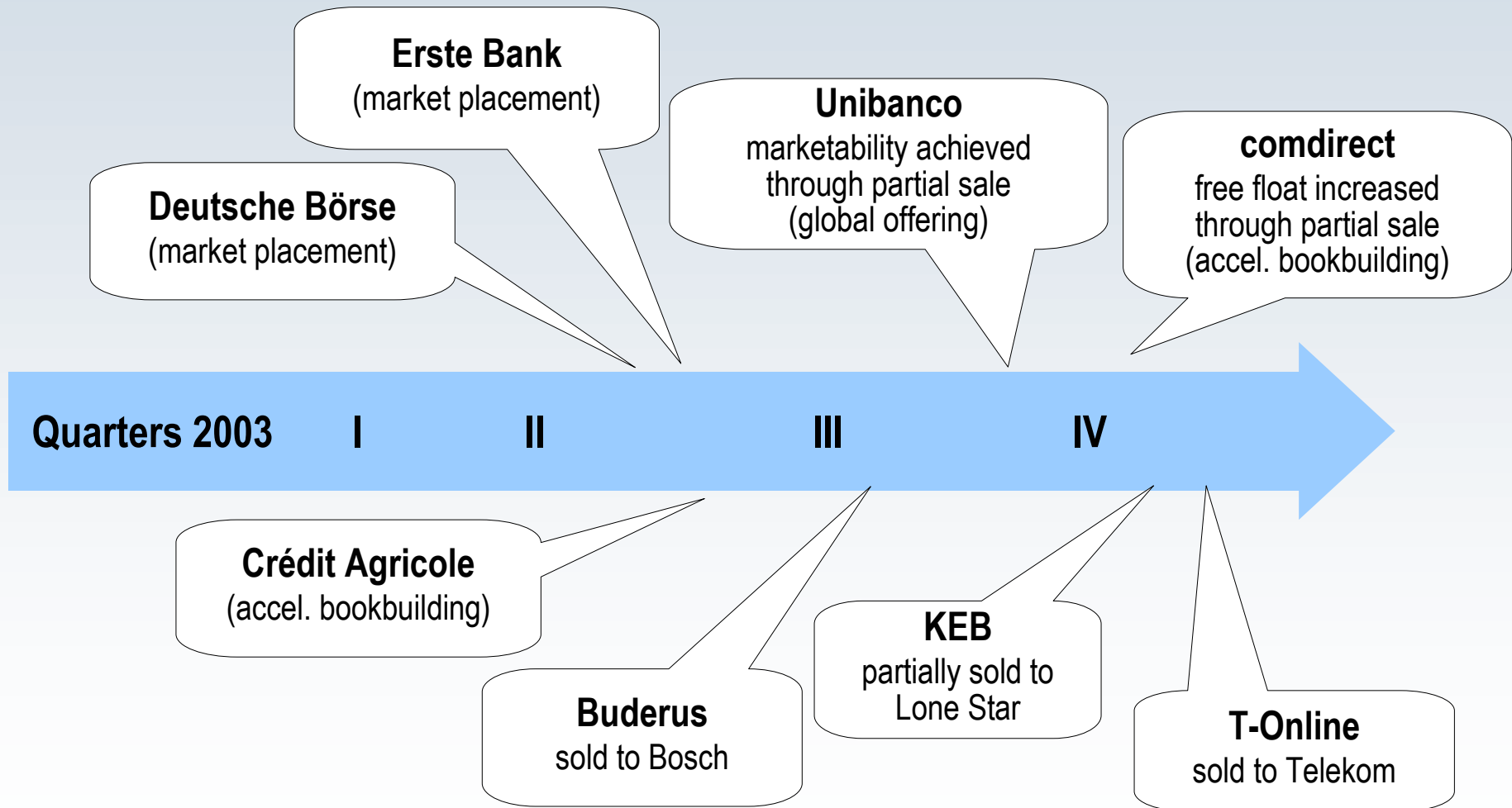
- Freeing up of equity/reduction of funding costs
- Realization of extraordinary profits
- 3 participations completely disposed of in 2003

Step-by-step reduction of secondary-level participations

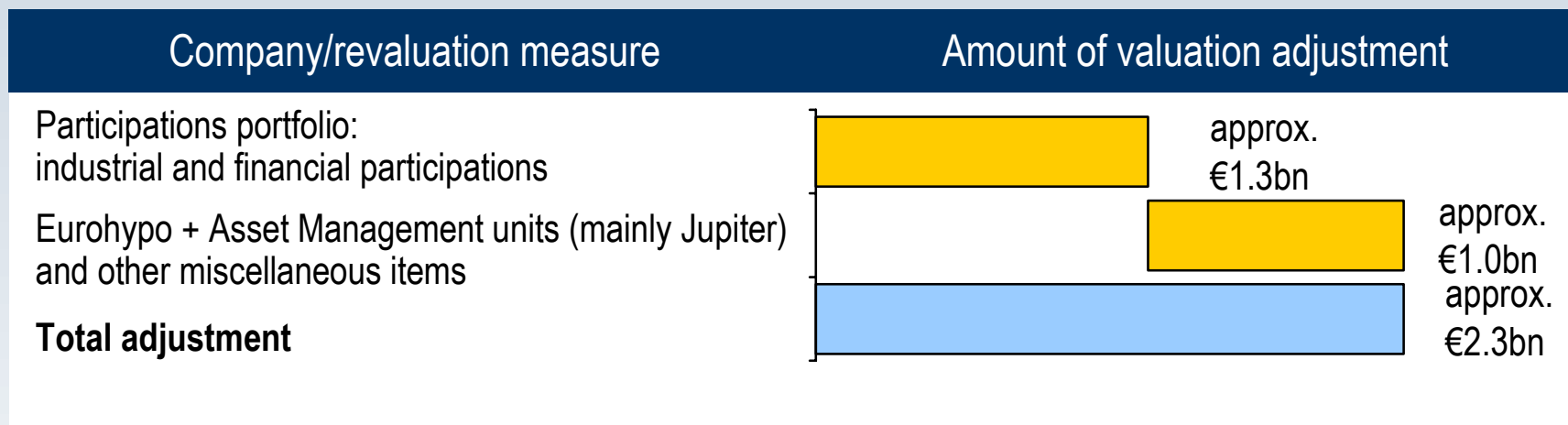
- Disposal or liquidation of small participations not essential for Bank's core activities
- Reduction of portfolio complexity
- 24 participations disposed of in 2003

Priority

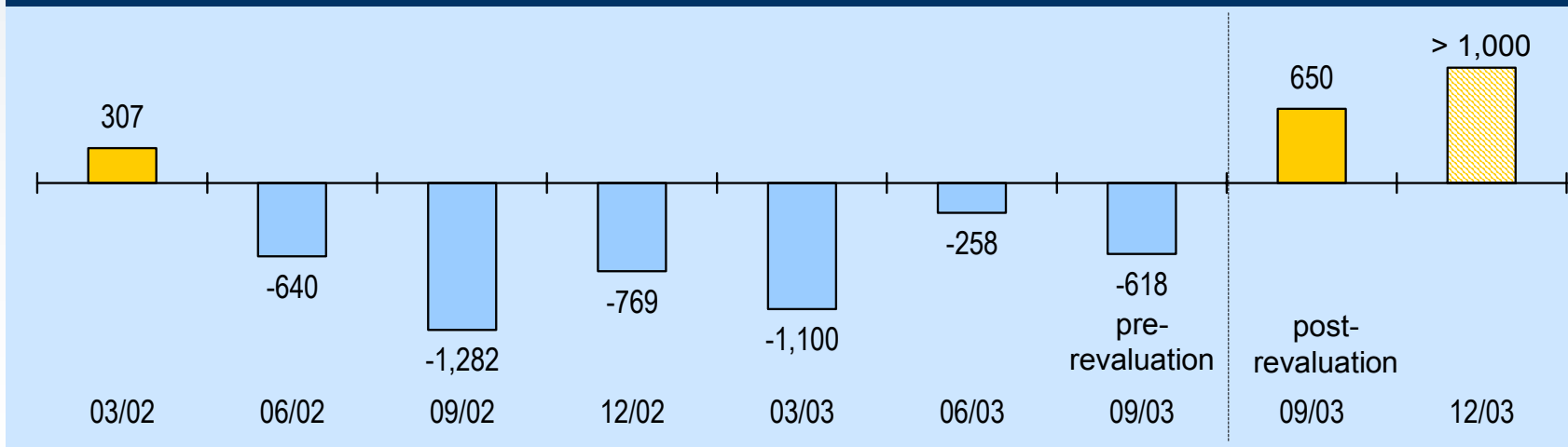
Major disposals of participations in 2003



Valuation adjustments by specific items



Revaluation reserve now positive again (in € m)



Capital raising to position Commerzbank for growth and strategic flexibility

Successful placing of Commerzbank shares:

- Placing of 53.3 million new Commerzbank shares
- More than four times oversubscribed
- Share price remained quite stable throughout the placement
- The new shares were allocated at a price of €14.25 (2.4% below the weighted average price in Xetra)
- New funds of roughly €760m before expenses
- Number of issued shares almost 598m after the capital increase

Effects

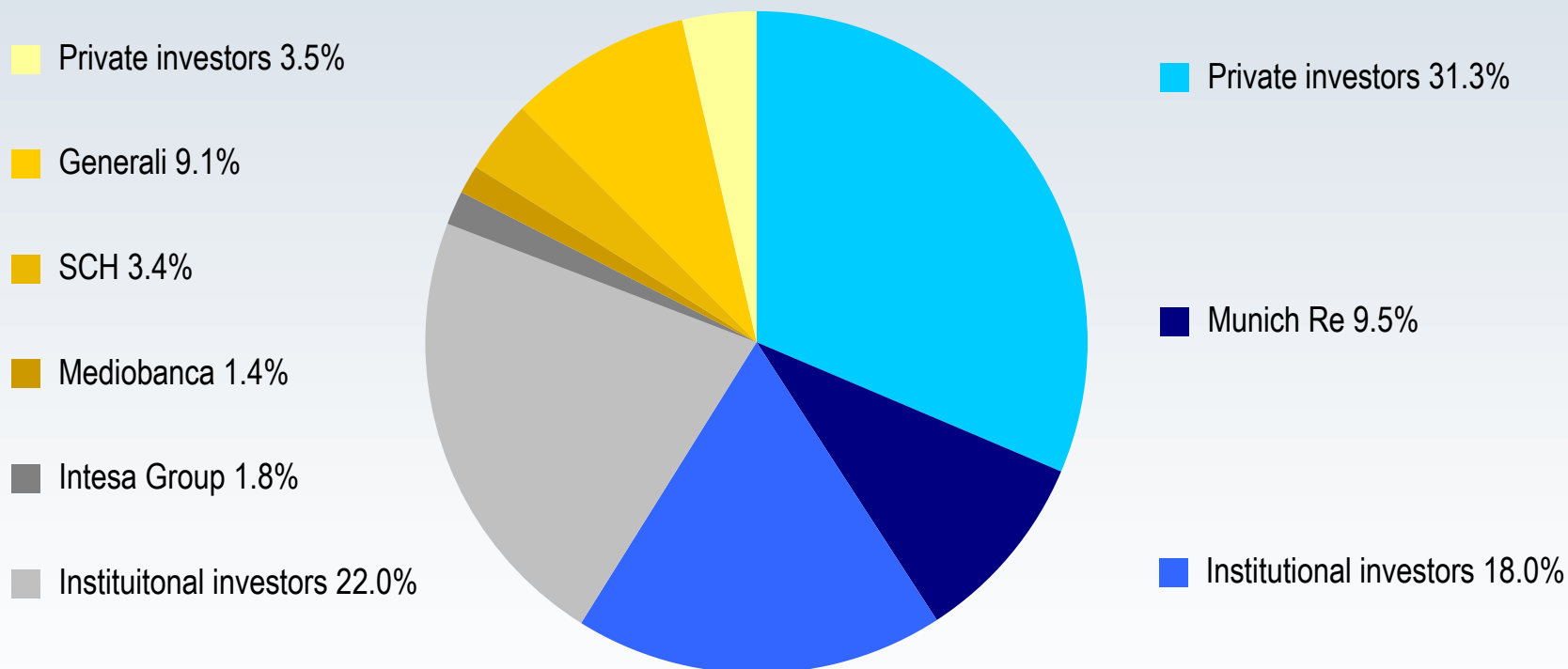
Capital raising positions Commerzbank to:

- Take advantage of selected growth opportunities as the German economy recovers
- Provide increased financial flexibility
 - Tier 1 ratio at targeted level of above 7.0%, broadly in line with European peers
 - Quality and transparency of capital base greatly improved, stabilizing rating and outlook
- Higher weighting in DAX

Commerzbank's 361,000 shareholders

Abroad

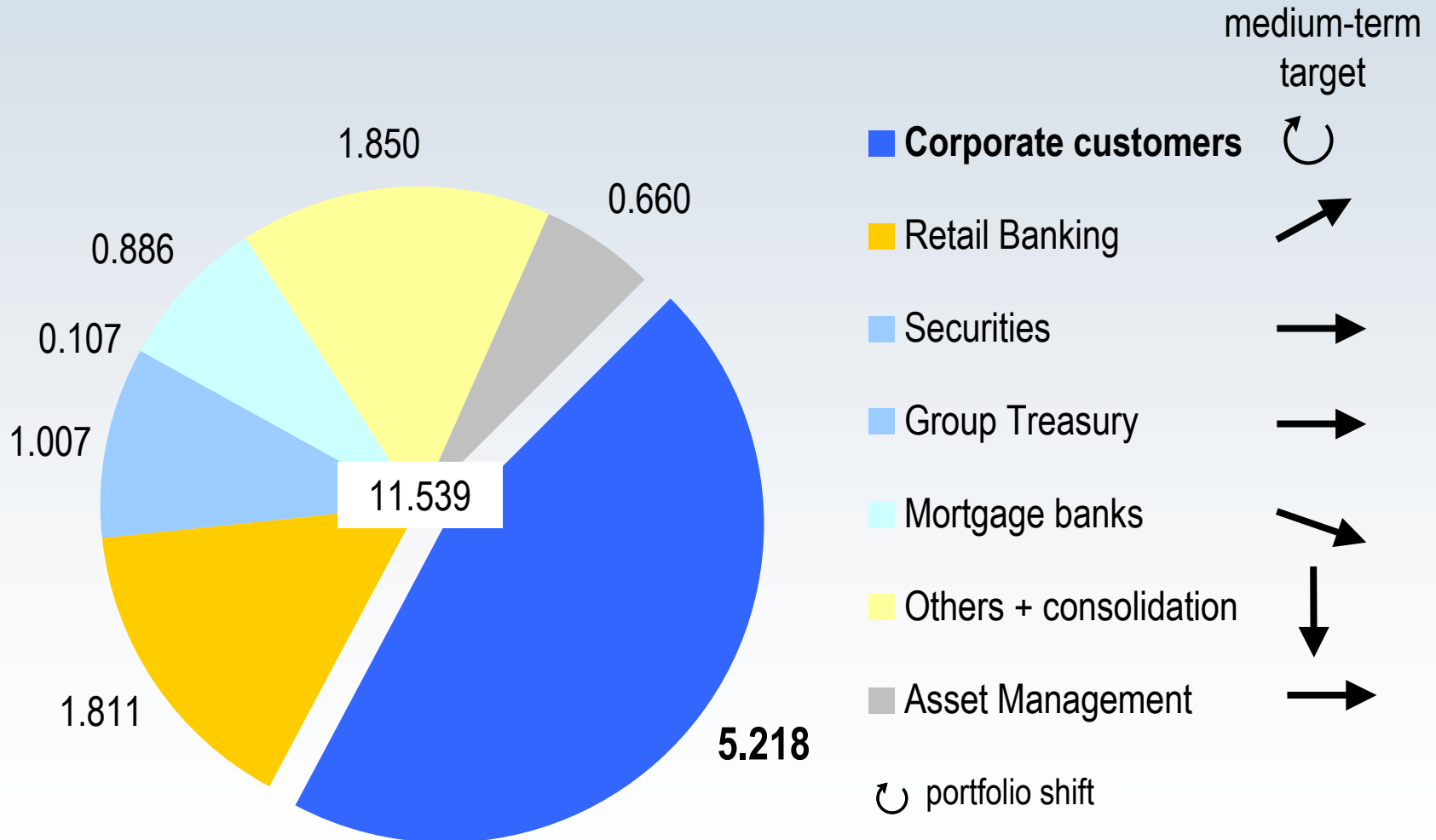
Germany



as of 15.12.2003

Equity allocation within Commerzbank Group

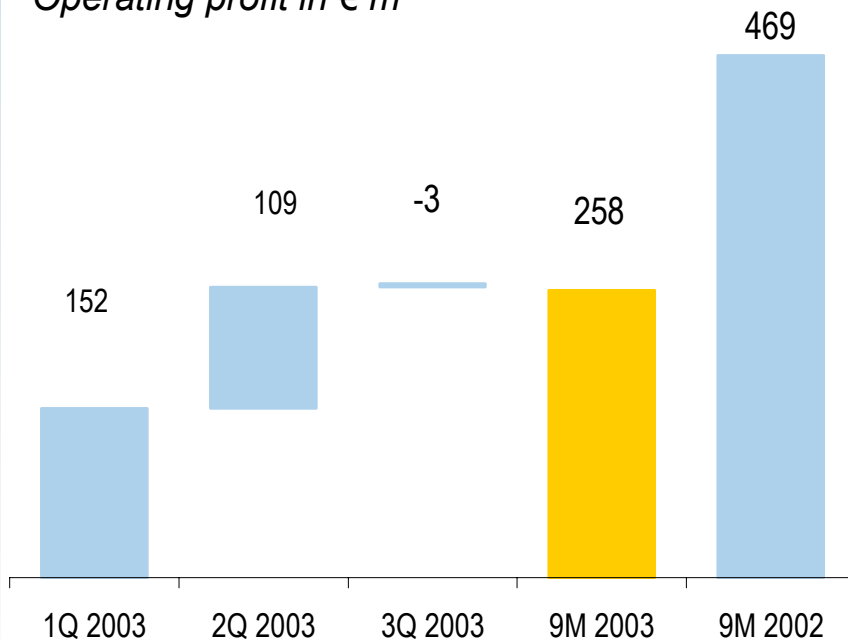
Strengthening of growth areas, 30.9.2003, in € bn



Improved interest margin not yet reflected in corporate business

Corporate Customers and Institutions

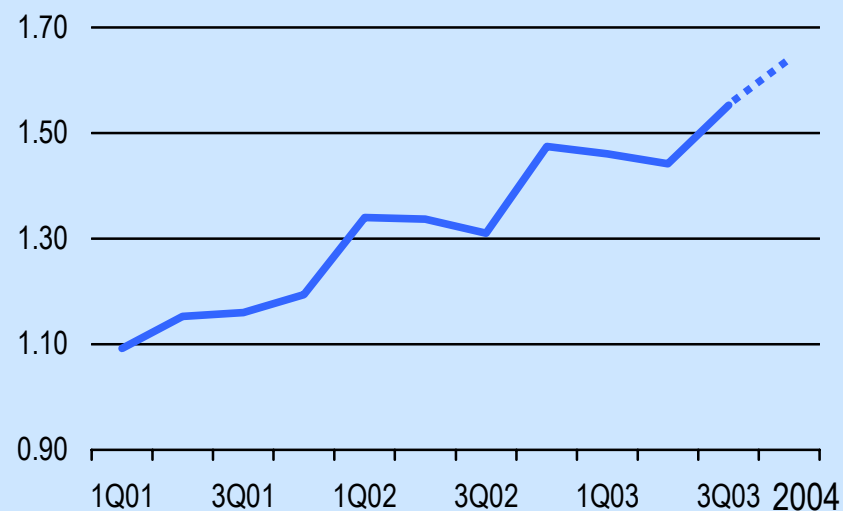
Operating profit in € m



- Trading income and net result on investments weakened Q3 result.
- Q3 net interest income negatively affected by currency changes.
- Nevertheless, interest income after provisioning higher than in Q2.

Domestic corporate customers

margin as % of total lending
(incl. commission on credit lines)



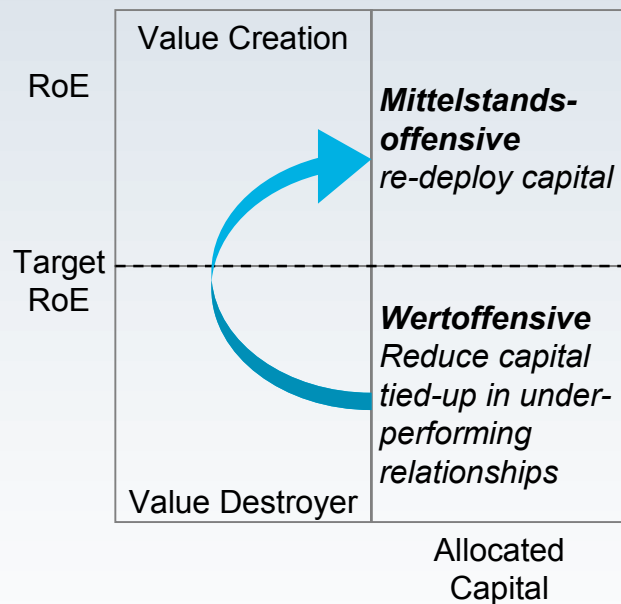
- Credit margin expanded further in Q3 2003

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

Portfolio Shift

“Mittelstandsoffensive“

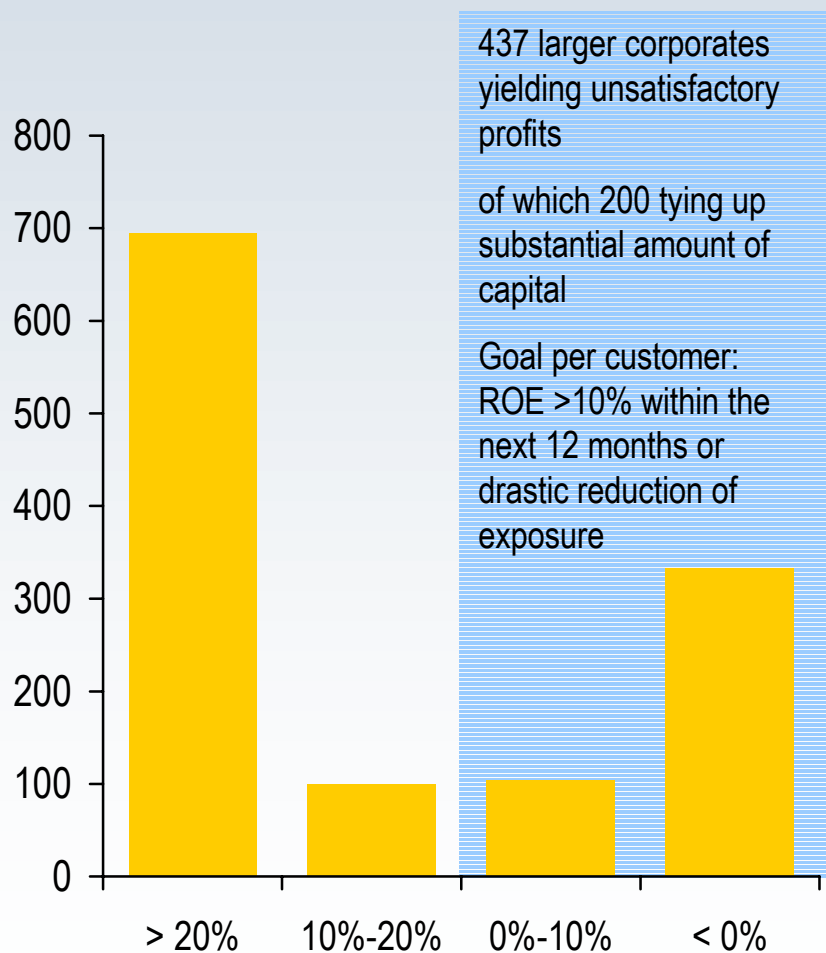
“Wertoffensive“



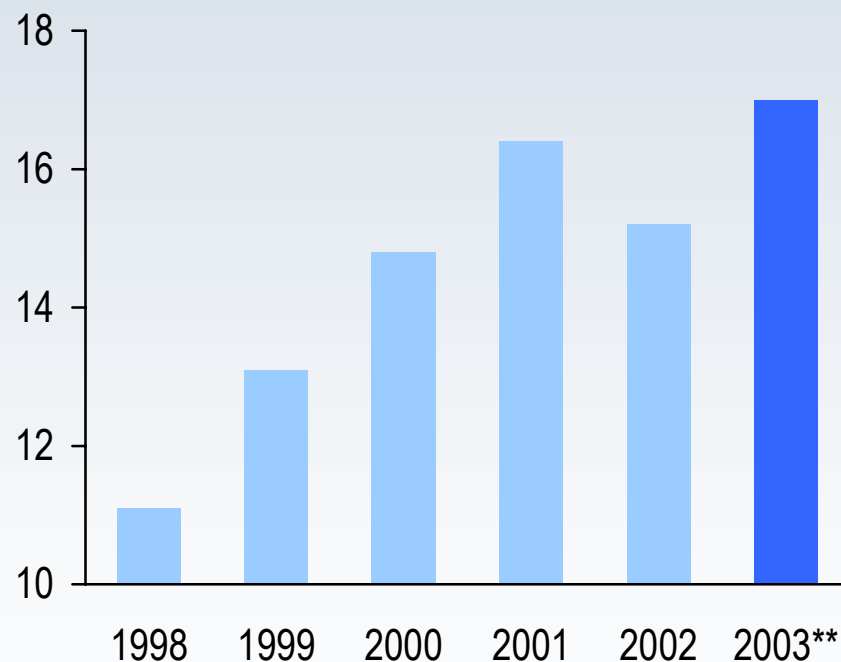
- ✓ Expand business with existing clients, build up new relationships: additional allowance of €2bn risk-weighted assets)
 - ⇒ Target: 45% of SMEs with CB account (38% today); 9,000 new clients
 - ⇒ Extend cross-selling capabilities further
 - ⇒ Maintain strong focus on credit quality

- ✓ Set-up of five centers 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

Crash programme launched for turnaround of low or unprofitable larger corporate relationships



Loans to SMEs*
in € bn



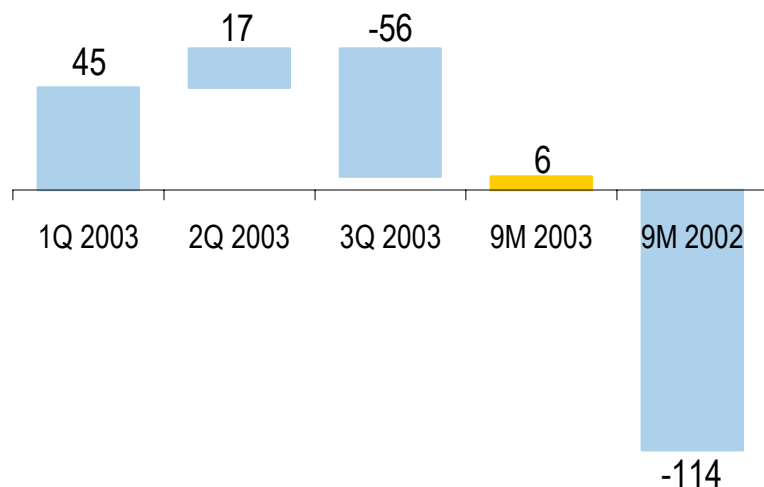
*) Turnover between €2.5m and €250m

***) incl. approx. €2bn provided under our *Mittelstand* offensive

Closer cooperation with corporate banking will lead to more stable results

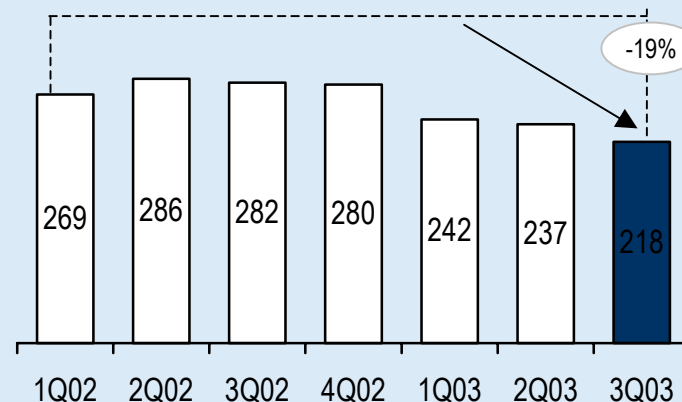
Securities

Operating profit in € m

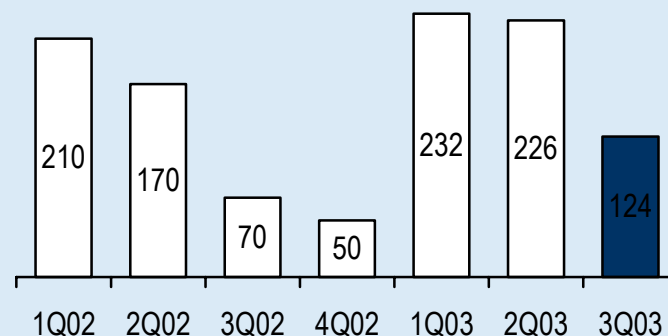


- Cost rationalization completed (19% expense reduction since Q1 02)
- Diversified product franchise preserved with per head revenue generation above industry average
- Progressive integration with Corporate Banking to leverage strategic synergies
- Good trading result in October 2003 makes us confident that the earnings weakness in Q3 was temporary interlude.

Operating expenses on downtrend



Trading profit volatile



Integration of Corporate und Investment Banking

Business Committee of Corporate & Investment Bank

- Resource planning (equity, product specialists)
- Pricing strategies
- Setting of targets and activity planning for individual clients
- Monitoring of agreed measures

Inclusion of senior investment bankers in virtual support team for MNCs

- Senior investment bankers with responsibility for selling investment-banking products
- Direct access to clients by investment bank
- Joint setting of targets and activity planning
- Monitoring by Business Committee

Inclusion of IB product specialists in virtual support team for large corporates

- Clearly identified responsibility for selling IB products
- Joint setting of targets and activity planning
- Monitoring by Business Committee

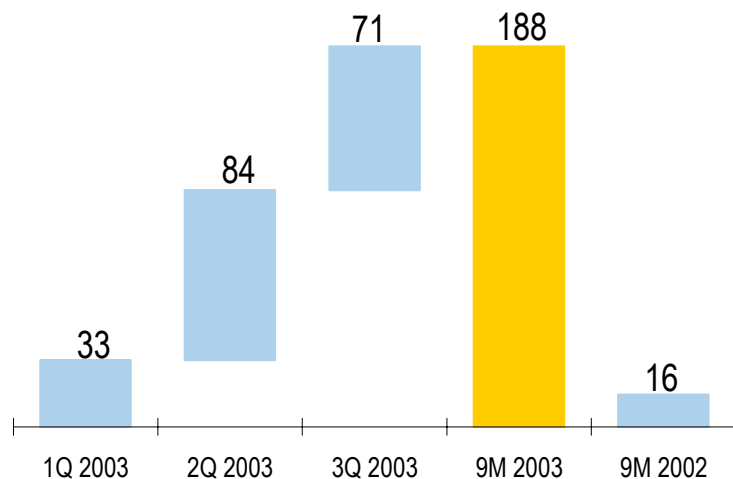
Inclusion of specialists from financial-engineering centres in *Mittelstand*

- Joint planning of marketing and activities
- Functions of FE centres:
 - Support for local corporate relationship managers in structuring specially tailored solutions
 - IB expertise as multiplier
 - Coordinator/interface function between corporate sales and investment-banking product specialists

Restructuring efforts bear fruit

Retail Banking

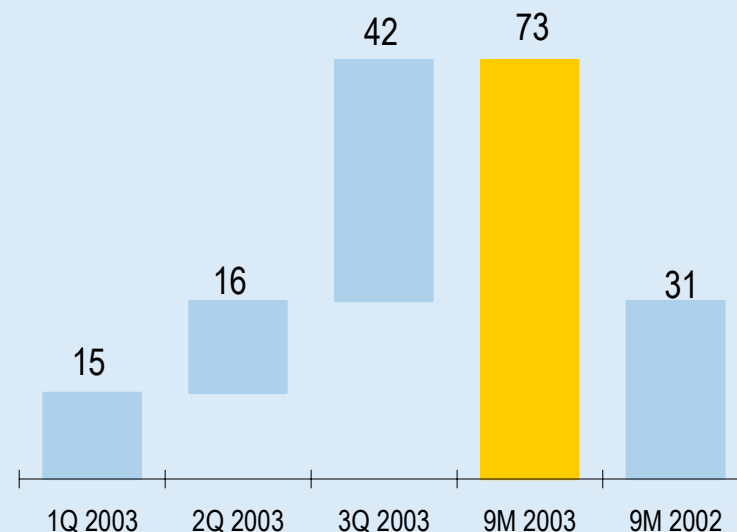
Operating profit in € m



- “Play to win” initiative lowered costs by capacity cuts and process streamlining. Costs now back to 1999 levels
- “Grow to win” strategy focuses on leveraging strong market position in high-margin client segments
- Successful restructuring of comdirect
- With an operating ROE of 13.8% in the first 9 months 2003, we are on the way to becoming Germany’s best nationwide bank for retail customers

Asset Management

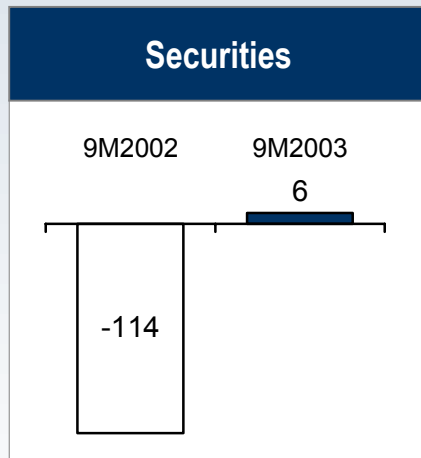
Operating profit in € m



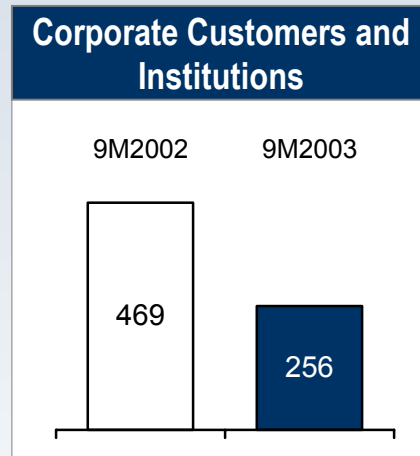
- Consolidation of domestic franchise within COMINVEST
- Divestment of non-core activities (in the US and Italy)
- Result: substantial synergy realization and cost reduction of 52% since Q1 02
- In Q3 commission income of €107m, 15% above Q2 level

Operative turnaround is under way

respective business operating profit (ytd) in € m

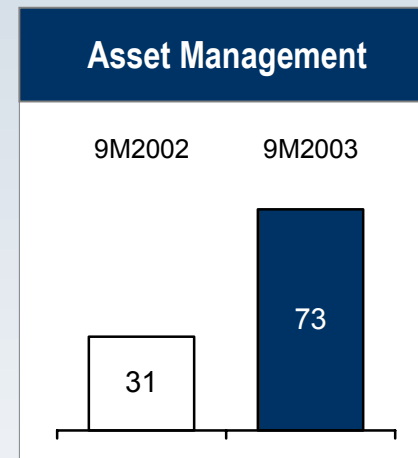


✓ Improved results, but trading income volatile

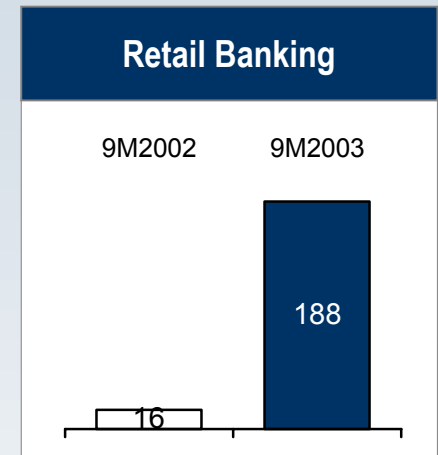


Operative business mainly suffering as a result of high provisioning, but

1. Adopted measures are having an impact
2. Lower provisioning in the future will bring significant improvement




✓ Operative turnaround achieved



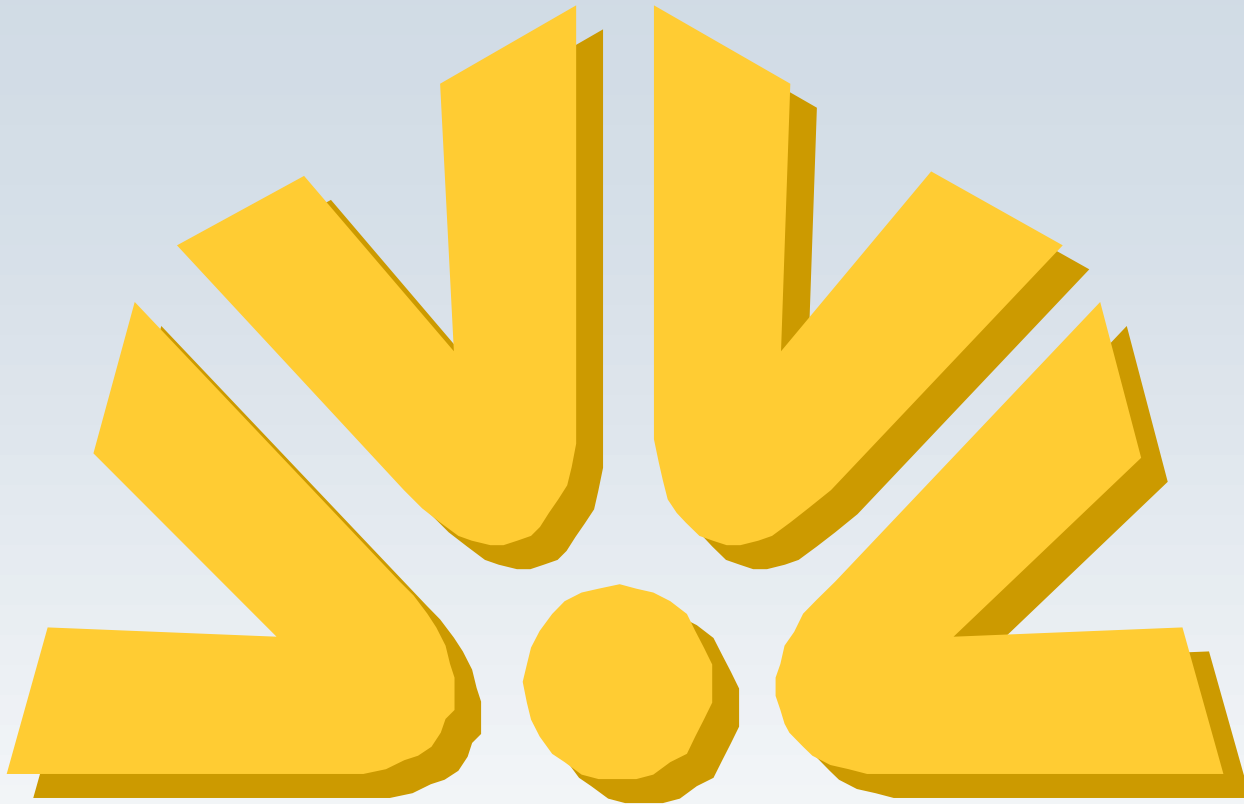
✓ Full turnaround achieved

Four levers for moving to the top in 2004

Key success factors

- 1 Growth program in corporate banking
 - 2 Stronger links between investment & corporate banking
 - 3 Expanding retail banking, “grow to win“
 - 4 Accelerated disposal of non-strategic participations
- 

**Growing in
profitable businesses**



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