

COMMERZBANK'S FINANCIALS – A SOUND BASIS
GERMAN INVESTMENT CONFERENCE

Munich, 28.09.2005

Dr. Eric Strutz
Chief Financial Officer

/ Highlights of H1 2005 results

Earnings quality significantly improved

- Interest and commission income growth
- Allocation to provisioning lowered to downside case of €750m

Cost/income ratio of 64.5% reveals our tight grip on costs

- However, significant investments in areas with potential for sustainable growth

New structure of our divisions is paying off

- Private & Business Customers as well as Mittelstand on a good course
- Turnaround of Corporates & Markets
- Excellent performance of Mortgage Banks

After-tax RoE of 12.6% well above our cost of capital

/ Strengths & weaknesses of H1 2005 results

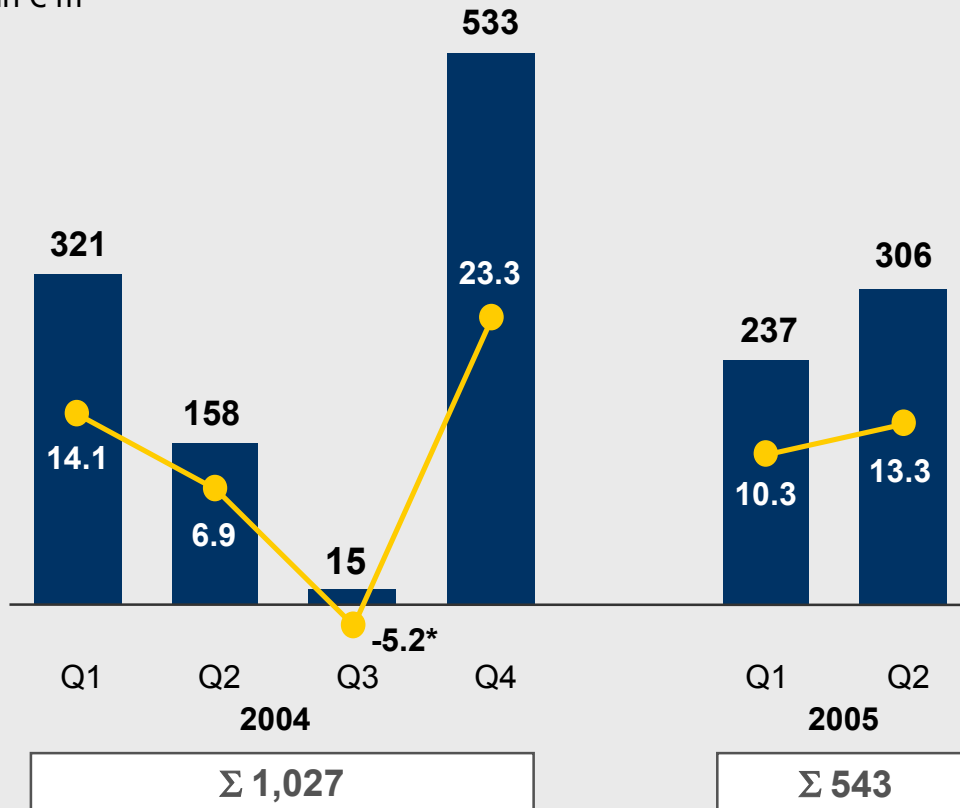
in € m	H1 '04	H1 '05	Change		Comment
Net interest income	1,547	1,568	1.4%	✓	Considerable increase in Q2 '05
Provisioning	-452	-375	-17.0%	✓	Further reduction potential
Net commission income	1,154	1,171	1.5%	✓	Consistent improvement q-o-q
Trading profit	445	273	-38.7%	?	Disappointing performance
AfS result/participations	234	378	61.5%	✓	Sale of non-strategic investments
Others*	142	12	-91.5%		
Operating expenses	2,248	2,195	-2.4%	✓	Cost management a permanent task
Operating profit	822	832	1.2%	✓	High H1 '04 level even exceeded
After-tax profit	546	633	15.9%	✓	Satisfactory level

* other operating result and net result on hedge accounting

/ Comprehensive income reflects the real earnings power

Comprehensive income

in € m



● RoE after tax on comprehensive income (annualized, in %)

* after restructuring expenses of €132m

RoE on comprehensive income in Q2 above Q1 level

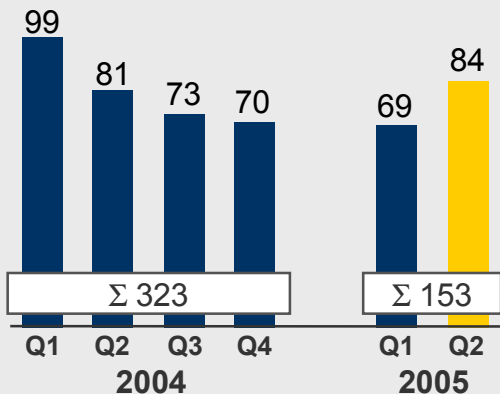


Cost of capital exceeded in both quarters

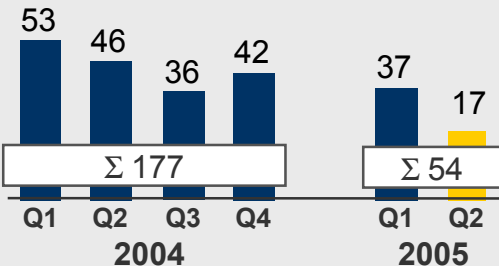
Core divisions showing positive development

Operating profit in € m

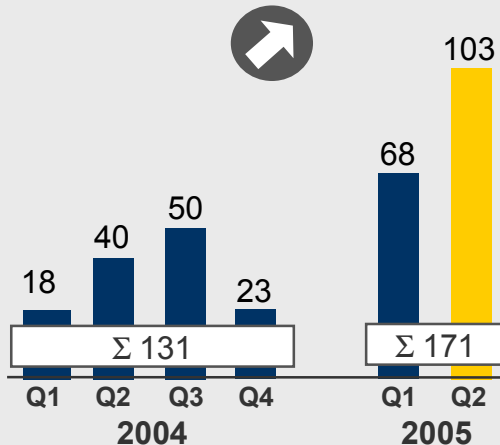
Private & Business Customers



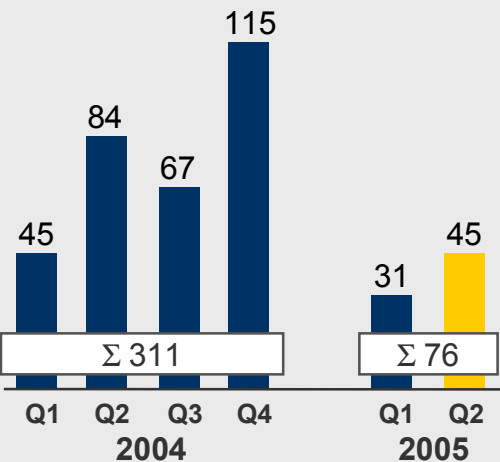
Asset Management



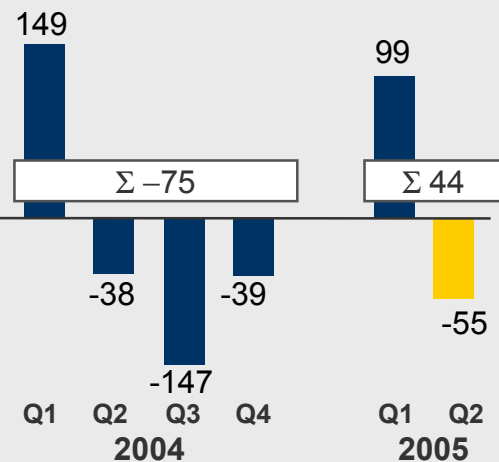
Mittelstand



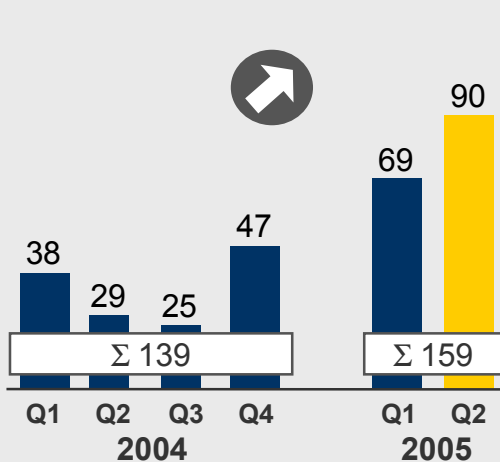
International Corporate Banking



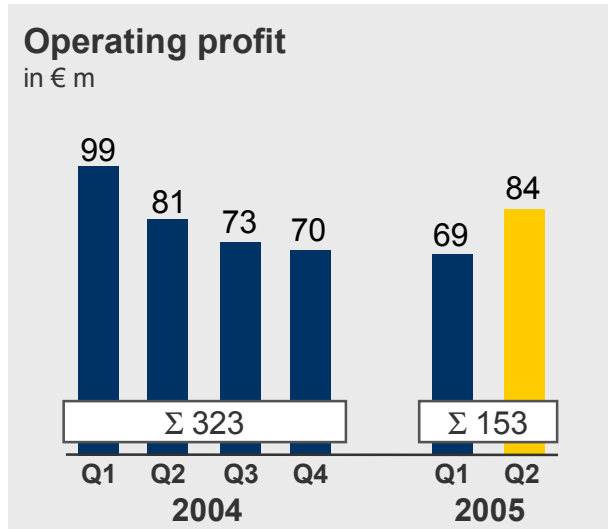
Corporates & Markets



Mortgage Banks

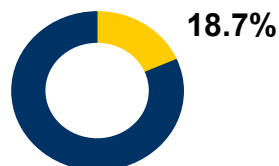


Private & Business Customers: Tight cost control partially compensated for decreased interest income



	Q1 '05	Q2 '05
Ø equity (€ m)	1,882	1,880
Operating RoE* (%)	14.7	17.9
CIR (%)	78.5	76.1

Equity allocation within Group



*annualized

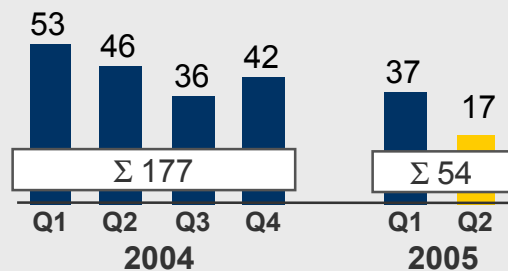
Measures to increase profitability

- Focused investments in online, private and business banking products/services (€55m in 2005)
- Quality enhancements in financial consulting (mortgage, insurance and investment advisory as central competence)
- Enhanced branch efficiency by leveraging “Branch of the future” learnings
- Strengthen regional presence of Private Banking
- Review of product complexity, esp. residential mortgages
- Individual quarterly performance reviews and central sales campaigns for all major product lines

Asset Management: AuM development reflecting distribution strategy

Operating profit

in € m



Measures to increase profitability

- Foster cross-border production and distribution (esp. in UK and France)
- Prepare for German REITs (via Commerz Grundbesitz)
- Enhance product performance by building upon core competences
- Focused marketing of flagship products / innovations
- Increase third-party sales capacity
- Efficiency programme for fund administration

	Q1 `05	Q2 `05
Ø equity (€ m)	533	513
Operating RoE* (%)	27.8	13.3
CIR (%)	72.0	87.3

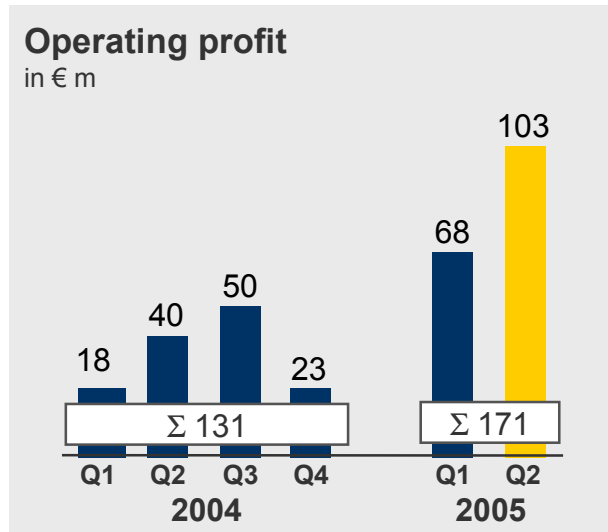
Equity allocation within Group



5.2%

*annualized

/ Mittelstand: Jump in operating profit thanks to productivity gains



	Q1 '05	Q2 '05
Ø equity (€ m)	2,945	2,973
Operating RoE* (%)	9.2	13.9
CIR (%)	56.1	52.8

Equity allocation within Group



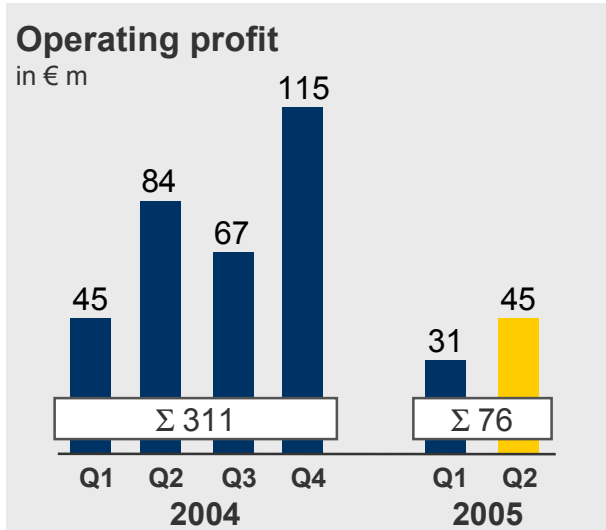
29.3%

*annualized

Measures to increase profitability

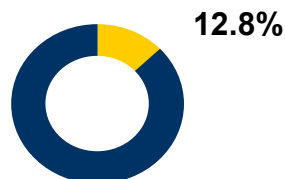
- Boosting existing business with value-added products for large corporates
- Capital reduction in high-risk exposures / systematic approach with special focus on low-value accounts
- Intensifying risk-adjusted pricing
- Strengthening focus on innovative products (e.g. derivative business)
- Focus on Trade Finance & Transaction Services/ “companyworld” internet offer internationalised
- End-to-end optimisation of core credit processes
- Value-based management of equity
- CEE: stabilise turnaround at BRE and tap other growth opportunities (e.g. innovative business concept for SME banking in Hungary)

/ International Corporate Banking: Potential for improving efficiency



	Q1 `05	Q2 `05
Ø equity (€ m)	1,251	1,339
Operating RoE* (%)	9.9	13.4
CIR (%)	55.4	53.9

Equity allocation within Group

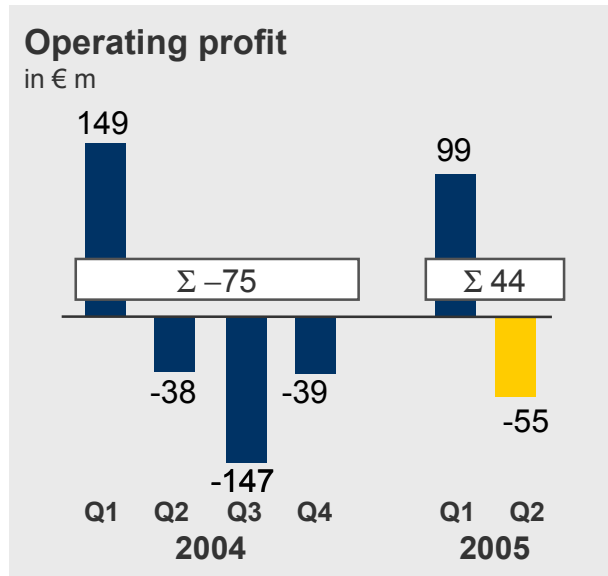


*annualized

Measures to increase profitability

- Maintain No. 2 position among German financial institutions by concentrating on value-creating structured lending products and trade finance
- Focus on investment grade loans is keeping provisioning low
- Weeding out low-margin products
- Continuing successful niche strategies in the US and with financial institutions (approx. 6,000 client relationships)
- Streamlining of credit portfolio and regional concentration
- Costs under review in Western Europe
- Return to former successful treasury profits

/ Corporates & Markets: Significant cost savings realized



	Q1 '05	Q2 '05
Ø equity (€ m)	1,832	1,848
Operating RoE* (%)	21.6	-11.9
CIR (%)	68.0	137.5

Equity allocation
within Group



18.3%

*annualized

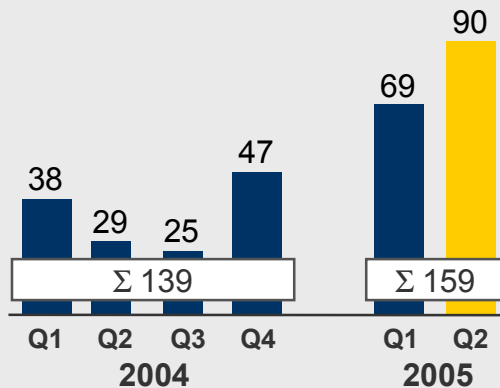
Measures to increase profitability

- Cost reduction ahead of plan, further downsizing by €100m in 2006
- Finalizing back-office restructuring
- Securities and CRM join forces to realize synergies on revenue side and reduce regulatory capital
- Further equity downsizing to below €1.6bn through more efficient portfolio management
- Hiring of 4 new heads for individual business lines (y-t-d) - proof of intention to grow in specific areas
- Keeping costs under control
- Closure of Spec Sits (last non-client-related prop trading team) reduces future earnings volatility

/ Mortgage Banks: Significantly increased profitability

Operating profit

in € m



Eurohypo

Share: 31.8%



- Europe's leading bank specializing in financing mortgages and public finance
- Roll-out and strengthening of international business

EssenHyp

Share: 51.0%



- Germany's most profitable public-sector finance bank
- Diversification of revenue streams due to new "Pfandbriefgesetz"

EEPK

Share: 75.0%

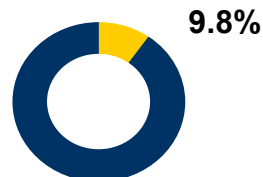


- Very successful niche player in Luxembourg
- Diversification in terms of customers and products

Result in H2 '05 should exceed H1 '05's level

	Q1 '05	Q2 '05
Ø equity (€ m)	989	993
Operating RoE* (%)	27.9	36.3
CIR (%)	11.5	9.3

Equity allocation within Group



*annualized

/ Commerzbank's specific strengths – basis to build upon

1.

Clear strategic position

- German Mittelstand
- Private & Business Customers

2.

Management

- Committed to CB's long-term success

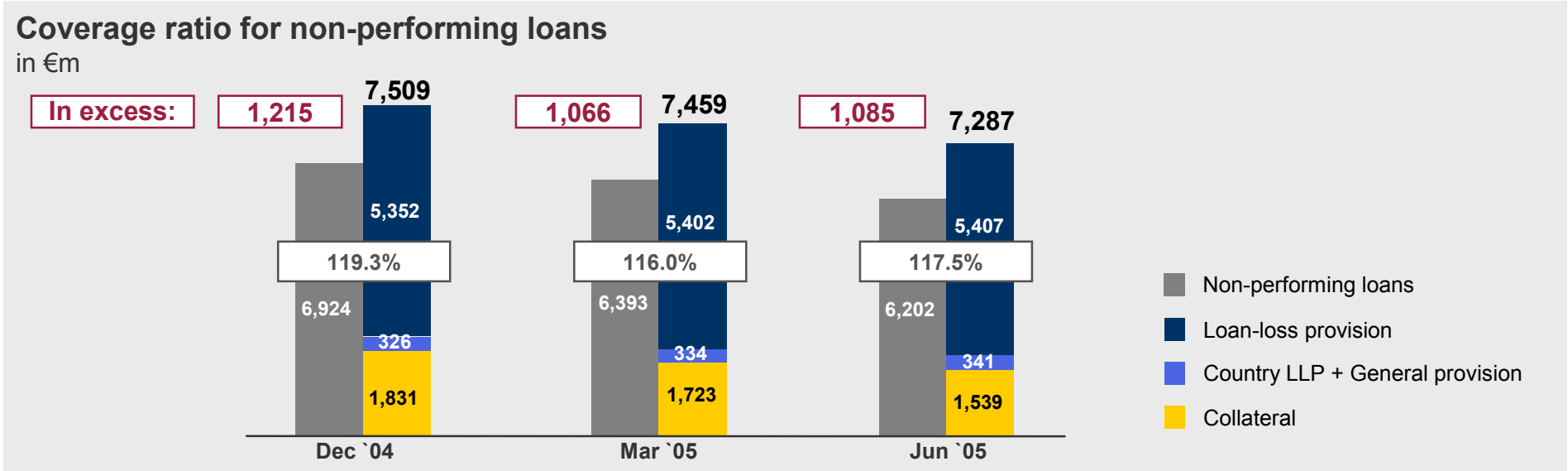
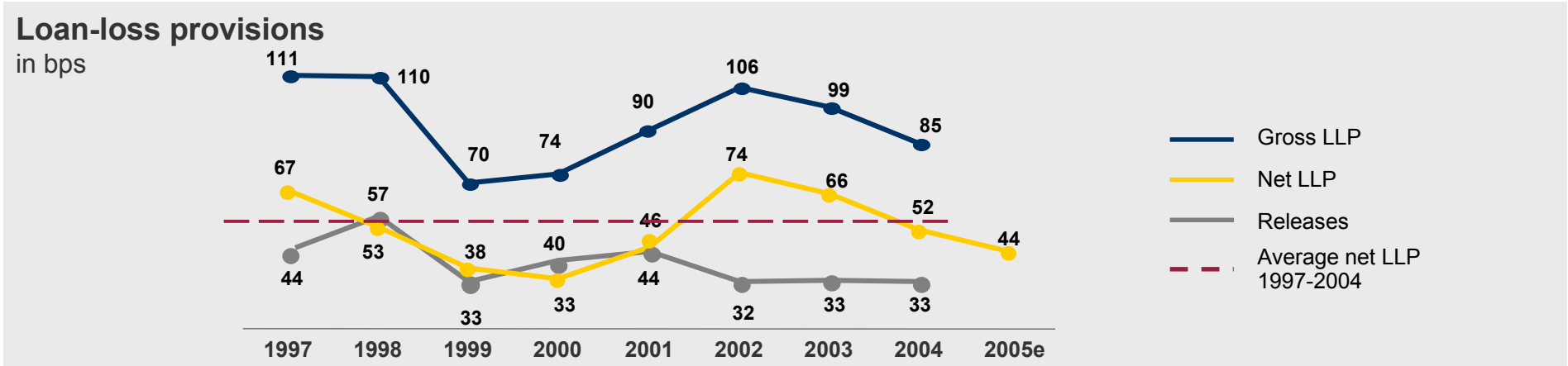
3.

Financials strength

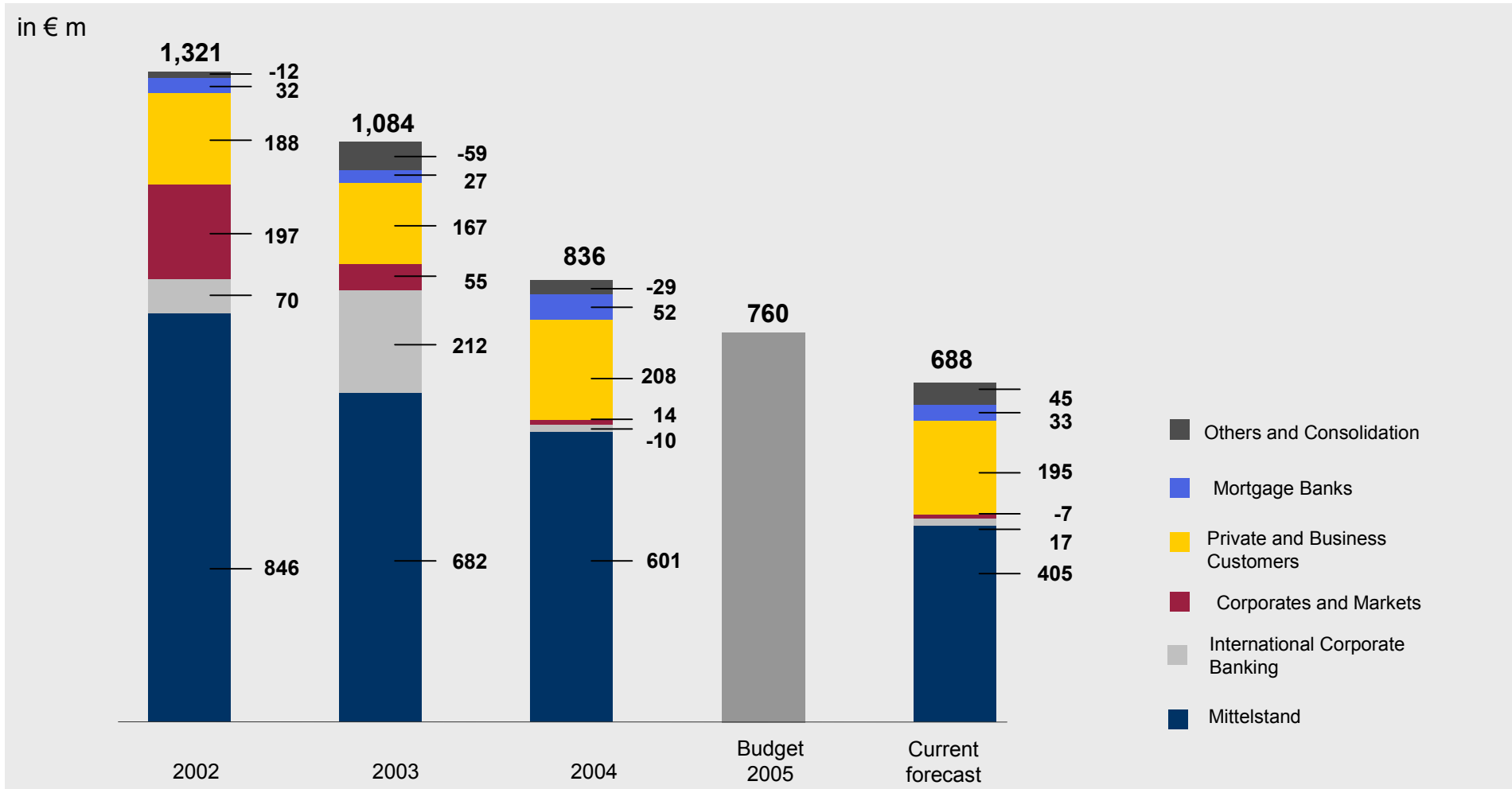
- High loan quality
- Strong Tier 1 capital
- High revaluation reserves



CB's strategic options are based on improved loan quality ...

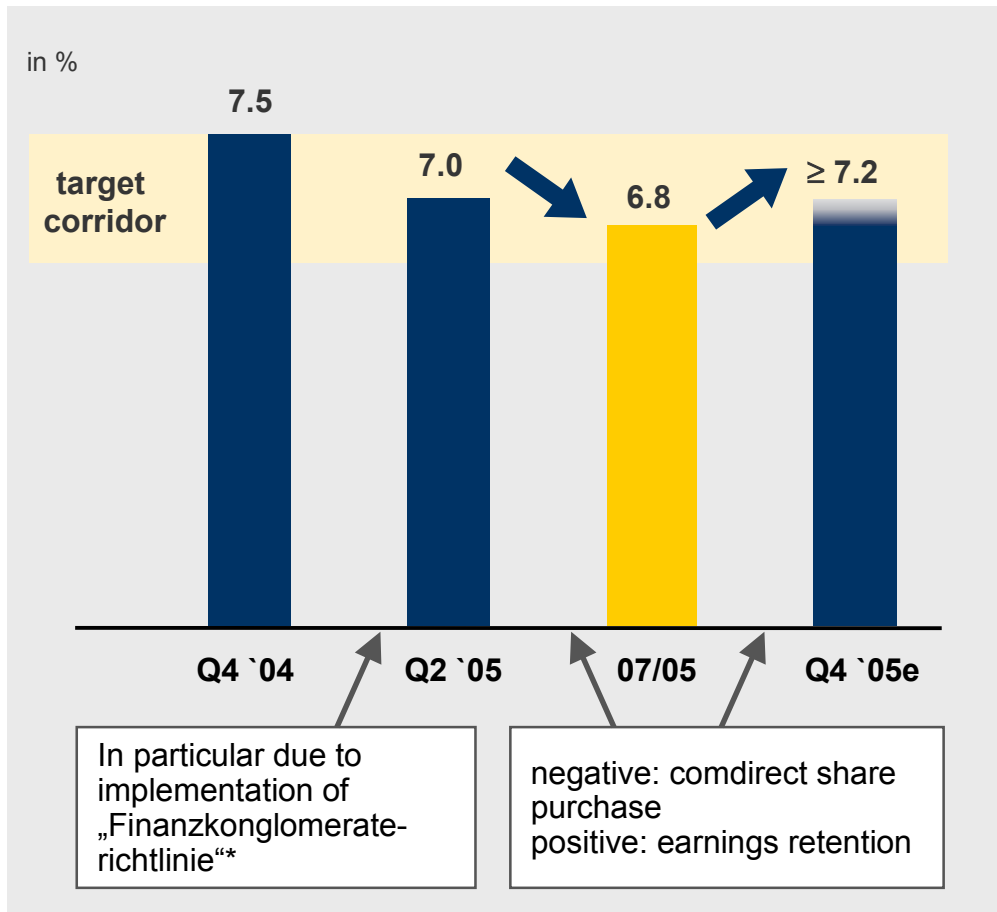


/ ... leading to consistent decline in provisioning needs



/ CB's financial strength is based on a sound Tier 1 ratio ...

Development of Tier 1 capital ratio (BIS)



* new "Finanzkonglomeraterichtlinie" requires inclusion of KAGs in consolidation

Capital management

- ➔ Projected Tier 1 ratio (BIS) in line with CB target range
- ➔ CB main focus: realize further growth potential (organic and acquisitions)
- ➔
 - Disposal of participations: cont'd
 - Optional: securitizations
- ➔ Additional measures (dividend policy, share buyback) depending on:
 - Acquisition opportunities
 - Satisfactory earnings stability
 - Rating considerations

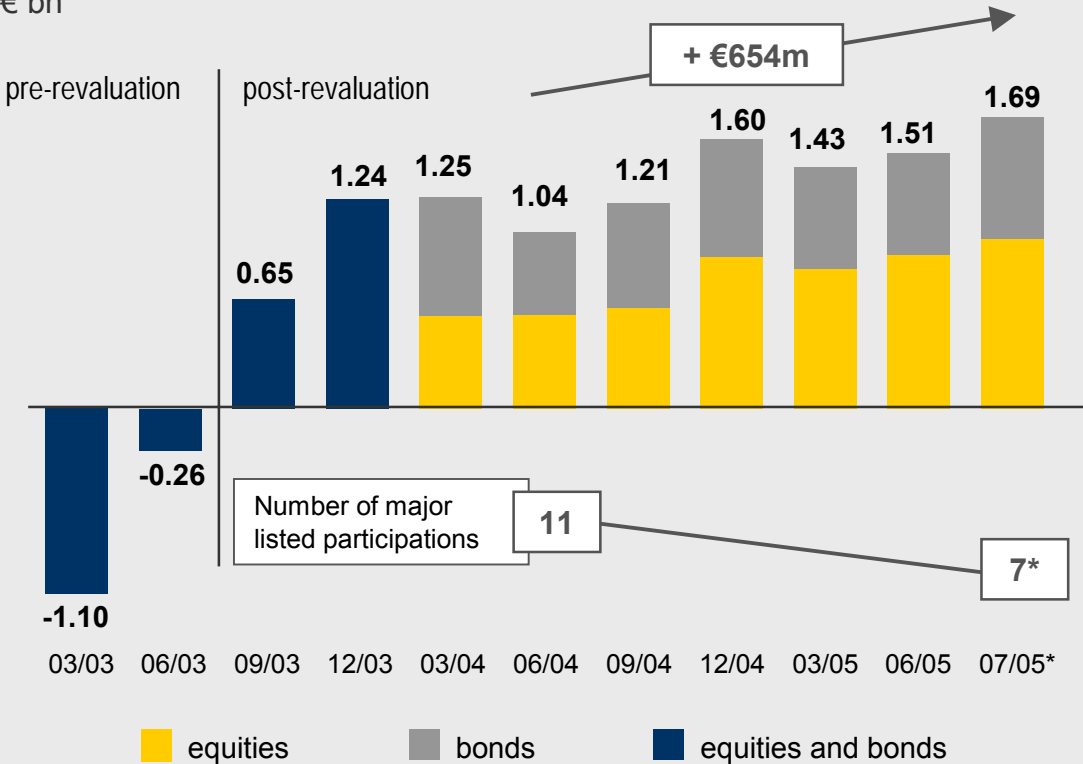
/ ... a higher revaluation reserve, despite disposals, ...

Major participations of Commerzbank as of now

≥ 10%	KEB	
~ 10%	Linde (DAX)	
1 - 5%	Banca Intesa SpA	} Strategic participations
	Generali	
	Mediobanca	
	Hochtief (MDAX)	
	ThyssenKrupp (DAX)	

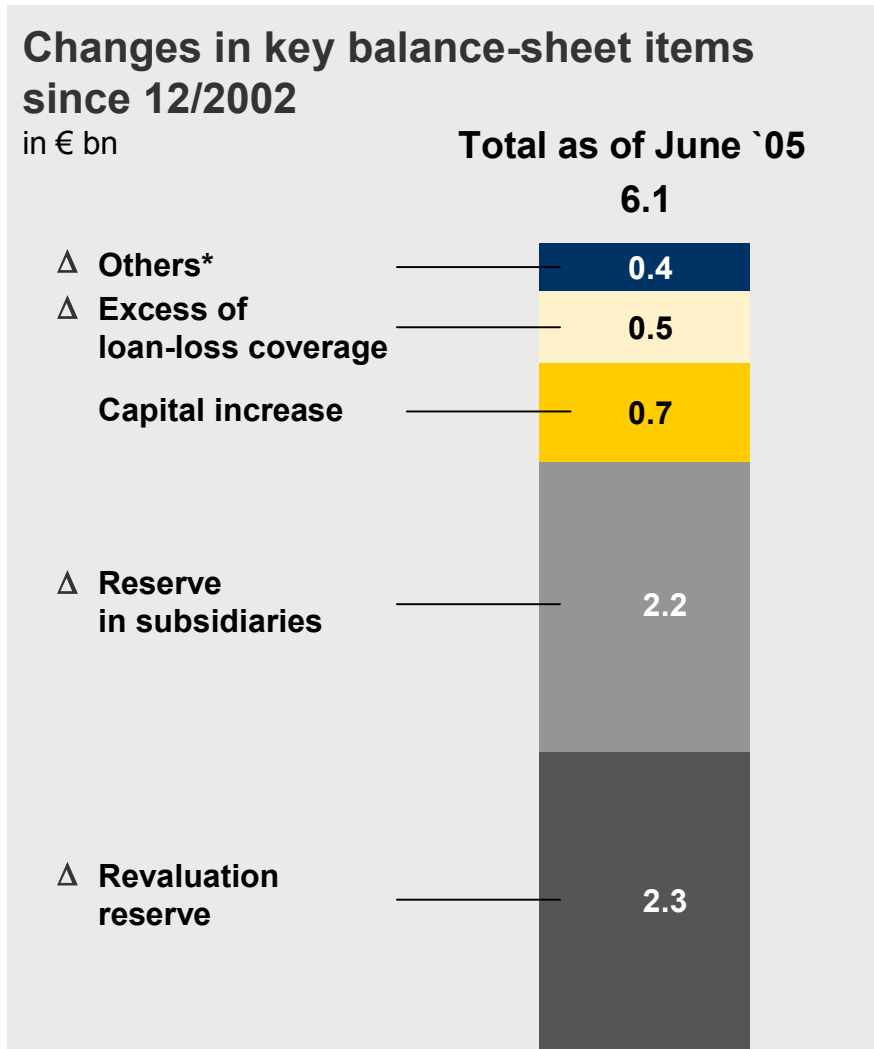
Revaluation reserve

in € bn



* excluding Heidelberger Druck

/ ... and an overall strengthened balance sheet



Trend:

➔ Pension obligations: adjustments due to new mortality tables and long-term interest rates

➔ Reversals

➔ Stable, or slight increase

➔ Stable

* including reserves/charges arising from secured underlying transactions and pension obligation

/ Commerzbank delivers on its three main challenges for FY 2005

Focus

Value drivers

1.

Enhancement of
profitability of
Mittelstand division



- Germany: revenues, costs and LLPs ✓
- BRE Bank: turnaround and growth opportunities ✓

2.

Turnaround of Corporates
& Markets



- Focusing on regions and products with competitive strengths ✓
- Increasing capital efficiency ✓

3.

Tight cost
management



- Revenue-related expense strategy ✓

/ Appendix

Appendix – Profitability Analysis

/ Profitability analysis H1 2005

	Private & Business Customers	Asset Management	Mittelstand	International Corporate Banking	Corporates & Markets	Mortgage Banks	Others & Consolidation
Operating profit (€ m)	153	54	171	76	44	159	175
Regulatory capital (€ m)	1,881	523	2,959	1,295	1,840	991	596
RoE* (%)	16.3	20.7	11.6	11.7	4.8	32.1	
Economic capital (€ m)	1,464	242	2,321	1,073	1,516	1,167	1,793
RoRaC* (%)	20.9	44.6	14.7	14.2	5.8	27.2	
Av. RWA** (€ bn)	26.7	5.7	39.7	18.5	25.6	14.1	11.2
Av. Lending volume (€ bn)	36.3	0.8	42.4	15.6	8.7	45.7	8.7
Net LLP per lending volume* (bps)	51	0	110	35	18	7	0

Regulatory capital



defined as risk-weighted assets in each segment multiplied by 7% target BIS-Tier 1 ratio plus differences between book value and equity of subsidiary companies

* annualized

** RWA including market-risk position

Economic capital



defined as aggregation of credit risk, market risk, operational risk and business risk, each calculated on appropriate value-at-risk models at 99.95% levels

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