



# Laying the foundations for long-term success

Commerzbank German Investment Seminar 2010

## Commerzbank is laying the foundations for long-term success

- 1. Integration process well on track**
- 2. Significant progress in de-risking and de-leveraging the overall Group**
- 3. Considerably strengthened capital position**
- 4. Roadmap 2012**

## Commerzbank Group making substantial progress

### Integration of Dresdner Bank

- › Integration to form the leading Private and Corporate bank in Germany well on track
- › Divestments ahead of time
- › Cost synergies considerably higher – run rate increased by 25% above original plan

### De-risking

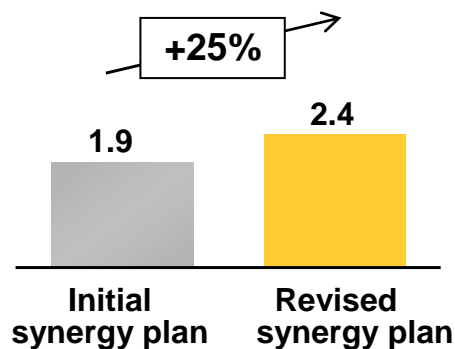
- › RWA and balance sheet reduction progressing ahead of plan
- › Significantly improved leverage ratio

### Capital and funding position

- › Sound Tier 1 ratio
- › Prudent liquidity management (liquidity ratio at 1.33)
- › Repayment of silent participation starting latest by 2012

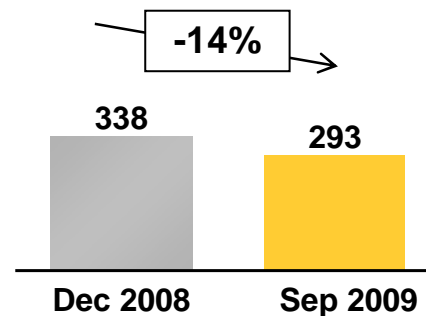
### Total cost synergies

in € bn



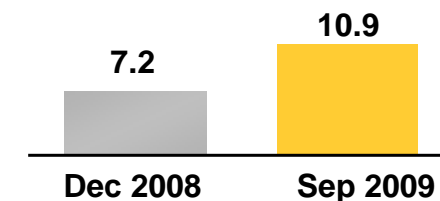
### RWA

in € bn



### Tier 1 ratio

in %



## Improved core franchise

### Private Clients (Germany)

- › No. 1 Bank for affluent customers (~15% market share)
- › No. 1 Online Broker
- › No. 2 Private Wealth Manager
- › 11 million private clients
- › Largest domestic branch network

### Mittelstandsbank

- › No. 1 Mittelstandsbank in Germany
- › Strong market position with mid-sized corporates (~20% market share)
- › Leading position in Euro payment transactions and trade services
- › More than 20% market share in import-/export finance



### Corporates & Markets













- › Top 3 European Equity Derivatives provider, # 1 German Equity house (EMC)
- › Top counterparty for risk management solutions (FIC)
- › Top German corporate finance house (FC)

### CEE

- › Roughly 3.6 million customers in CEE
- › No. 3 Retail Bank in Poland (BRE Bank) with 3.1 million customers
- › No. 1 Partner for German Corporates expanding in Central- and Eastern Europe

## Rapid implementation of strategic realignment

### Strategic realignment

Exit units	Status
 Bankhaus Reuschel Group <sup>1)</sup>	Closed in Q4/09
 Dresdner VPV N.V. <sup>1)</sup>	Signed, Closing exp. in Q1/10
 Dresdner Van Moer Courtens S.A. <sup>1)</sup>	Signed, Closing exp. in Q1/10
 Privatinvest AG <sup>1)</sup>	Signed, Closing exp. in Q1/10
 Kleinwort Benson Group <sup>1)</sup>	Signed, Closing exp. in Q1/10
 CISAL Luxembourg (only Custody)	Closed in Q3/09
 Dresdner Bank (only Custody)	Closed in Q3/09
 Commerzbank Schweiz	Closed in Q4/09
 Dresdner Bank Schweiz	Closed in Q4/09
 Cisol Belgium	Signed, Closing exp. in Q1/10
<hr/>	
 Allianz Dresdner Bauspar AG <sup>1)</sup>	Ongoing sales process
 Eurohypo AG <sup>1)</sup>	Optimizing business model

### Key figures of divestments

	Total 9M 2009 <sup>3)</sup>
Operating profit	€45m
B/S volume	€4.8bn
Capital employed	€226m
Sale proceeds	~€1bn
Gain on disposal	~€150m <sup>2)</sup>

1) EU requirements

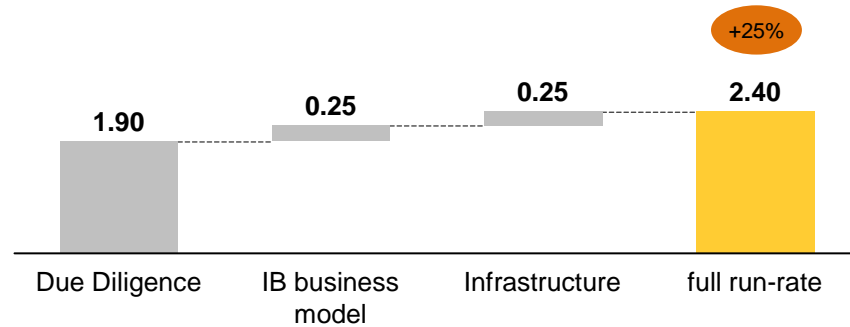
2) ~50% booked in 2009

3) w/o Eurohypo

## Cost synergies 25% higher than originally forecast

### Cost synergies (full run rate)

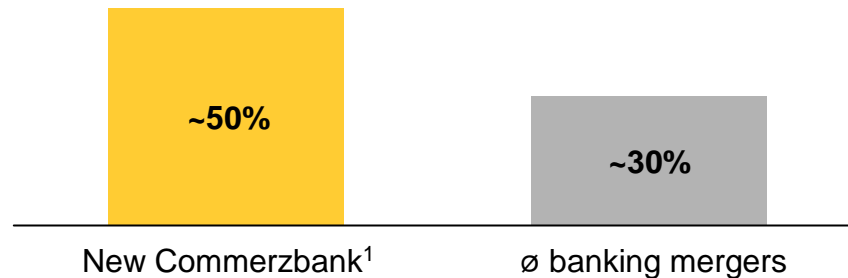
in € bn



- › Cost synergies increased to €2.4bn (full run-rate)
- › One-time integration costs up by €500m
- › Ratio of synergies/integration costs remains at ~1:1
- › Cost savings represent 50% of target company
- › Validated target synergies well above the average level of banking mergers

### Announced cost synergies

as % of target's cost base

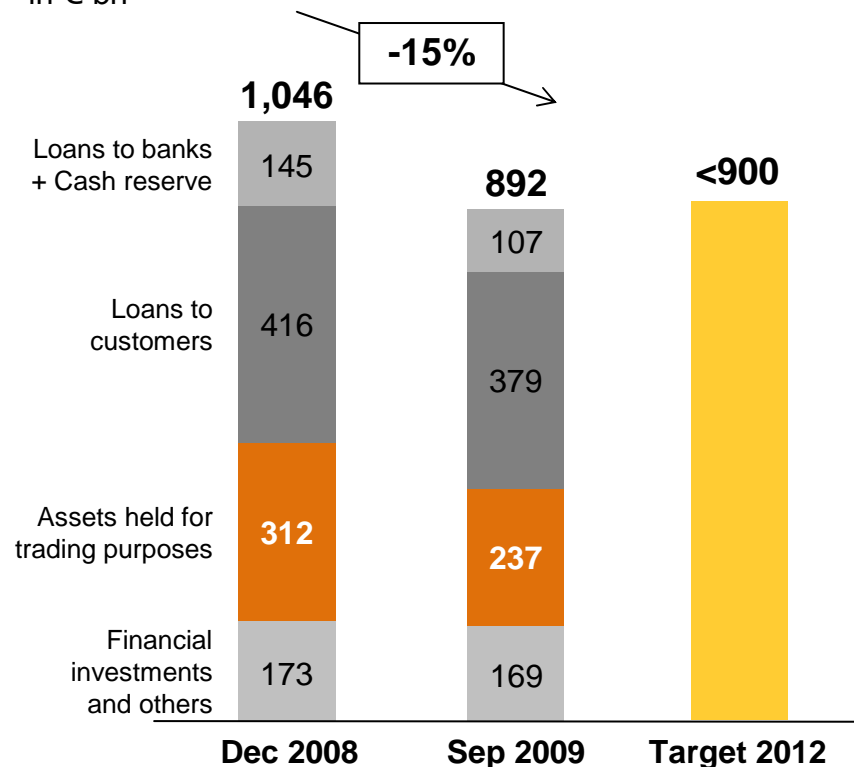


<sup>1</sup>) starting point Dresdner Bank 2008 of €4.6bn

## Strengthening balance sheet structure

### Total assets

in € bn



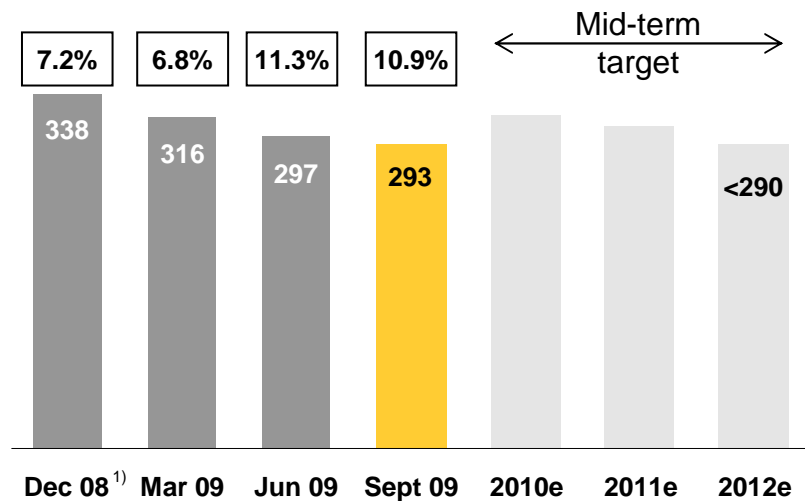
- › Total assets already shrunk to 2012 target level, providing flexibility to further optimize balance sheet structure
- › Leverage ratio reduced from 36 to 23<sup>1)</sup>
- › Significant reduction of risk positions (PRU portfolios)
- › Loans to customers reduced by 8% (€37bn) YtD
  - Decreases predominantly outside Germany
  - Domestic customer loans reduced by only €2bn

<sup>1)</sup> Leverage Ratio = Adjusted total assets / Equity; assets adjusted derivatives netting, trading assets / liabilities netting, deferred taxes netting, other assets / liabilities netting

## 2012 RWA target level already achieved

### Development of Tier 1 ratio and RWA

Ratio in %, RWA in € bn



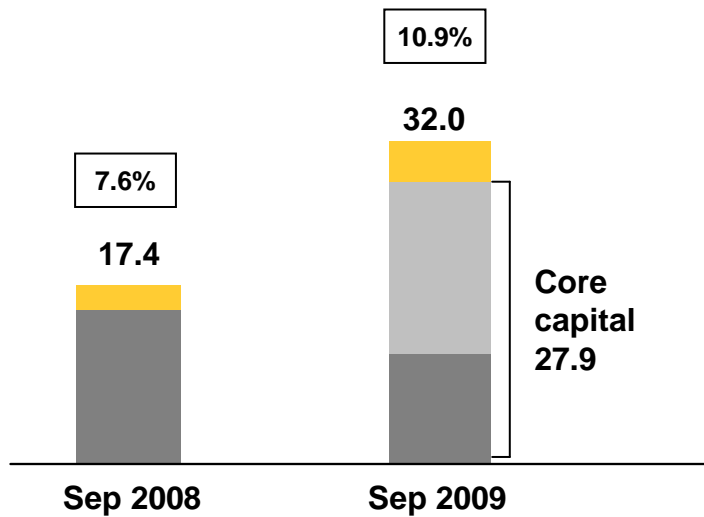
- › Room for further selective growth in core segments as RWA reduction target has already been achieved
- › New regulatory requirements lead to higher risk charges (e.g. for market risk)
- › Negative rating migrations pressures RWAs
- › Confident of meeting 7%–9% Tier 1 range in most negative scenarios

<sup>1)</sup> Including Dresdner Bank on pro-forma basis



# Maintaining focus on a strong core capital

## Tier 1 capital in € bn



% Tier 1-Ratio

■ Common equity   ■ Silent participation   ■ Hybrids

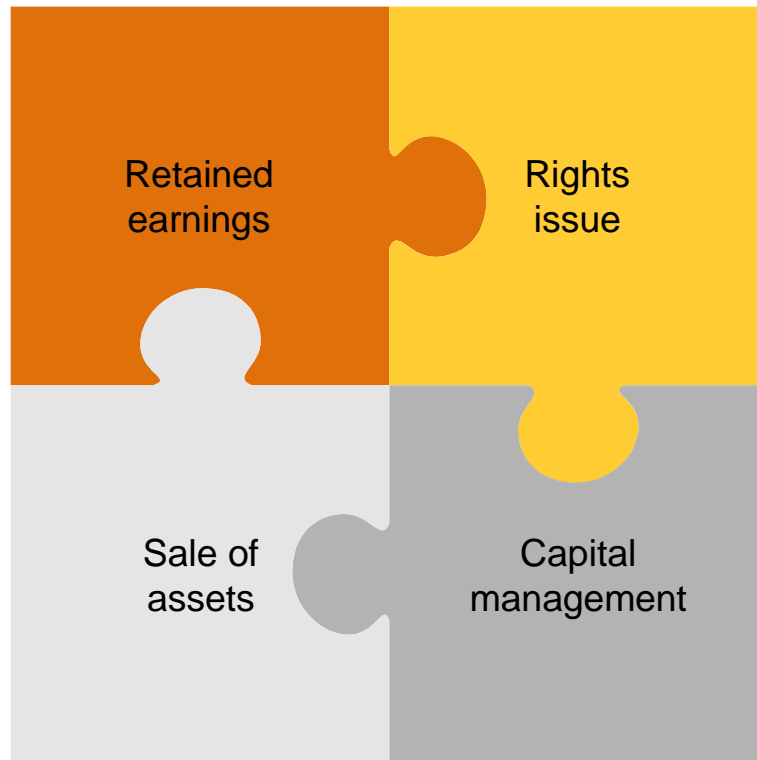
## Quality of capital

	Silent participation	Common equity
Regulatory approval	✓ Core capital	✓ Core capital
Duration	✓ Perpetual	✓ Perpetual
Loss participation	✓ Yes, pari passu with common equity	✓ Yes, loss of dividends; write down of reserves
Rank in case of insolvency	(✓) Sub-ordinated to hybrids	✓ Sub-ordinated to hybrids and silent part



Tier 1 target range: 7% to 9%

## Pay back of SoFFin funds via diverse mix of measures



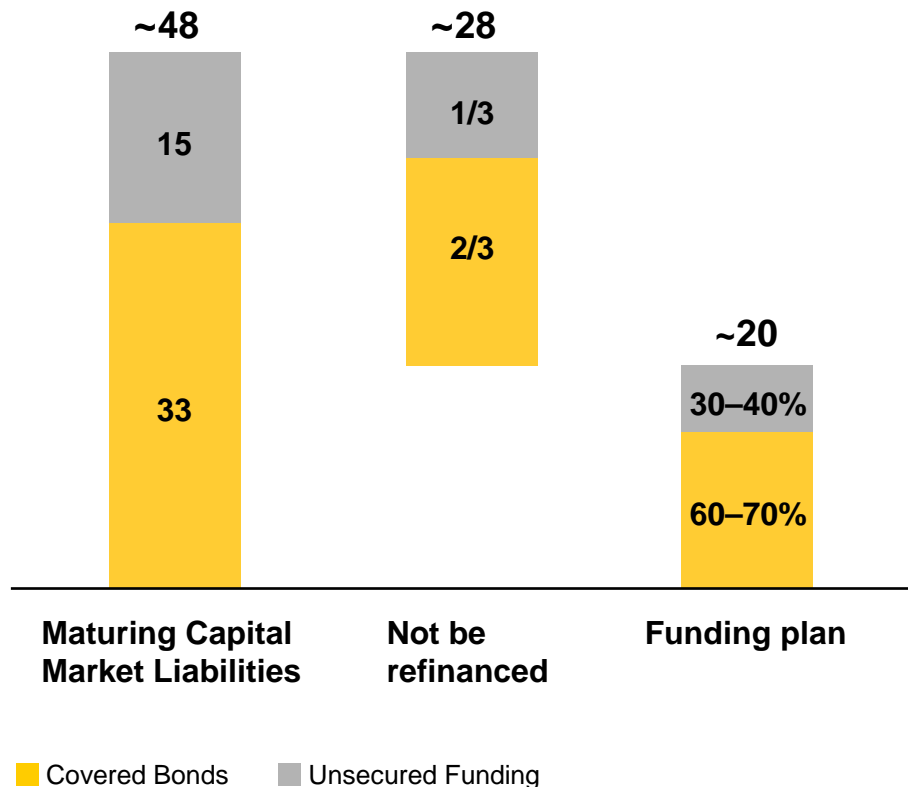
- 
- › Comfort with silent participation
  - › Successful implementation of Roadmap 2012 offers a wide range of options to pay back SoFFin funds
- 



**Repayment of silent participation starting by 2012 the latest**

## Reduced refinancing needs in 2010

in € bn



### Maturing liabilities

- › In 2010, maturities do not have to be fully refinanced due to further balance sheet reduction and high funding volume raised this year
- › Majority of maturing covered bonds are Public Sector Pfandbriefe which do not have to be replaced

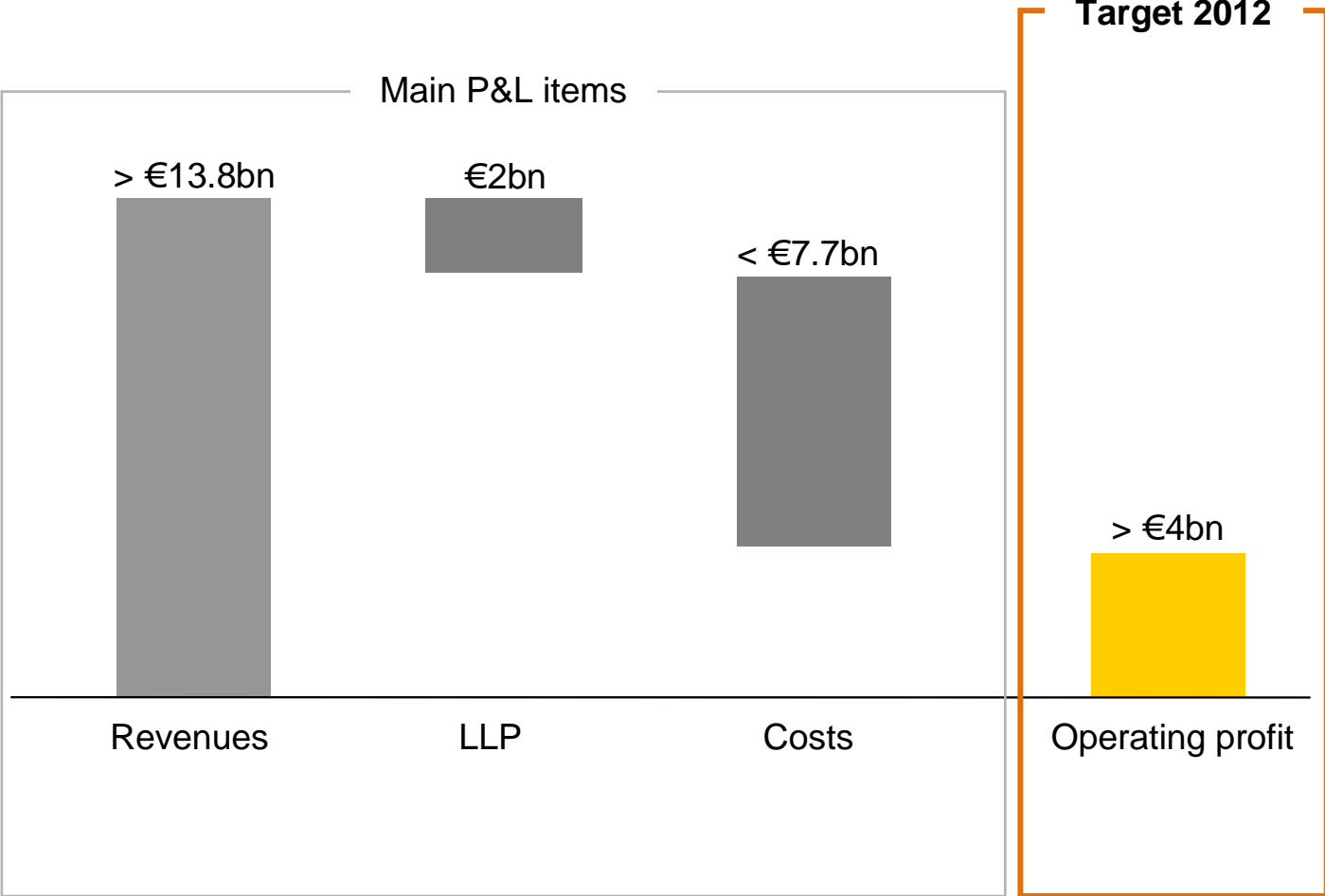
### Covered Bond Funding

- › Pfandbriefe issued via Eurohypo
- › Primary focus on Mortgage Pfandbriefe

### Unsecured Funding

- › Focus on structured issuance and placements with our retail franchise
- › Diversification by investors, markets and currency

# Roadmap 2012



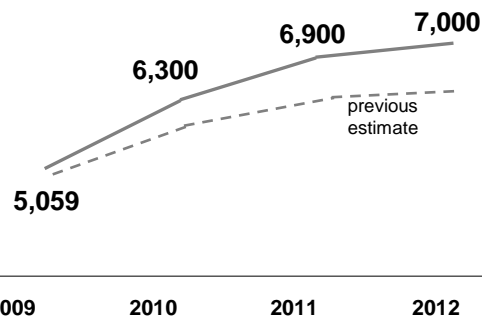
# Current macroeconomic assumptions

## Status quo

- › German economy most promising in EU
- › Stable economic situation
  - Low level of private sector debt
  - Low inflation risk
  - No bubbles, low spreads
- › Favourable political environment
- › Competitive banking landscape

## DAX

(average p.a.)

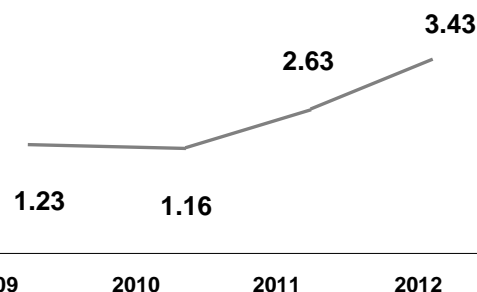


## 2010

- › Corrections in Germany's trading partner countries weigh on growth
- › Labour market expected to deteriorate
- › Elevated level of (small) corporates and private defaults
- › Core inflation rate likely to fall
- › ECB will start to raise interest rates (end of 2010)

## Euribor

in % (average p.a.)

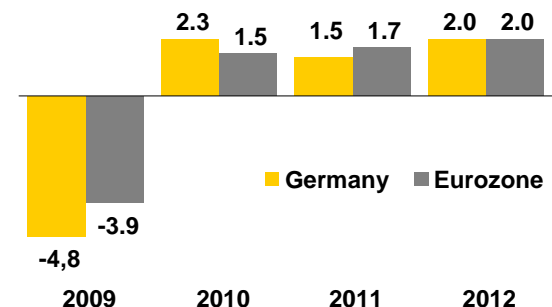


## 2011 – 2012

- › US/EU economy will gain momentum, causing upturn in demand for German products
- › Labour market likely to stabilize, resulting in falling unemployment
- › Stabilization of core inflation on a low level
- › ECB will continue to hike rates

## GDP

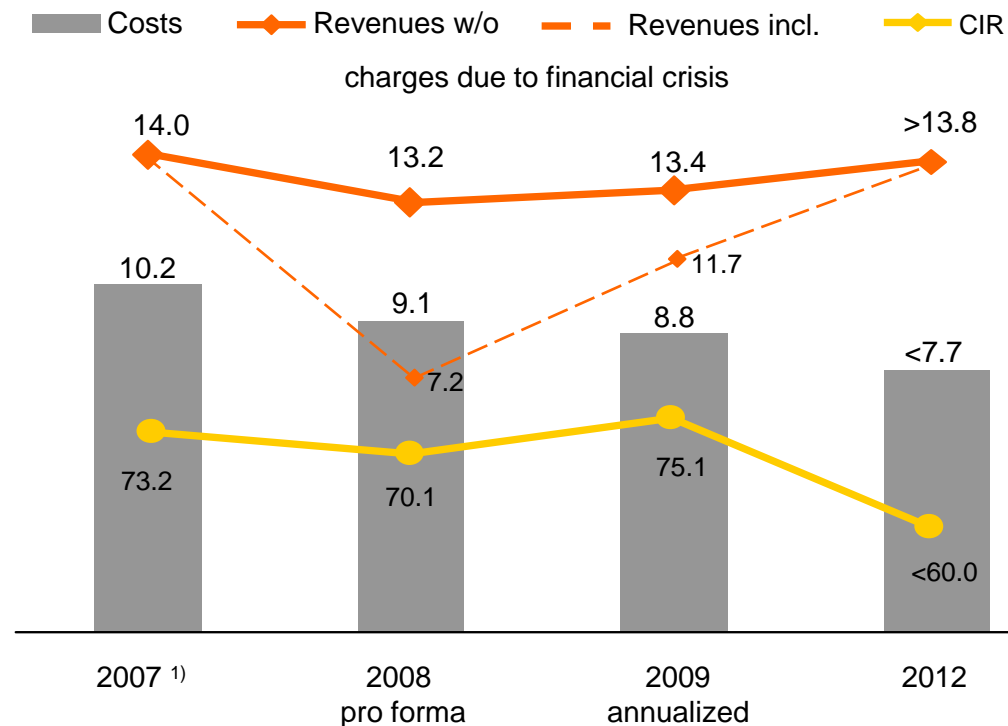
(Change vs previous year in %)



# Building an efficient banking platform

## Revenues vs costs development

in € bn



- › Moderate revenue growth
- › Operating expenses in 2012 below €7.7bn through
  - disciplined cost-management
  - reduction of complexity and leverage of scale effects
  - realizing cost synergies



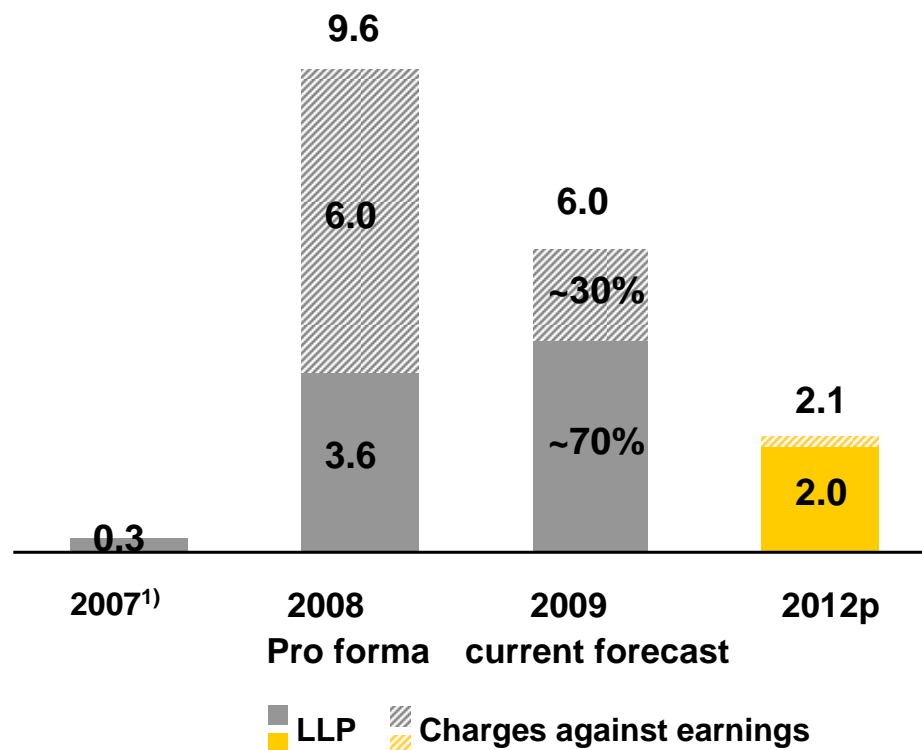
**CIR below 60%**

<sup>1)</sup> Arithmetic sum of Commerzbank and Dresdner Bank figures as reported as of December 31st, 2007

## Risk provision-level 2012 in line with expected loss

### Risk charges

in € bn

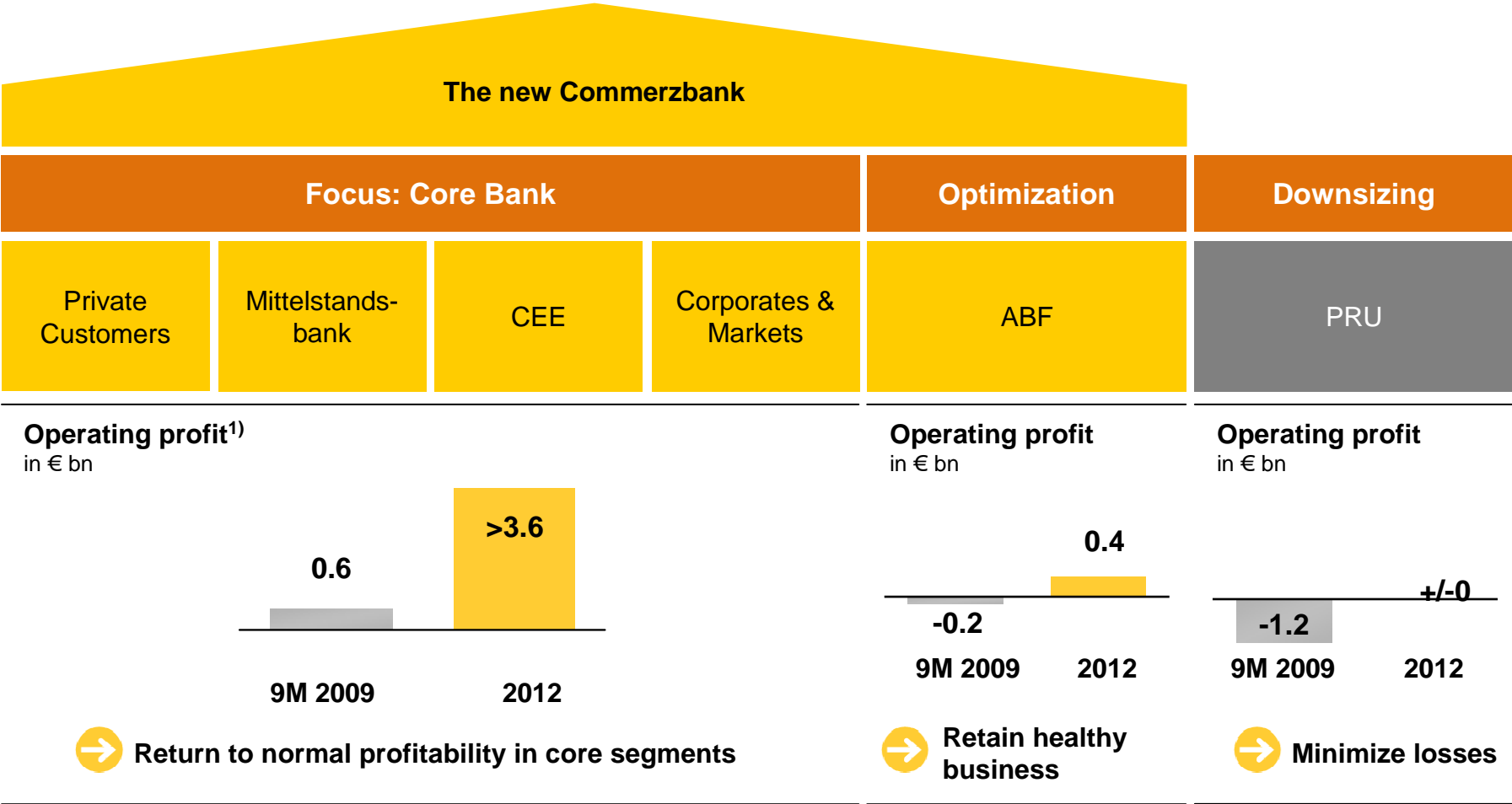


### Levers for 2012

- › Improved portfolio quality by
  - reducing bulk risk
  - downsizing non-core activities
  - optimizing ABF segment
- › Risk provision level in line with expected loss
- › Normalized level of LLP ratio of 35bp

<sup>1)</sup> Arithmetic sum of Commerzbank and Dresdner Bank figures as reported as of December 31st, 2007

# Delivering on our targets



<sup>1)</sup> incl. Others & Consolidation



## Commerzbank in 2012

- Leading Bank for private and corporate clients in Germany
- Commerzbank stands for long-term relationships, service and competence
- Solid financial foundation through higher capitalization and selective growth
- Operating excellence via building an efficient banking platform
- = Sustainable value creation for long-term shareholders**

# Notes

For more information, please contact Commerzbank's IR team:

**Jürgen Ackermann (Head of Investor Relations)**

P: +49 69 136 22338  
M: juergen.ackermann@commerzbank.com

**Christina Perić (Assistant)**

P: +49 69 136 22255  
M: christina.peric@commerzbank.com

[ir@commerzbank.com](mailto:ir@commerzbank.com)  
[www.ir.commerzbank.com](http://www.ir.commerzbank.com)

**Equity IR**

**Michael H. Klein (Head of Equity IR)**

P: +49 69 136 24522  
M: michael.klein@commerzbank.com

**Sandra Büschken**

P: +49 69 136 23617  
M: sandra.bueschken@commerzbank.com

**Dr. Frank Grobe**

P: +49 69 263 50780  
M: frank.grobe@dresdner-bank.com

**Ute Heiserer-Jäckel**

P: +49 69 136 41874  
M: ute.heiserer-jaeckel@commerzbank.com

**Simone Nuxoll**

P: +49 69 136 45660  
M: simone.nuxoll@commerzbank.com

**Stefan Philippi**

P: +49 69 136 45231  
M: stefan.philippi@commerzbank.com

**Financial Reporting / Fixed Income**

**Klaus-Dieter Schallmayer (Head of FR/FI)**

P: +49-69 263 57628  
M: klaus-dieter.schallmayer@dresdner-bank.com

**Wennemar von Bodelschwingh**

P: +49 69 136 43611  
M: wennemar.vonbodelschwingh@commerzbank.com

**Michael Desprez**

P: +49 69 263 54357  
M: michael.desprez@dresdner-bank.com

**Karsten Swoboda**

P: +49 69 136 22339  
M: karsten.swoboda@commerzbank.com

**Strategic Research**

**Dirk Bartsch (Head of Strategic Research)**

P: +49 69 136 2 2799  
M: dirk.bartsch@commerzbank.com

**Markus Bär**

P: +49 69 136 43886  
M: markus.baer@commerzbank.com

**Ulf Plesmann**

P: +49 69 136 43888  
M: ulf.plesmann@commerzbank.com

# Disclaimer

## investor relations

This presentation has been prepared and issued by Commerzbank AG. This publication is intended for professional and institutional customers.

Any information in this presentation is based on data obtained from sources considered to be reliable, but no representations or guarantees are made by Commerzbank Group with regard to the accuracy of the data. The opinions and estimates contained herein constitute our best judgement at this date and time, and are subject to change without notice. This presentation is for information purposes, it is not intended to be and should not be construed as an offer or solicitation to acquire, or dispose of any of the securities or issues mentioned in this presentation.

Commerzbank AG and/or its subsidiaries and/or affiliates (herein described as Commerzbank Group) may use the information in this presentation prior to its publication to its customers. Commerzbank Group or its employees may also own or build positions or trade in any such securities, issues, and derivatives thereon and may also sell them whenever considered appropriate. Commerzbank Group may also provide banking or other advisory services to interested parties.

Commerzbank Group accepts no responsibility or liability whatsoever for any expense, loss or damages arising out of, or in any way connected with, the use of all or any part of this presentation.

This publication contains forward-looking statements on Commerzbank's business and earnings performance, which are based upon our current plans, estimates, forecasts and expectations. The statements entail risks and uncertainties, as there are a variety of factors which influence our business and to a great extent lie beyond our sphere of influence. Above all, these include the economic situation, the state of the financial markets worldwide and possible loan losses. Actual results and developments may, therefore, diverge considerably from our current assumptions, which, for this reason, are valid only at the time of publication. We undertake no obligation to revise our forward-looking statements in the light of either new information or unexpected events.

Copies of this document are available upon request or can be downloaded from [www.commerzbank.com/aktionaere/index.htm](http://www.commerzbank.com/aktionaere/index.htm)

Germany: Commerzbank AG is registered in the Commercial Register at the Amtsgericht Frankfurt (local court) under the number HRB 32000 and is subject to supervision by the Bundesanstalt für Finanzdienstleistungen (BaFin), Lurgiallee 12, 60439 Frankfurt

© Commerzbank 2009. All rights reserved.

*Commerzbank AG  
GM-C  
Kaiserplatz  
60261 Frankfurt  
Tel.: + 49 69 136 222 55*