



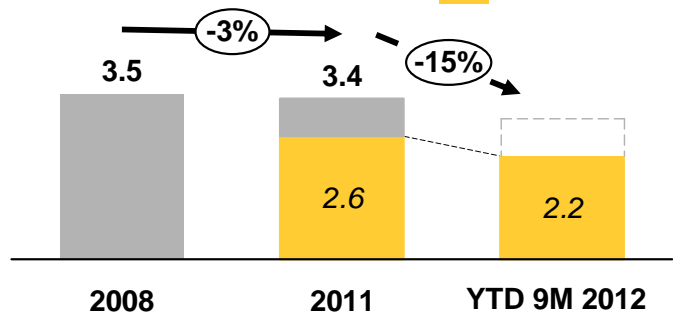
# Private Customers New retail banking strategy

Investors' Day 2012

# Income fell more heavily than costs in recent years – due to market effects ...

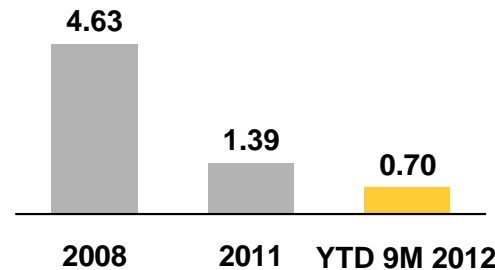
## Cost development, PC segment<sup>1)</sup>

€bn 2.6 YTD 9M 2011



## Av. three-month Euribor rate

%

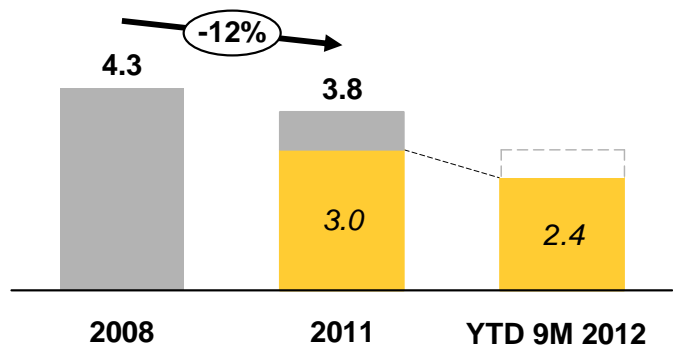


› Low interest rate environment affects income

(Income effect<sup>2)</sup> in 2012: €-200m)

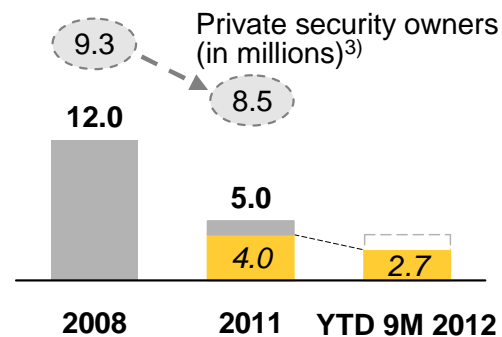
## Income development, PC segment<sup>1)</sup>

€bn 3.0 YTD 9M 2011



## Av. security order, branch network

millions p.a. 4.0 YTD 9M 2011



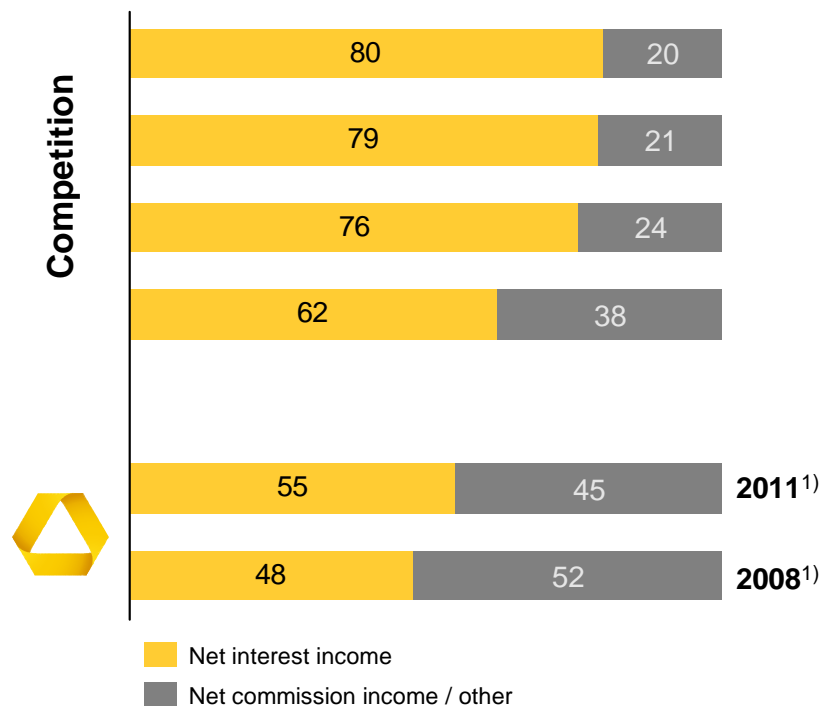
› Deep crisis of confidence among customers results in less activity

1) 2008-2010 pro forma (excl. exit units), 2008-2012 excl. Hypothekbank Frankfurt (HF) and Commerz Real owners in Germany acc. to Deutsches Aktieninstitut (DAI) NB: Rounding differences Source: GM-F, PC-PK 2) Effect on deposit revenues in the PC segment 3) Number of private security owners in Germany

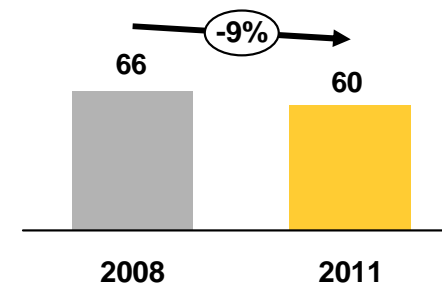
# ... but also structural, bank-internal issues

Branch network income split compared to competition in 2011

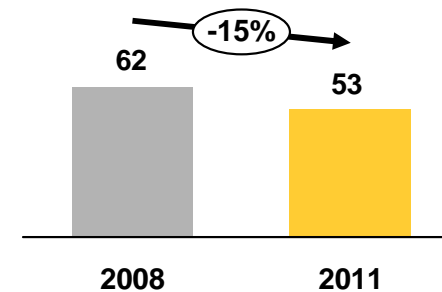
%



Av. deposit volume, branch network<sup>1)</sup> €bn



Av. credit volume, branch network<sup>1)</sup> €bn



**Comparatively high dependence on securities business**



**Deposit and lending business previously not the focus**

1) PC segment excl. comdirect, 2008-2010 pro forma (excl. exit units), 2008-2012 excl. Hypothekbank Frankfurt and Commerz Real  
 Source: GM-F, competitors' annual reports (in some cases with preliminary 2011 figures)

# Strategic focus of retail banking – challenges in the PC segment

## Direct bank

- › Tapping the growth opportunities in the direct bank market
- › Further scaling the growth programme

## CURRENT FOCUS

## Branch network

- › Repositioning retail banking activities within the market
  - Focus on traditional values to win back trust
  - Systematic modernisation in response to megatrends and changing customer requirements

# Loss of trust and changes in customer behaviour require new branch banking – focus on traditional values and innovative technology

## Established facts

- › Approx. 9,000 interviews conducted with customers to determine customer needs<sup>1)</sup>
- › Complemented by external market/customer studies and trend research
- › Relevant customer needs derived (customer insights)
- › Testing of positioning approaches and concrete measures with customers



## Key findings

### 1. A return to traditional values ...

- › Trust is the linchpin of the customer/bank relationship
- › Traditional values such as reliability, transparency, fairness and competence are highly relevant for more than 75% of customers



### 2. ... and a desire for modernity

- › 52% of customers in the German banking market are multichannel customers – and the number is rising
- › Internet AND a branch are equally important
- › Customers want more straightforward banking without restrictions (time-based, geographical)



**Customers want a bank they can trust**



**Customers want a modern and flexible multichannel bank**



1) Conducted by TNS Infratest between May and August 2012

# We are therefore investing in the restructuring of our business model: traditional values and a modern multichannel bank



**Traditional values:  
winning back trust**



**Modern multichannel bank:  
modernising online/mobile technology  
and the branch network**



- › Investment of €1 billion in the four years up to 2016
- › Sustainability takes time – income effects as of 2014

# We want to win back trust by delivering fairness and competence, rather than just talking about them

- ✓ Already implemented
- (✓) Implemented in part
- ≈ Planned

EXAMPLES – FURTHER MEASURES TO FOLLOW

<b>Advisory services</b>	Tailored and competent, in line with the customer's needs	<ul style="list-style-type: none"> <li>✓ Comprehensive financial analysis using the Customer Compass</li> <li>✓ Provider-independent advisory services (CobaHyp/fund selection)</li> <li>(✓) Improving employee skills by means of a qualifications drive</li> </ul>
<b>Products</b>	Fair products that are transparent, simple and easy to understand	<ul style="list-style-type: none"> <li>(✓) Products that guarantee customer satisfaction</li> <li>≈ New deposit models</li> </ul>
<b>Prices</b>	Transparent and fair prices	<ul style="list-style-type: none"> <li>✓ No processing fee on consumer loans</li> <li>(✓) Equal treatment for new and existing customers</li> </ul>
<b>Channels</b>	Improved reachability in all channels	<ul style="list-style-type: none"> <li>(✓) Available on the phone 24/7 (starting in Q1 2013)</li> <li>✓ Mobile banking/mobile app added to the access channels</li> </ul>
<b>Services</b>	Uniform standards and reliable services	<ul style="list-style-type: none"> <li>≈ Introduction of a system to track sales orders</li> <li>≈ Binding service levels</li> </ul>
<b>Communication</b>	Transparent and understandable communication	<ul style="list-style-type: none"> <li>(✓) No jargon in the customers' letters</li> <li>(✓) Straightforward and clear communication with no "small print"</li> </ul>
<b>Corporate policy</b>	Firmly establishing values in the corporate policy	<ul style="list-style-type: none"> <li>✓ No shareholding investments with customer portfolios &lt;€250,000</li> <li>✓ No speculation on foodstuffs</li> </ul>
<b>Management</b>	Focus on long-term customer retention	<ul style="list-style-type: none"> <li>✓ Customer satisfaction as a parameter</li> <li>✓ A fair balance between bank and customer benefits</li> </ul>

# We want to win back trust by delivering fairness and competence, rather than just talking about them

## Comprehensive financial analysis



## Certified advisory process

Needs-based, standardised advisory services confirmed by the “Institut für Vermögensaufbau” – an independent company with advisory services quality tests<sup>1)</sup>

## Provider-independent advisory services



**CobaHyp**

The open provider platform

## Independent, objective advisory services

An open mortgage platform for comprehensive market transparency and objective advisory services

## Products with customer satisfaction guarantee



## Fair products and services

Free current account with satisfaction guarantee from 09.11.2012 online and in all Commerzbank branches

## Improving employee skills



## Qualifications drive

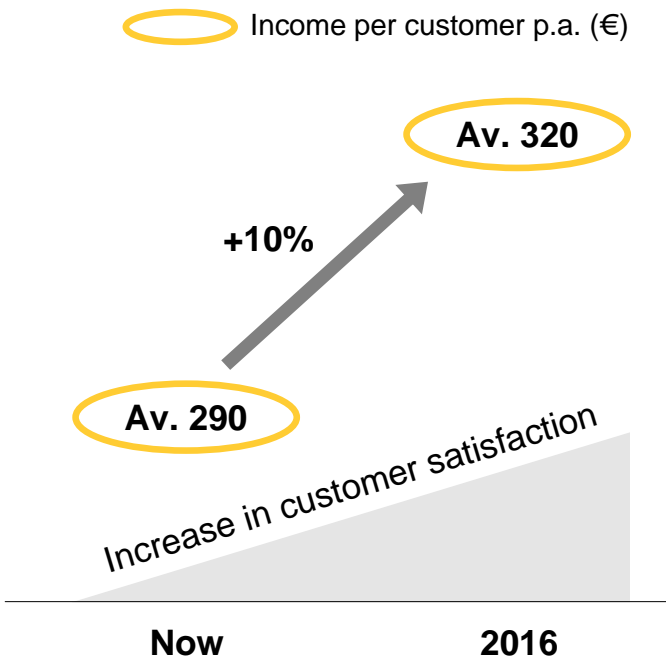
Further improvement in the quality of the expertise and advisory services by doubling investments in employee qualifications

1) The Focus Money distinction is based on certification of the Commerzbank Customer Compass by Institut für Vermögensaufbau (IVA) AG. The products of other providers were not tested. Institut für Vermögensaufbau (IVA) AG is an independent company whose activities include nationwide tests to assess the quality of advisory services in the retail banking sector.

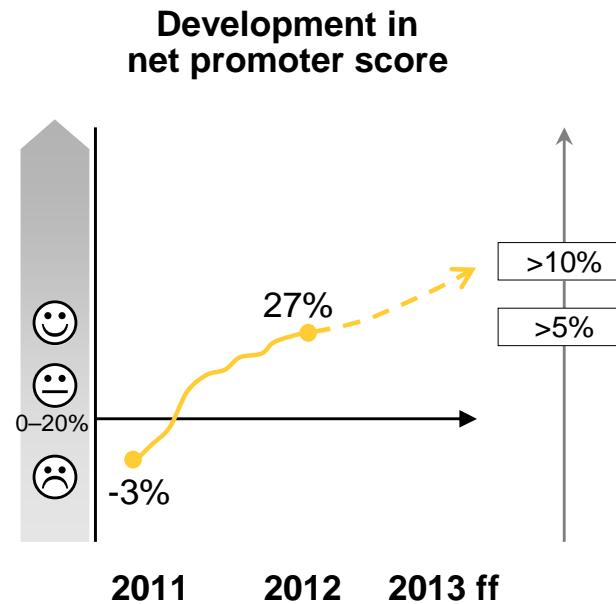


# Greater customer satisfaction will boost our income per customer ...

## Income increase per customer



## First signs of success: customer satisfaction<sup>1)</sup> on the increase



## Customer satisfaction as value driver

- › Satisfied customers ...
  - have more products
  - remain loyal to the bank
  - recommend the bank to others more often
- › Studies<sup>2)</sup> demonstrate the economic impact: satisfied customers generate around 50% more income than dissatisfied customers

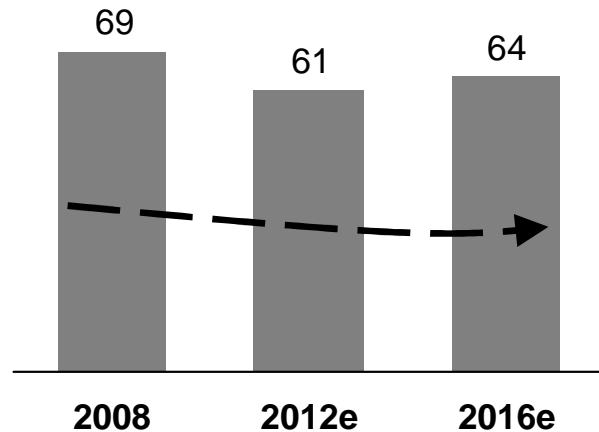


**Income effect from customer satisfaction:  
goal: increase of 10% in the average income per customer (cross-selling)**

1) Based on the readiness of branch network customers to recommend the bank to others 2) Bain & Company 2012

# ... and a reorganisation along the lines of fairness and competence will also enable us to reach more customers

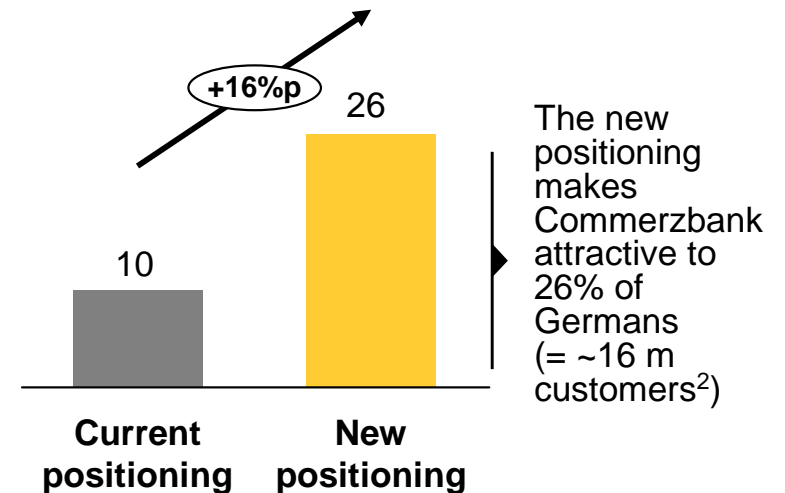
Stagnating income in the retail banking market<sup>3</sup>  
€bn



- › Growth only by crowding out competitors
- › No more potential in the current Commerzbank positioning

New customer potential  
%

 Relevant set<sup>1</sup>



- › Expanding new customer potential with a positioning of fairness and competence



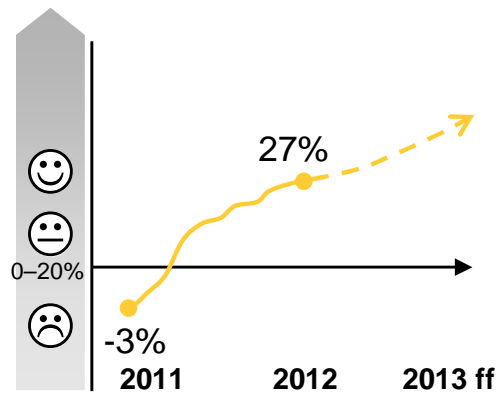
- › **Commerzbank comes into question for one in four Germans**
- › **Our goal: one million net new customers in the segment by 2016 with more than €300m in additional income**

<sup>1</sup> Number of competitors in the banking market who shortlist Commerzbank when making purchasing decisions <sup>2</sup> Based on the German population aged 14 and over (~64 million)  
<sup>3</sup> Source: BCG, Retail Banking Revenue Pools

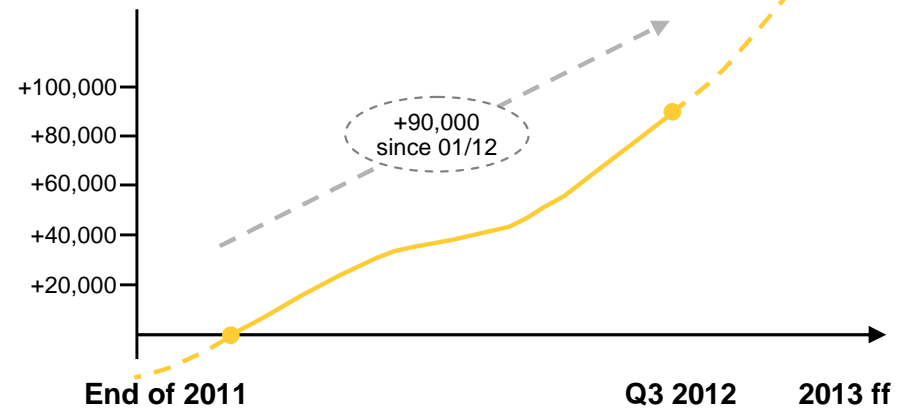
# The restructuring of private banking has already begun

## Customer satisfaction

Development in net promoter score<sup>1</sup>

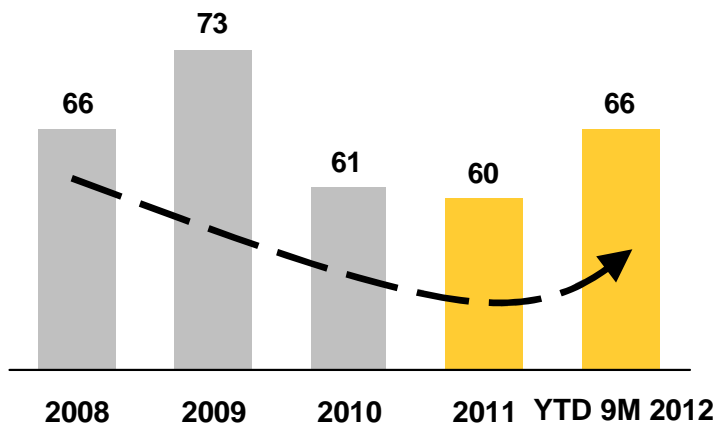


## Development in customer numbers (net), branch network<sup>2</sup>



## Av. deposit volume, branch network

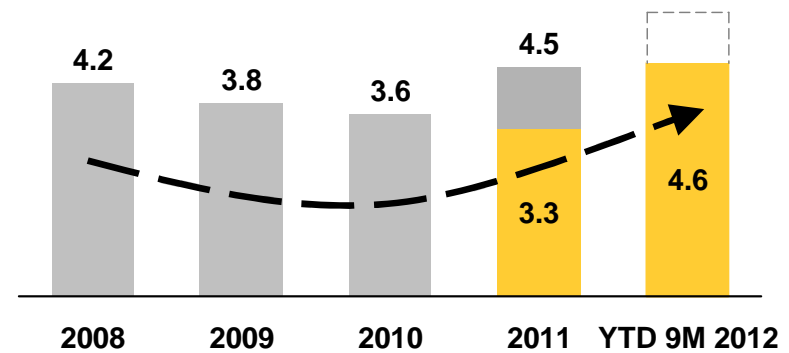
€bn<sup>3</sup>



## New business volume, mortgages, branch network

€bn<sup>3</sup>

3.3 YTD 9M 2011



<sup>1</sup> Readiness of branch network customers to recommend the bank to others <sup>2</sup> Domestic branch network excl. HF, comdirect, Commerz Real and CommerzFinanz <sup>3</sup> PC segment excl. comdirect, 2008–2010 pro forma (excl. exit units), 2008–2012 excl. Hypothekenbank Frankfurt and Commerz Real NB: Rounding differences Source: GM-F, PC-PK

# We are modernising our platform and using our competence in direct banking activities



**Group competence thanks to being ...**

- › one of Germany's leading direct banks
- › one of the top ten online banks in Europe



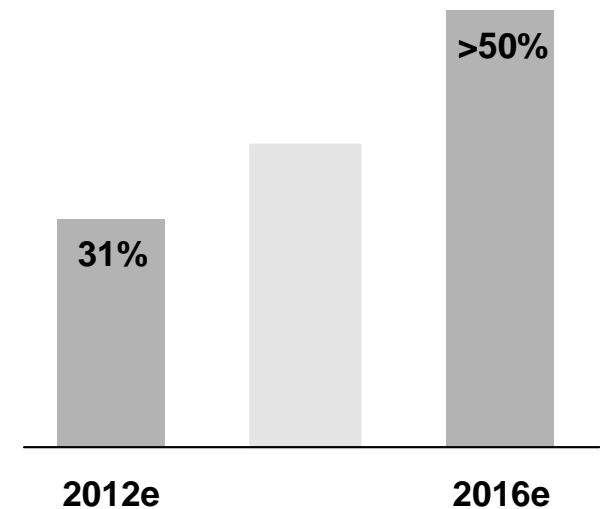
## Business model: two pillars



Goal: close interlinking of all the channels to make banking activities available at all times and anywhere

## Branch network: increase in online banking

Online banking share



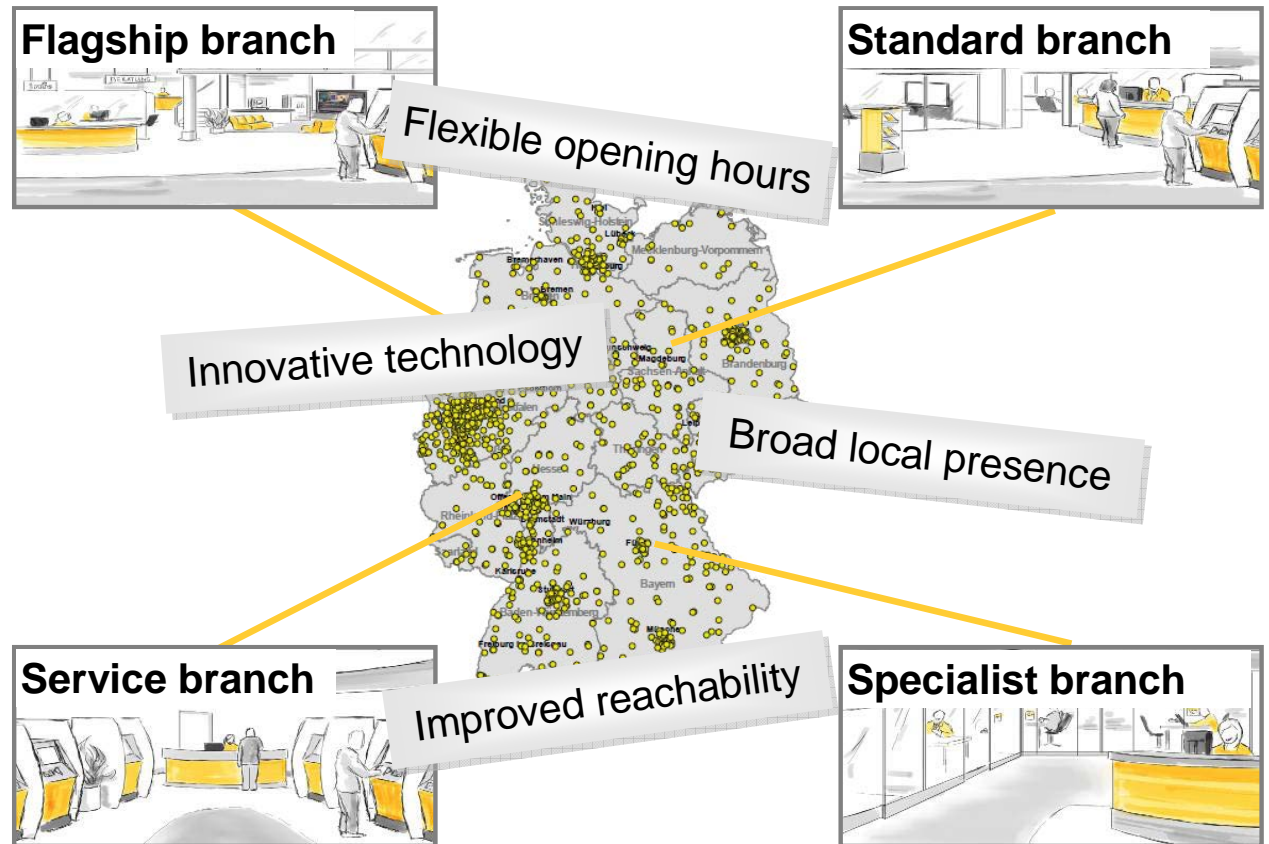
- › Increasing significance of online and mobile banking
- › But branches will still have the biggest share of the market in the future

# We are also investing in a modern branch network

Branch-based business:  
close interlinking with  
digital channels



Investment in a modern branch network



- › Number of branches to initially remain stable: no withdrawal from broad presence
- › Also, stable costs thanks to the new structure with four branch models

# We will invest €1 billion by 2016

€1bn invested in ...

... products and services  
(positioning)

... employees  
(e.g. qualification)

... online and mobile banking

... the branch network



... with costs remaining stable in the  
medium term up to 2016

- › Capacities inflated due to the market developments of recent years
- › Capacities therefore to be brought into line with the forecast demand
- › Effect: cost stability possible in spite of extensive investments
- › No positive result expected for 2013



# Our service pledge: combining traditional values with modern technology results in a unique portfolio of services

## Traditional values:

Trust by focusing our services on being fair and competent

### › Needs-based, standardised advisory services

- Certified advisory services process based on the Customer Compass

### › Products that guarantee customer satisfaction

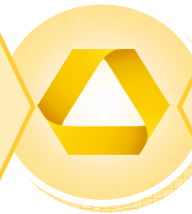
- Free current account with satisfaction guarantee from November 2012

### › Objective recommendations

- CobaHyp with more than 250 providers of mortgage business activities

### › Sustainable management

- Customer satisfaction as a sales parameter



## Modern technology:

Close interlinking of online/mobile banking with the branch network (personal advisory services)

### › Flexible access channels

- Banking how and where the customer wants it

### › Secure banking

- For example, photoTAN as a new and innovative security process

### › Flexible, round-the-clock reachability

- For example, 24/7 and attractive branch opening hours

### › Online/mobile banking

- For example, further developments in online banking functionality
- For example, an app for quick and easy transaction processing

Commerz-  
bank  
advantage

## Our aspirations for 2016

▶ Additional customer income of around €600m

▶ Operating profit of more than €500m

▶ Return on equity (ROE) greater than 12%

▶ Stable costs

▶ Around a million new customers

▶ More than €300bn in assets under control

▶ Income per customer of around €320

**Germany needs a bank  
like Commerzbank**

**The flexible multichannel bank  
that combines modern  
technologies with traditional  
values such as fairness, trust and  
competence**



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