



# Competing in a consolidating world

## Commerzbank – building on No. 1 Mittelstandsbank position

**Martin Blessing**  
Member of the Board of Managing Directors

Lisbon, June 14, 2007

## Agenda

1.

### Where are we now?

Mittelstandsbank No. 1 in Germany

2.

### How did we get there?

Implementation of our “Move to the top” program

3.

### Where will we go?

Expanding our wallet share of the German market

# Our mission:

## To be the leading bank for Germany`s private and corporate customers

### Objectives



# Integrated Mittelstand approach opens up a range of opportunities

## MITTELSTANDSBANK

- Main focus on our clients in Germany
- With target group-specific offers in emerging markets of Eastern Europe and Asia
- Supported by Financial Institutions business with leading position as external trade-financial institution and in European payment transactions plus worldwide correspondent banking



### Germany

#### Mittelstand

- Small / Medium Enterprises
- Large Corporates
- Specialised Business\*
- Participations (mainly Schiffsbank)



### CEE / Asia

#### CEE

- BRE Bank (Poland)
- Promsvyazbank (Russia)
- CB branches/subsidiaries
  - Czech
  - Hungary
  - Russia

#### Asia Pacific

- Singapore
- China (Shanghai, Hongkong)
- Japan (Tokyo)



### Financial Institutions

- Business activity with banks worldwide – more than 5,000 contacts
- Foreign trade and transaction finance
- ProCredit Banks (micro credits)
- Representative Offices

\* Center of Competences for: Global Shipping, Renewable Energies

## Commerzbank`s market position in CEE

### STRATEGIC FOCUS

- SME Banking / Retail Banking / Private Banking
- Optimization of product and market strategies
- Sales measurements for CEE



#### Operating units

- Poland: BRE Bank (72.14% participation)
- Russia: CB Eurasija (100% subsidiary) & Promsvyazbank 15.3%
- Czech: Branch Prague Offices in Brno, Ostrava
- Slovakia: Branch Bratislava
- Hungary CB Budapest Zrt. (100% subsidiary)

#### Representative offices

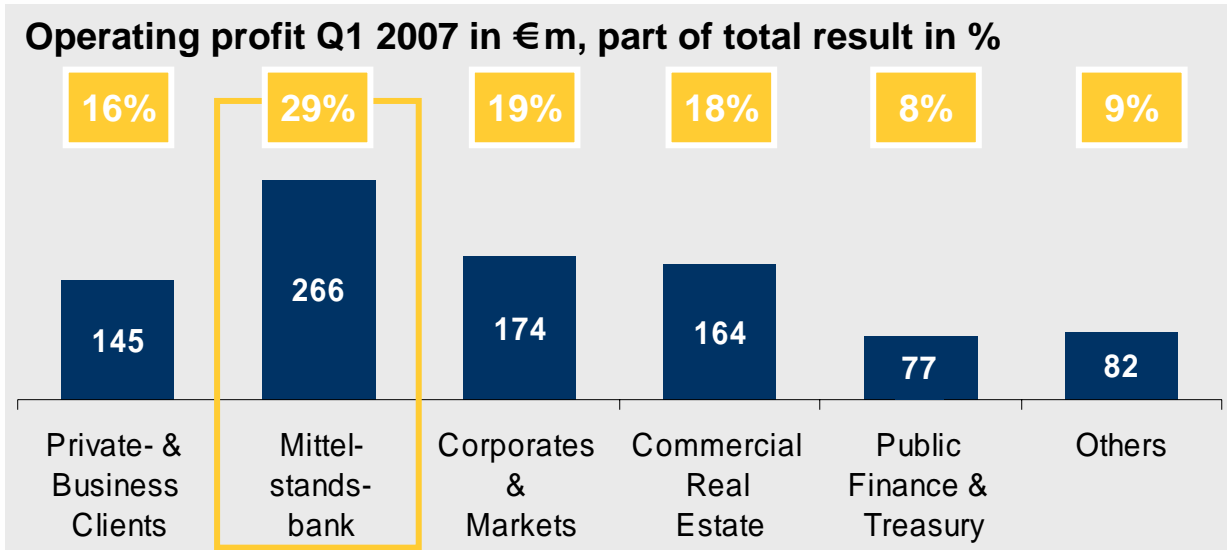
- Croatia
- Kazakhstan
- Romania
- Russia (Moscow & Novosibirsk)
- Serbia-Montenegro
- Ukraine
- Uzbekistan
- Belarus
- Aserbaijan (shortly)

#### ProCredit banks

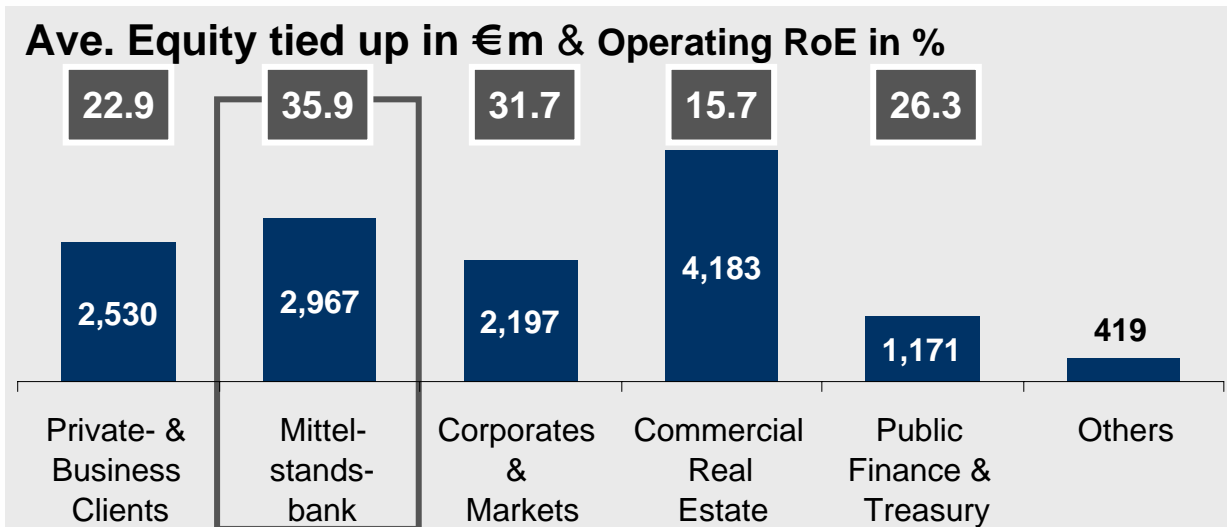
- Bosnia-Herzegovina
- Bulgaria
- Serbia
- Kosovo
- Albania
- Georgia
- Romania

### BUSINESS MODELS IN CEE

## Mittelstandsbank important driver to group result in Q1 2007

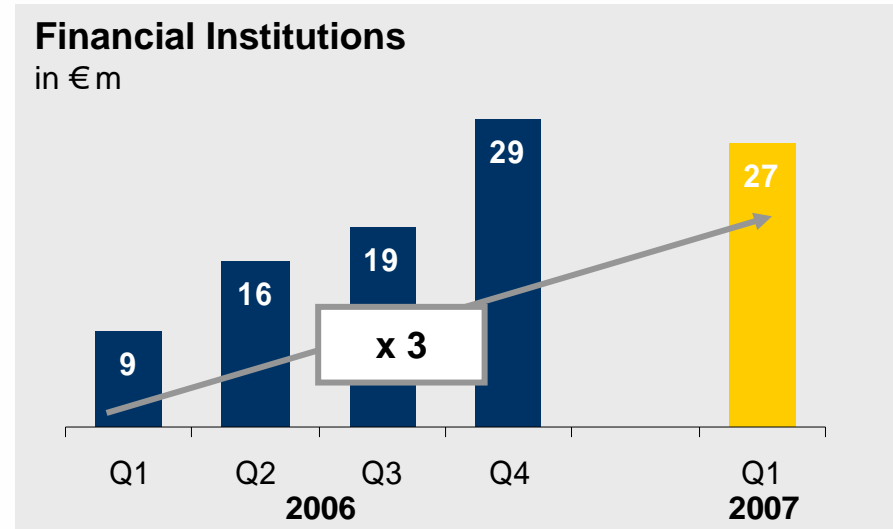
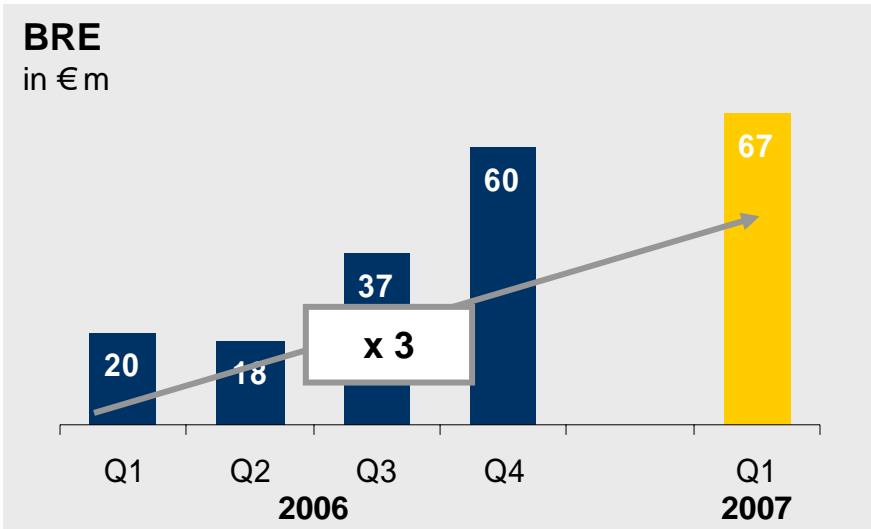
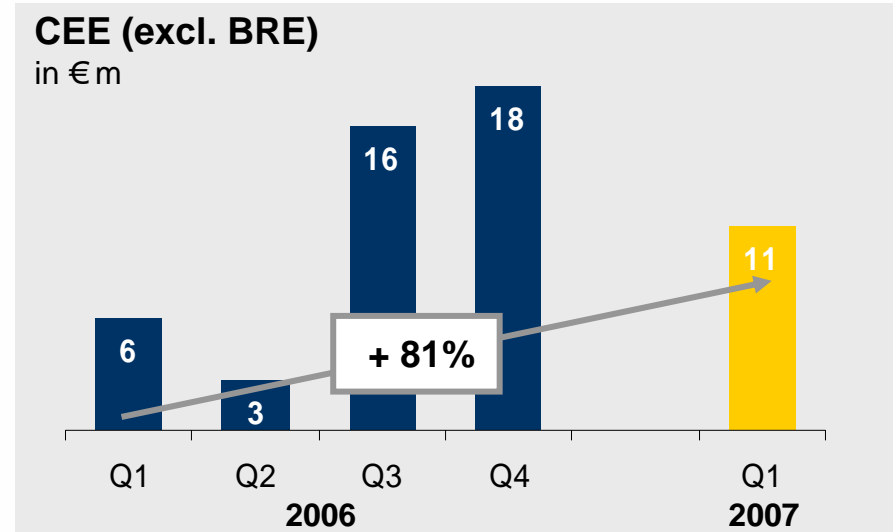
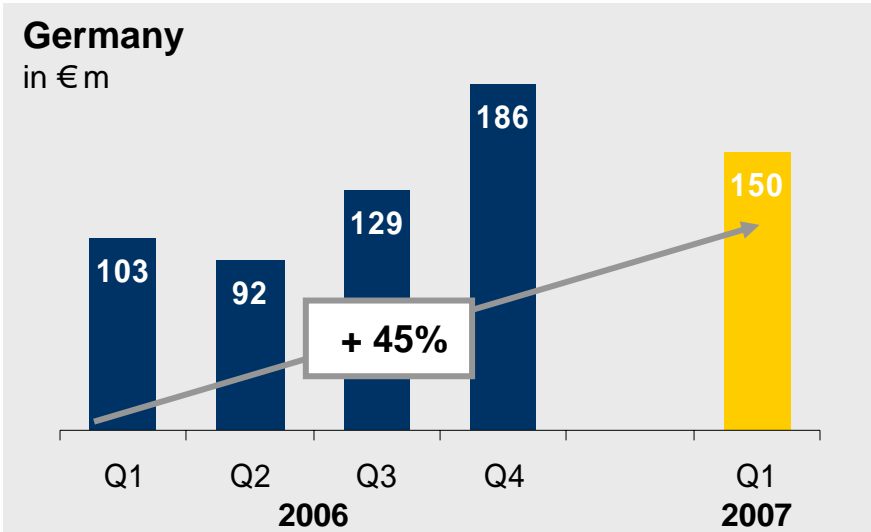


Mittelstandsbank with highest profit contribution



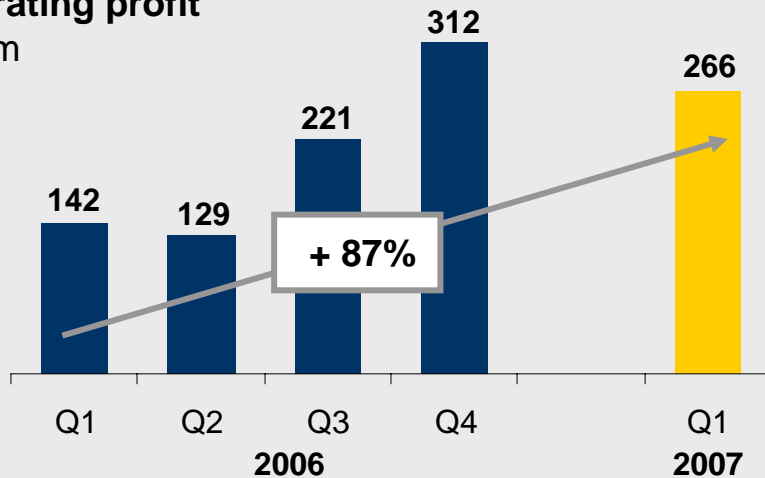
Mittelstandsbank key value driver for Commerzbank

## All units of Mittelstandsbank with strong q-o-q operating profit

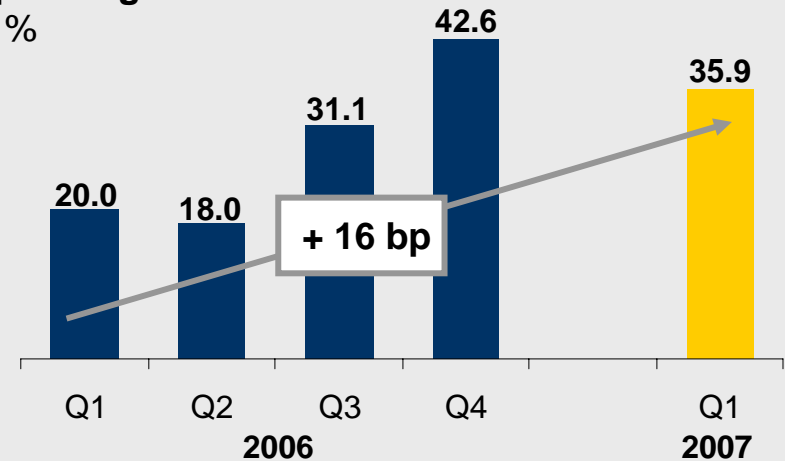


## Overview Mittelstandsbank

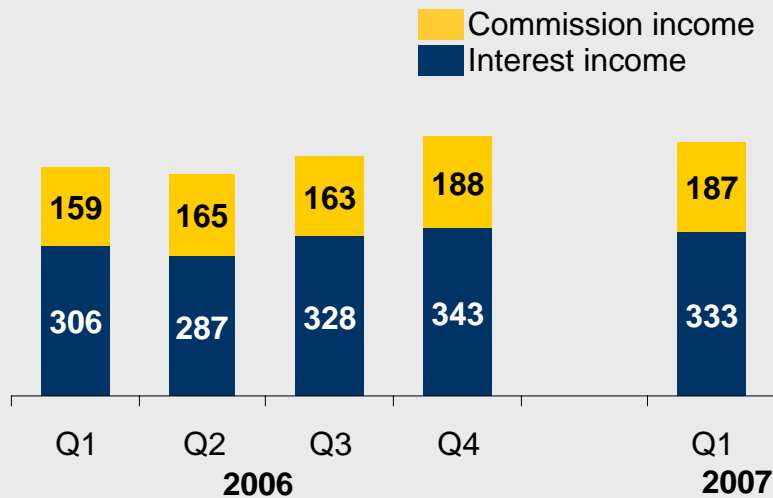
Operating profit  
in € m



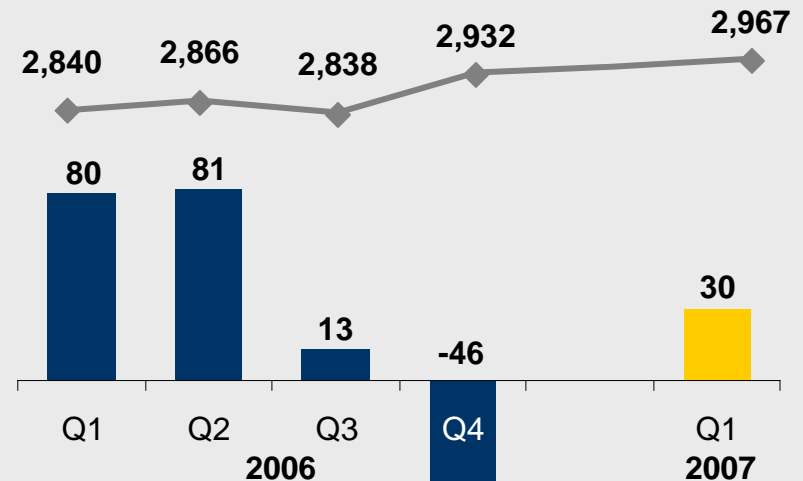
Operating RoE  
in %



Commission vs. Interest income in € m



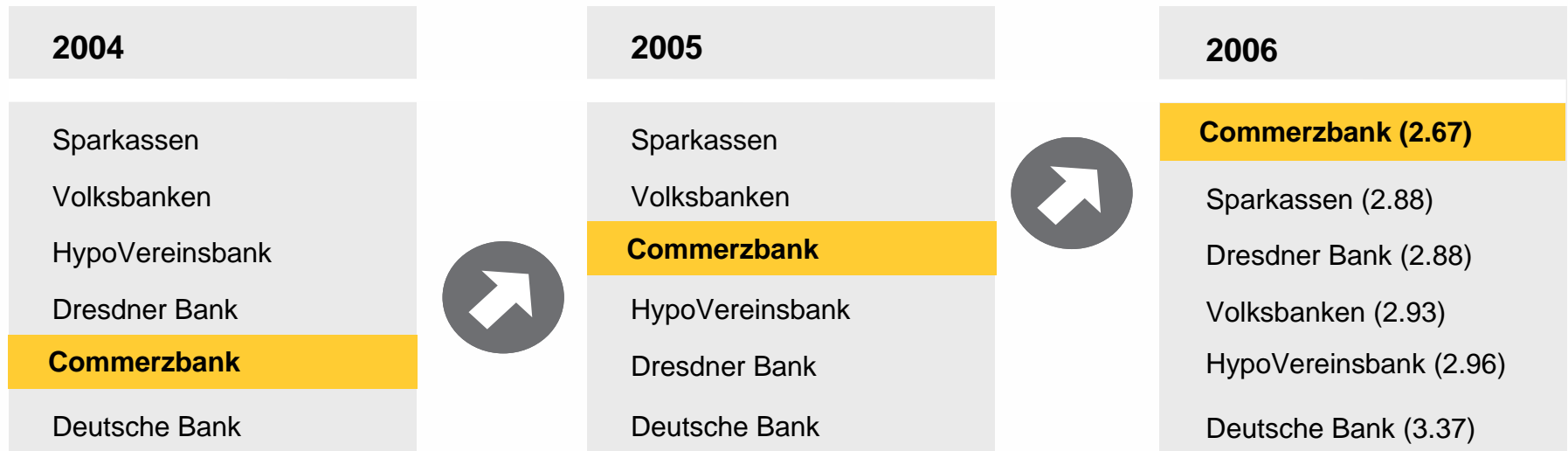
LLP & Ave. equity tied up in € m





## Others promised – we delivered...

ASU German grading system ranking based on the criteria “Mittelstand orientation“, “quality of relationship“ and “competitive terms“ (from 1 = very good to 6 = very poor)



**We are grateful for our clients‘ trust – we take it as a challenge for the future**

Source: Corporate Survey „Mittelstandsfinanzierung durch Banken“ conducted by Arbeitsgemeinschaft Selbständiger Unternehmer (ASU), December 2006

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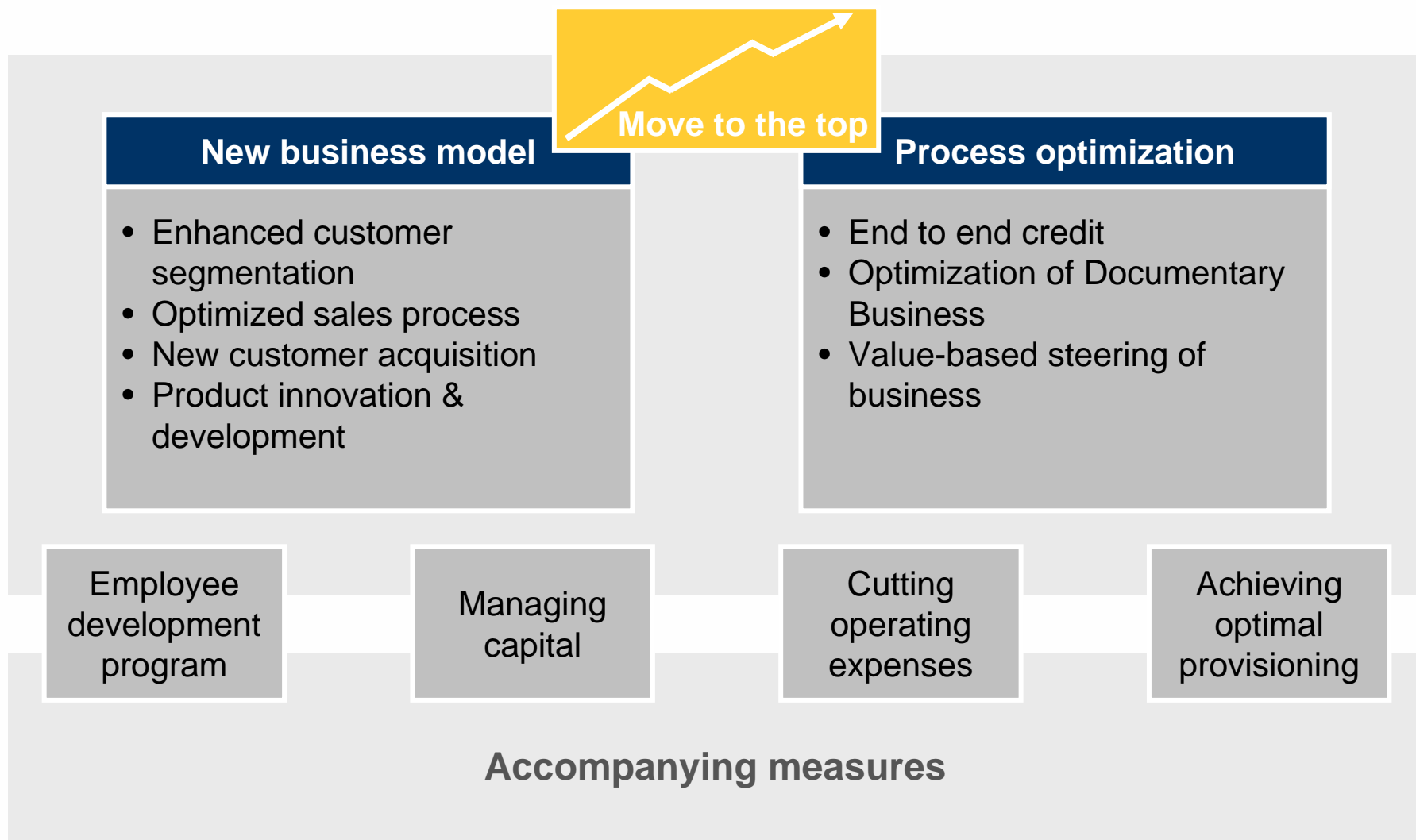
Implementation of our “Move to the top” program

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**Where will we go?**

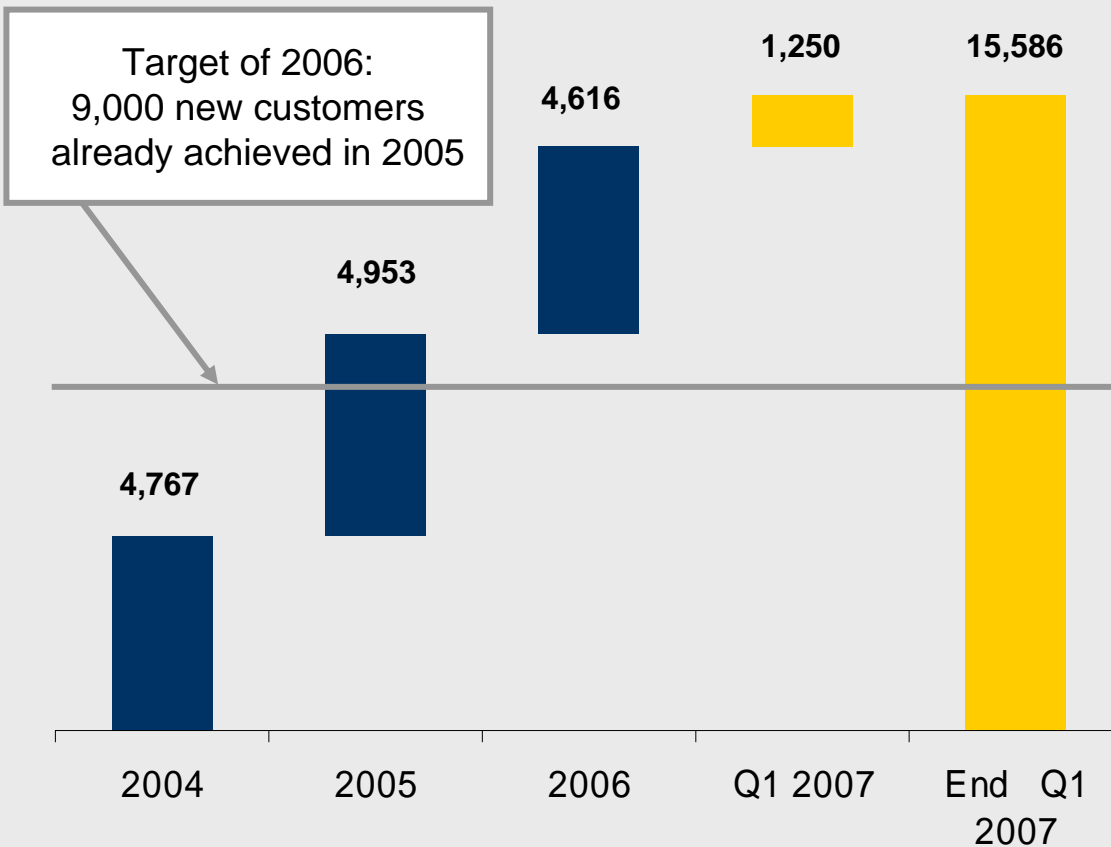
Expanding our wallet share of the German market

## Move to the top program – implementing a new business approach



## Successful gaining of new clients

Development of new clients 2004 – Q1 2007



**Our positive position is represented by the development in new clients acquisition**

## Key financials of Mittelstandsbank in q-o-q comparison

Mittelstandsbank (segment)	Q1/2006	FY 2006	Q1/2007
Total lending Mittelstandsbank (segment) (in € bn)	47.6	48.1	51.3
Margin on total corporate lending (in %)	1.41	1.42	1.35
Loan-loss provision ratio (in %)	0.67	0.27	0.24
Domestic corporate lending (in € bn)*	36.2	35.9	36.5
Margin on domestic corporate lending (in %)**	1.43	1.41	1.34
Domestic corporate customers' deposits (in € bn)	18.5	20.1	23.3
Margin on domestic corporate customers' deposits (in %)	0.76	0.83	0.88
Risk-weighted assets (in € bn)***	45.1	45.6	48.5
Commission income (in € m)	159.5	674.8	186.9
Net interest income (in € m)	306.1	1,264.1	333.2
Commission income / Net interest income	0.52	0.53	0.56
FTE	6,720	7,122	7,052
Total income / FTE (in € '000)	73	284	80
Operating expenses / FTE (in € '000)	40	153	38

Strong increase in lending resulting from international business activities

~ 70% of total lending

Slightly in the average

**Lending with higher growth in CEE**

\* 3 month average of domestic EP200, \*\* incl. loan commissions, \*\*\*MSB entities excl. BRE goodwill

## BRE 2006 - best result in the bank`s history – on track for further success

### BRE BANK`s POSITIONING

#### Retail Banking

#### Corporates & Markets

- Record-high profitability: profit before tax at PLN 69 m in Q1 2007 up by a factor of 6 y-o-y
- Successful launch of the Car Insurance Supermarket
- Over 2 million accounts: Retail accounts number up 6.9% q-o-q
- Leader in mortgage loans: Third largest provider of new mortgage loans in Q1 2007; with a market share of 9.4%

- High market position: Trading & Investments 1<sup>st</sup> place (33% share) in the bank bonds market
- Growing profitability: profit before tax at PLN 137.6 m in Q1 2007 up 42 % y-o-y
- Business expansion: 606 new corporate customers gained in Q1 2007 up 22% y-o-y
- Plans to open 20 further business offices

## BRE Bank strategic projects focus on Retail Banking & market expansion



- mBank as a leader in Internet banking
- Leader of innovation in personal finance
- Distribution based on cheap electronic access channels
- Transparent & straightforward range of top-quality products



- Bank for demanding customers representing the middle class
- Modern products tailored to customers
- Multichannel service leader
- Credit card customised to individual needs
- Innovative products for entrepreneurs



- Focussing on distribution of financial services
  - Cash loans
  - Car loans
  - Mortgage loans
- Products combined with complementary insurance products
- 10 branches & 400 representatives



**Maximum benefits and convenience in personal finance**



**Finance for individual customers & entrepreneurs**



**Offering a beneficial partnership in distribution of Financial services for retail & corporate clients**

## CB subsidiaries – enlargement of our business models due to individual country's specifications

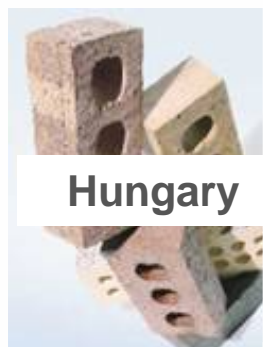


### Russia

- Long-term regional presence since 1983
- Wide product range for our target groups (German & Russian corporate customers and financial institutions)



Increase dynamics of Russia – portfolio by using capital market instruments



### Hungary

- Continuation of strong trend in operating profit due to interest and commission income
- Our business model is focused on corporate customers
- CB represented with 10 branches



Implementation of InnoBanking



### Czech


- Strong growth and expansion of operating business drives the results
- Operating profit high above Q1 2006
- Units: Corporate & Investment Banking as well as Private Banking



Enlargement of our product range focussed on complex solutions



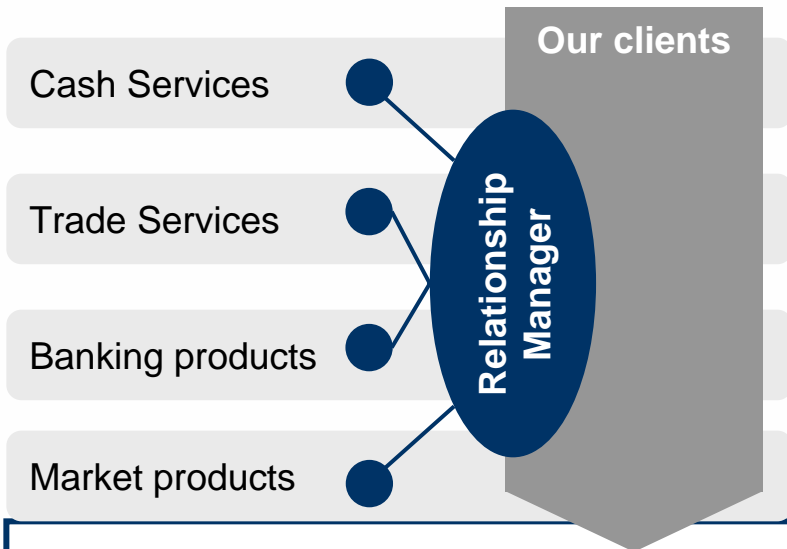
# Financial Institutions contributes an important part to Mittelstand



**financial institutions**  
Our mission

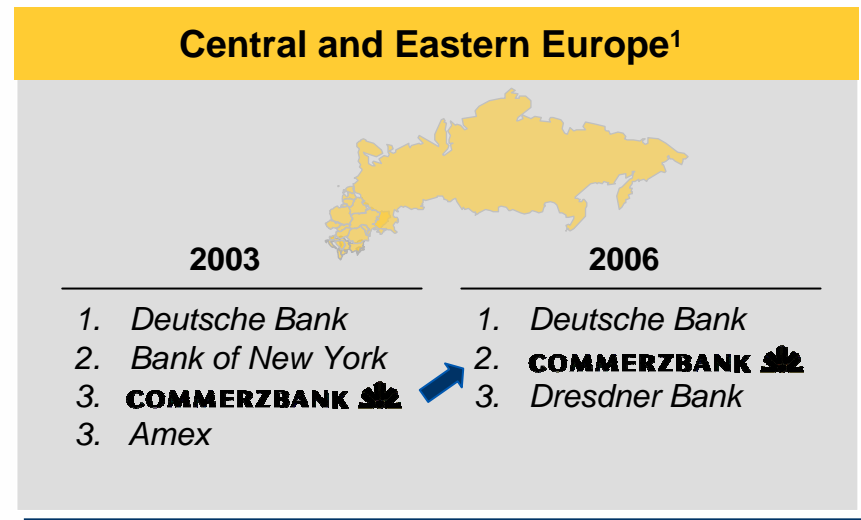
A global footprint of Commerzbank Financial Institutions providing a broad range of products and services for banks worldwide

## Our set-up



**Client-driven organization delivers product excellence globally**

## Our success



**Our approach shows results in our customer recognition**

<sup>1</sup> Ranking of the Euro Institutional Satisfaction Index  
 Source: Flimetrix Studies 2003 – 2005  
 Martin Blessing, Member of the Board of Managing Directors

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## Further strategic projects support the growth path in Germany...

Products	Initiatives	Impact
 <p><b>Derivatives</b></p>	<ul style="list-style-type: none"> <li>• Doubling of revenues from derivatives until 2010</li> <li>• Build-up of additional sales-specialists combined with a qualification program</li> <li>• Enlarged product-range</li> </ul>	<p><b>Increase wallet share</b></p>
 <p><b>Credit</b></p>	<ul style="list-style-type: none"> <li>• Increase of revenues in mid- &amp; long-term credit segment</li> <li>• Value-driven growth</li> <li>• Basis: risk-adjusted pricing</li> </ul>	<p><b>Credit is Core business for Commerzbank</b></p>
 <p><b>Large Corporates</b></p>	<ul style="list-style-type: none"> <li>• Intensified relationship-approach and strategic dialogue with large corporates</li> <li>• Intensified cooperation with IB units</li> <li>• Focussing on capital markets and structured products</li> </ul>	<p><b>Positioning as strategic partner of our customers</b></p>
 <p><b>TFTS goes global</b></p>	<ul style="list-style-type: none"> <li>• Ambitious growth in revenues</li> <li>• Standardized access to products and services</li> <li>• Extension of cross-selling</li> </ul>	<p><b>One service around the world</b></p>

# In CEE we focus our client-driven approaches on high-potential markets

Being the best bank for  
Germany's Mittelstand in  
CEE

## Russia

- Expansion via anorganic growth
- Increase of portfolio dynamics



## Hungary

- Enlargement of business model by further introducing InnoBanking



## Czech

- Further expansion of product range focussed on complex product solutions



## BRE Bank

- Intensification of cross-border cooperation
- Use of best practice solutions






## ProCredit Banks & Rep. Offices

- Supporting SME in transition countries & strengthening our position
- Enhancing our position as Germany's leading trade finance bank



CEE as second main pillar in the Mittelstandsbank

## Outlook on Mittelstandsbank`s profitability

	Units & Financials		Key Initiatives
Value Drivers of Mittelstand	Germany		<ul style="list-style-type: none"> <li>• Increase revenues and profitability with large corporates</li> <li>• Product initiatives</li> </ul>
	CEE		<ul style="list-style-type: none"> <li>• Further expansion into selected markets</li> <li>• Intensified cross-boarder cooperation</li> </ul>
	Financial Institutions		<ul style="list-style-type: none"> <li>• Demand-driven approach to further increase our customer recognition</li> <li>• Client- &amp; product-orientated placement guarantees for global excellence</li> </ul>
Financials	RoE	Maintain on a sufficient level	
	Costs	Ongoing cost discipline	
	LLP	Stable outlook	

# Notes

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