



Corporates & Markets

The blueprint of modern Investment Banking

Investors' Day 2012

Corporates & Markets' major milestones since merger and outlook

1.



Synergies of the integration lifted

(Full synergy potential of >€800m reached ahead of target in 2011 in less than 18 months)

2.



Top risk and RWA reduction achieved

(RWA reduction by 56%, Credit VaR 33%, Loss Days by 56% despite adverse environment)

3.



Unique IB franchise established and modern investment banking implemented

("Reliable, transparent, prudent" culture – client centricity and sustainable compensation)

4.



Strategy – continue to focus on core strengths

(Reprioritization of businesses ongoing, front-to-back cost savings of €150m p.a., freeing-up investment potential)

5.



Outlook – providing upside potential and revenue diversification

(Conservative risk approach limiting downside potential and providing attractive risk/return profile: revenue growth 4% p.a., CIR <65%, pre-tax ROE >15% by 2016)

Synergies of the integration lifted – full synergy potential of >€800m reached ahead of target in 2011 in less than 18 months



- › CBK's client-focused business model applied to DKIB
- › Alignment of organisational structure
- › RWA reduction

- › Full implementation of business model
- › Harmonisation of IT, risk and finance systems

- › Full profitability through realisation of front and back-office synergies
- › Leveraged larger client base
- › Focused growth in selected business areas

Restructuring / HR implementation



Client migration



Geographical reallocation



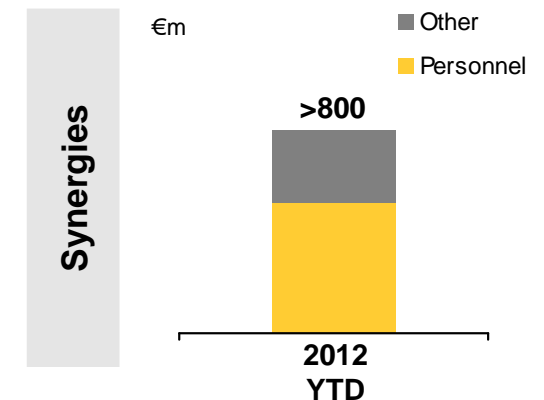
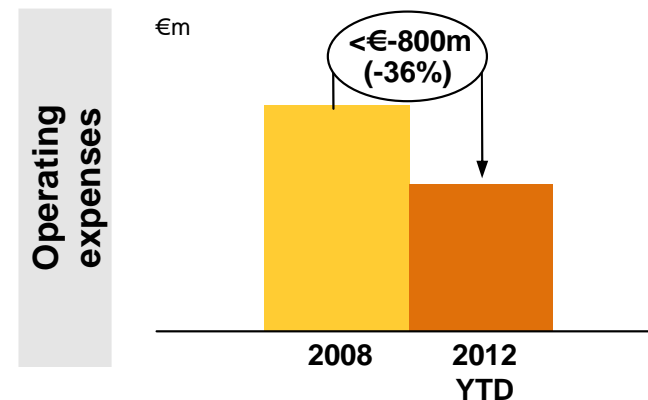
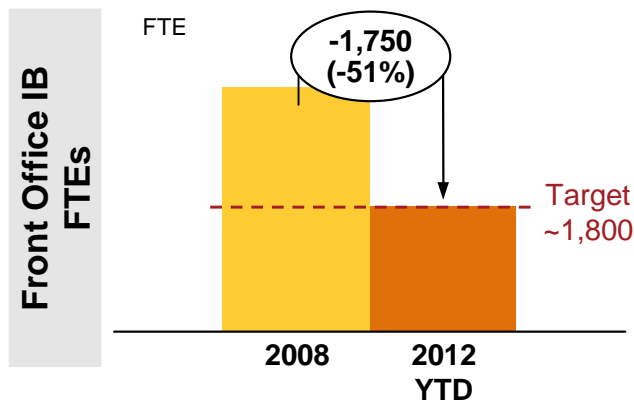
IT and back-office integration



Positions migration

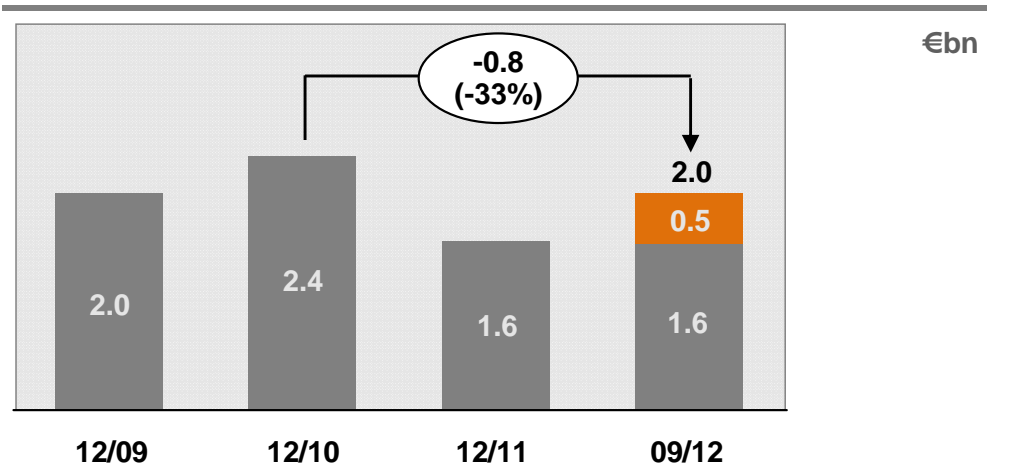


Business adjustments

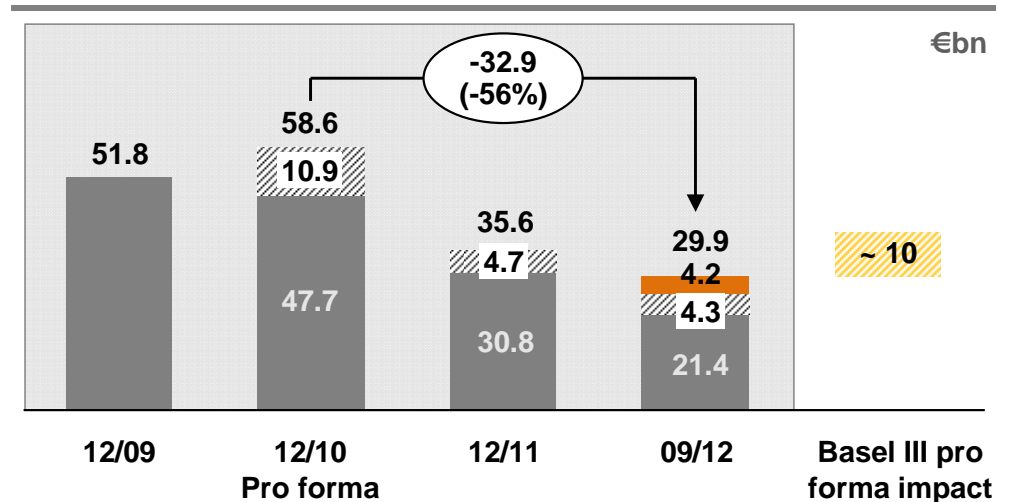


Top risk and RWA reduction achieved despite challenging market and regulatory environment, including implementation of Basel 2.5

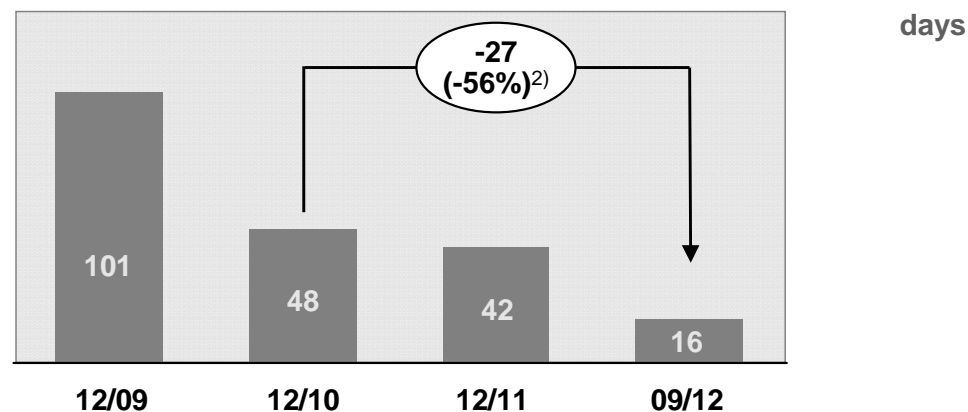
Credit VaR¹⁾ C&M



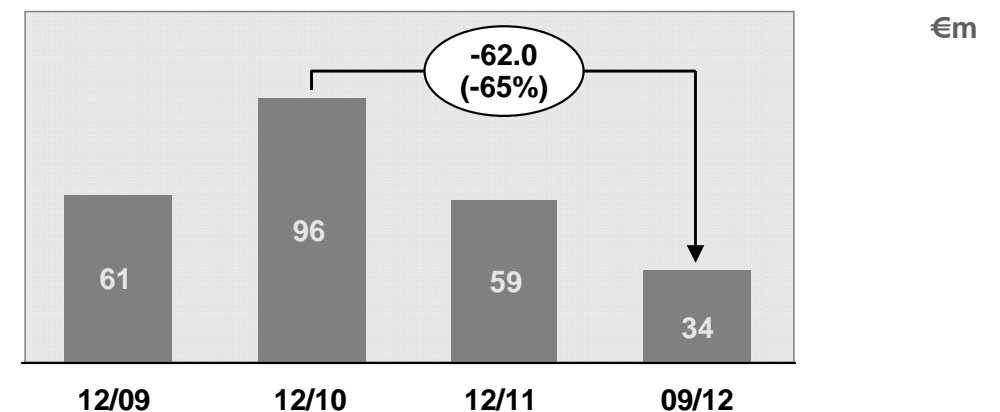
RWA C&M (eop)



Loss days C&M Markets



Market risk VaR in trading book^{3),4)}



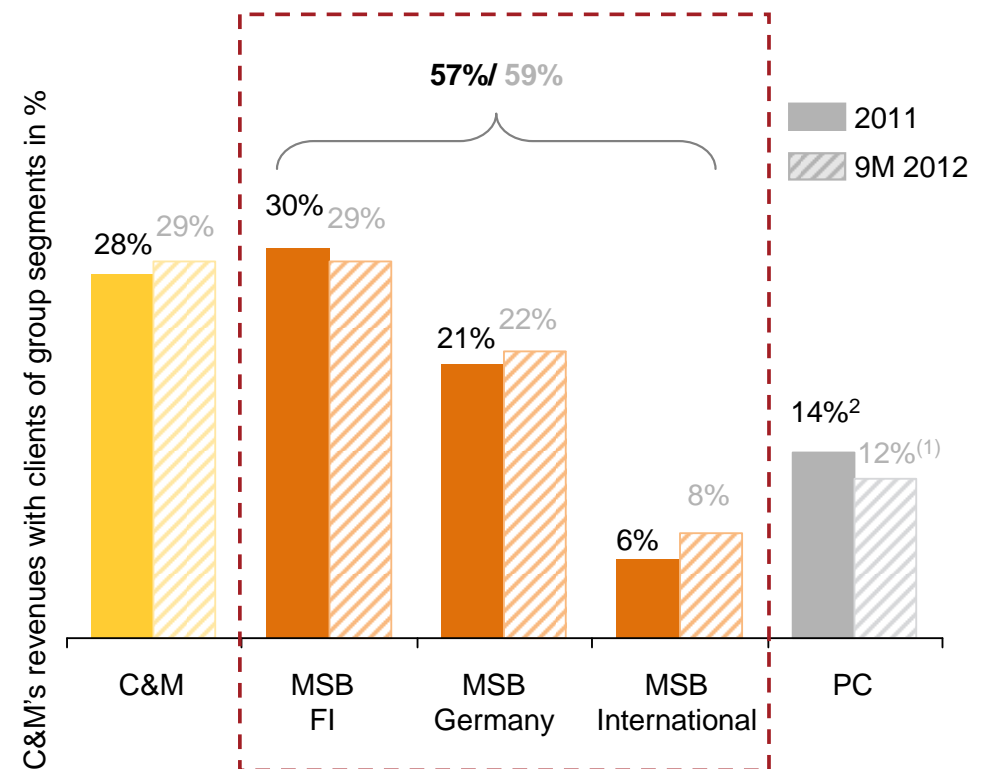
Note: Structured Credit Legacy (SCL) / former PRU reported in C&M for the first time in 3Q 2012. 1) 99.91% confidence level, 1 year holding period. 2) Annualized.

Unique IB franchise established by optimisation of business setup and connection to the group's client base

Changes to business setup during DKIB integration in 2009 ...

1. **Successful implementation of client-centric business model – interconnectivity with Mittelstandsbank**
 2. **Exit of risk driven business**
 - › Investment groups
 - › Systematic trading
 - › Arbitrage trading
- EMC**
- › Proprietary market risk taking / correlation trading
 - › Agency lending
 - › Asset finance and structured credit
- FIC**
- › Proprietary market risk taking / correlation trading
 - › Agency lending
 - › Asset finance and structured credit
- ➔ Creation of internal bad bank PRU for run-down portfolio¹⁾
3. **Reduction of complexity and streamlining of footprint**
 - › Exiting non-strategic international locations and businesses
 - › Closing of Japan / broker dealer
 - › Sale of Brazilian presence Banco Multiplo
 - › Re-focusing European cash equity business

... have led to an optimised use of own distribution channels



1) Structured Credit (most ABS), Credit Flow (most Corp. Bonds and CDS) and Exotic Credit (CDO² / Correlation Books) assets of €58bn / >70.000 positions were ringfenced in PRU.
 2) Contains revenues with brokers and other intermediaries, where the end customer is a private client.

Strategy: C&M's value-add is highly regarded and recognised by its clients



Example of serving a MSB client – NORMA

On NORMA's way from a family owned German Mittelstands-business acquired by 3i and funds in 2006 to a world market leader for connecting solutions



Dr. Othmar Belker
CFO of Norma Group

From LBO to IPO: NORMA appreciates Commerzbank's support since its LBO in 2006

In short: a perfect combination of relationship banking and specific expertise in C&M

- › Commerzbank acted as Sole Mandated Lead Arranger, Bookrunner as well as Agent Bank in the original syndicate financing of the initial NORMA LBO in 2006
- › Commerzbank actively covering NORMA from an equity research perspective
- › Commerzbank supported the debt financing of the merger with the Swedish ABA group in 2006 and the acquisition of the US-American BREEZE-Torca in 2007
- › In 2011, Commerzbank was Joint Bookrunner during the IPO process of NORMA Group AG and Mandated Lead arranger and security agent during the post-IPO financing of NORMA Group
- › For NORMA's German branch, Commerzbank Hanau has kept a close and trustful client relationship supporting all the daily needed banking products and processes in both family-owned and stock-listed environments

Modern investment banking implemented by realigning of culture and compensation policy

Right corporate culture implemented

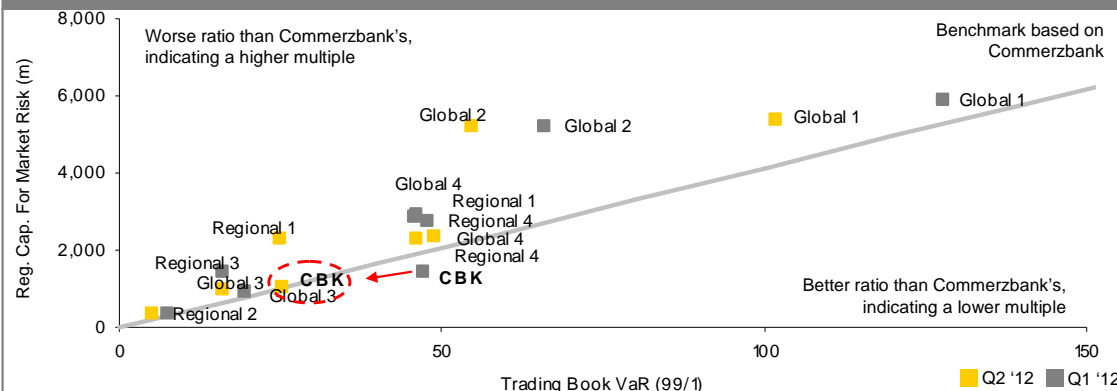
- › Focus on continuing to be a reliable, transparent and prudent investment bank
- › Cultural change already achieved: risk awareness, client focus and team approach

Compensation model adjusted

- › Compensation model adjusted ahead of competition
- › Deferred payments through introduction of Bonus Bank in 2009
- › Risk taker model introduced in 2011 (longer deferral periods / claw-backs for risk takers and senior executives) according to InstitutsVergV



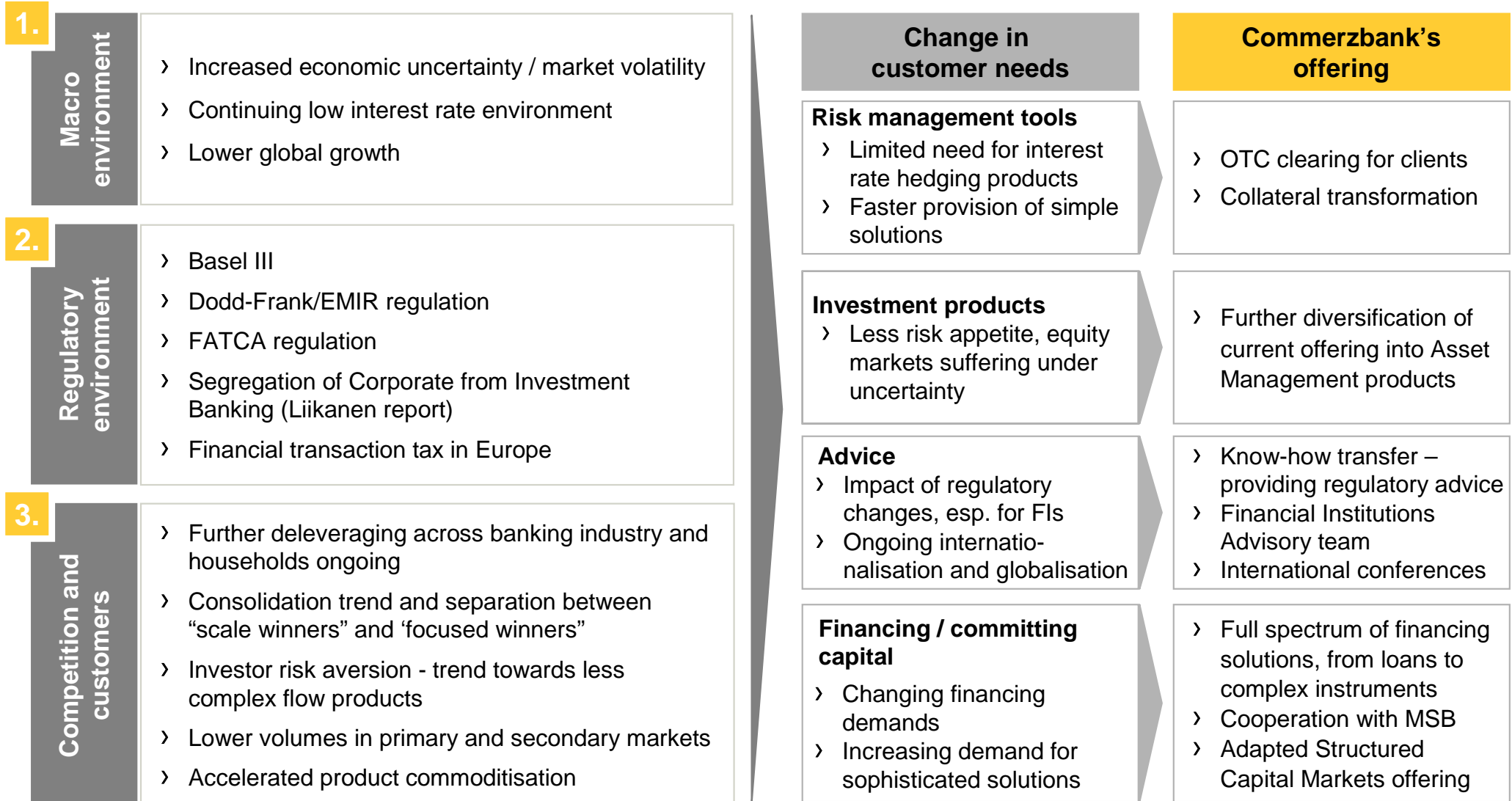
Transformation to risk-aware culture achieved



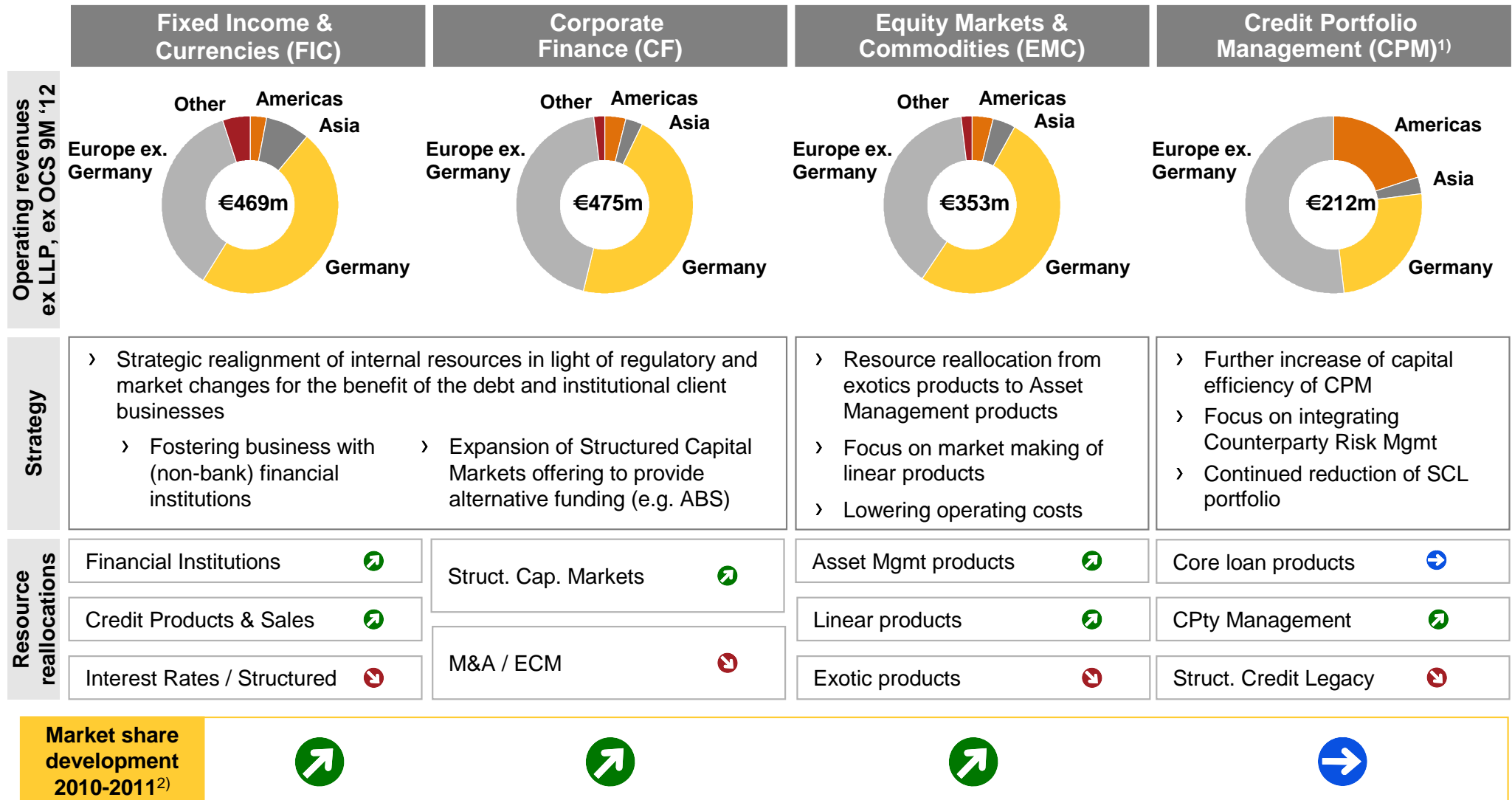
Client centricity established

- › Almost 90% of C&M revenues stemming from direct client business
- › Franchise setup centred around clients' needs
- › Onion principle approach

Strategy: C&M is rapidly responding to regulatory challenges and is prepared for the changing environment



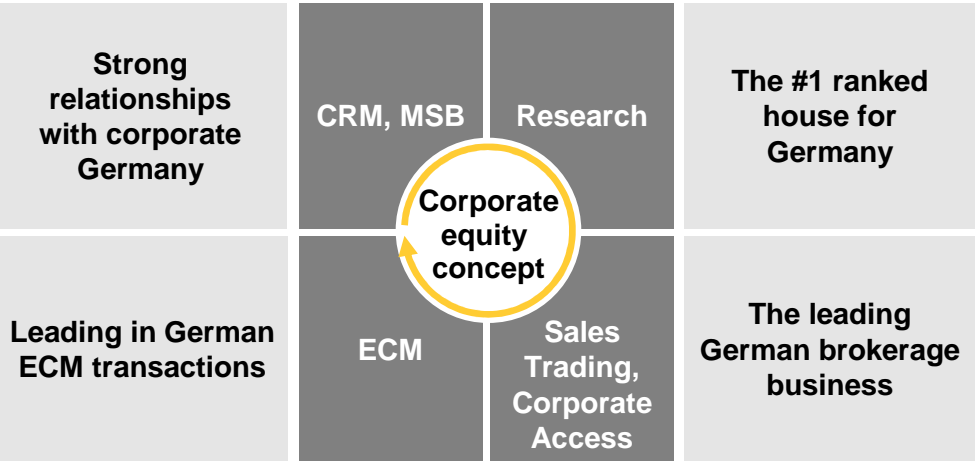
Strategy: positioning as large international niche player rather than small global player – enhancement of offering ongoing



1) Structured Credit Legacy (SCL) / former PRU reported for the first time in 3Q 2012. 2) YoY market share change 2010-2011; EMC excluding one-offs. Source: Oliver Wyman.

Strategy: creating a focused, client-centric niche business – example of equity brokerage

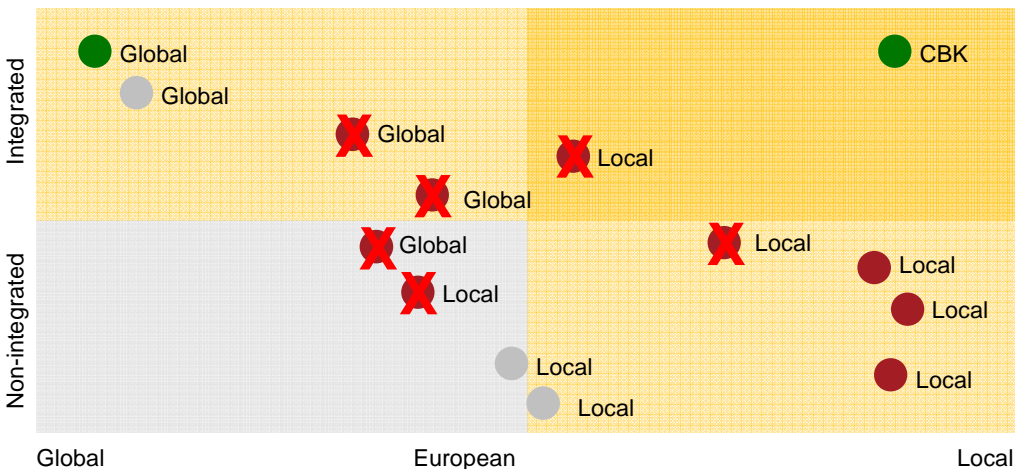
Commerzbank's corporate equity model



Core principles for a profitable niche






- Focused & Best in class**
 - › German specialist, perfect fit to the strength and strategy of CBK
 - › Focus on UK, US, D only - 80% of German equity holdings
 - › Best in class broker for German corporates selling Germany to the World
- Integrated**
 - › Integrated IB approach across all elements of the value chain
 - › Cross introduction of CEOs / CFOs to other IB products
 - › Leveraging research and industry know-how into C&M and MSB
- Lean**
 - › Minimising platform / infrastructure fix costs via internal shared systems approach and external strategic alliances with leading industry partners
 - › Hub / satellite approach with FFM as hub - LON / NY as satellites

Global or niche: no room for 'stuck-in-the-middle' concepts



● Profitable, ● Non-profitable, ● Neutral, X Refers to exit of Equity Brokerage, ECM, or Research.

Major awards testify successful customer-centric positioning

| | | |
|---|--|---|
| <p>1 Germany Country Analysis Commerzbank</p> <p>Source: Thomson Estel Pan-European Research Survey 2012</p> <p>2012 </p> | <p>1 Leading Brokerage Firm – Germany Commerzbank</p> <p>Source: Thomson Estel Pan-European Research Survey 2012</p> <p>2012 </p> | <p>1 Top Three Broker Conferences* German Investment Seminar, New York Commerzbank</p> <p>*Based on Quoted Company Votes</p> <p>Source: Thomson Estel Surveys 2012</p> <p>2012 </p> |
| <p>1 Best Capital Raise The Linde Group €1.4bn primary ABB, July 2012</p> <p>Source: Euroweek EMEA ECM Awards 2012</p> <p>2012 </p> | <p>1 Top Ranked Brokers for Germany – Recommendations MDAX Commerzbank</p> <p>Source: Thomson Reuters StarMine Broker Rankings 2011</p> <p>2011 </p> | <p>1 Germany – Small & Mid Caps Research Commerzbank</p> <p>Source: Thomson Estel Pan-European Research Survey 2012</p> <p>2012 </p> |

Strategy: increasing front-to-back efficiency with €150m additional savings p.a. by 2016

Key optimisation measures ...

Optimisation through systematic, concerted front-to-back cost initiative, freeing-up means for investments

Further steps to align business portfolio towards new market environment for focused growth

Reduction of direct operating expenses and focus on further improvement of end-to-end efficiency

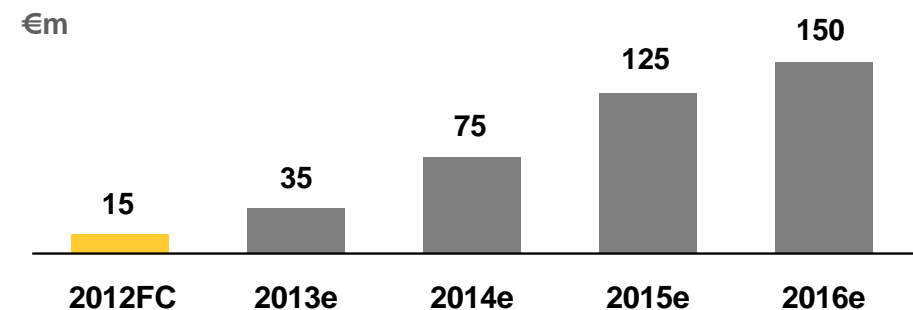
Operating model simplification and further locational consolidation offsetting regulatory challenges

Complexity reduction in data landscape, IT applications and platforms

... will lead to quick and sustainable results

- › Up to €150m p.a. / >10% savings based on current C&M total costs front-to-back annually (cost savings shown net of cost-to-achieve)¹⁾
- › Full cost effect will be reached by 2016 with €125m already kicking-in by 2015
- › Cumulated cost savings of €400m until 2016, freeing-up investment potential for focused growth

Savings of €15m for FY2012 expected since project start in April 2012



1) The cost run-rate might be higher due to growth, regulatory investments etc.

Outlook: C&M providing significant upside for the Group during improved market conditions while limiting downside potential

- ✓ C&M crucial element in Commerzbank's balanced business portfolio as an integrated universal bank
- ✓ C&M's business model driven by client activity (absence of proprietary trading)
- ✓ Ongoing further optimisation of business model and organisational setup
- ✓ Increasing interconnection with other group segments for improved product delivery to clients
- ✓ Limited downside due to low risk, client-centric business model with significant upside potential
- ✓ C&M demonstrated that it can earn its cost of capital throughout the cycle also in adverse markets

Corporates & Markets: ambition level for 2016

Growth initiatives: 4% revenue growth p.a.

Target cost/income ratio of under 65%

Increase cost efficiency, freeing-up €150m p.a. for focused growth

Further improve cross-selling, increasing product delivery to clients

Maintaining current level of capital efficiency despite introduction of Basel III

RWAs of under €45bn¹⁾

Pre-tax ROE of over 15%¹⁾

C&M represents the modern investment bank

- › C&M transformed the **IB business model** in 2004 and during the merger with Dresdner Bank, **adjusting businesses, risk approach, culture and compensation**
- › C&M provides Commerzbank with **future growth opportunities**, while **limiting its downside potential** due to its **unique risk/return profile**

Note: All KPIs before own credit spread (OCS). 1) Including full Basel III effect.

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