



Commerzbank: Creating sustainable value and profitable growth

Merrill Lynch Banking & Insurance CEO Conference

Michael Reuther

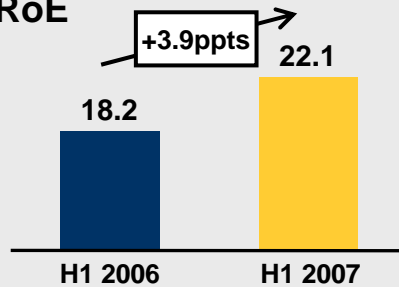
Member of the Board of Managing Directors
London, October 4th, 2007

Agenda

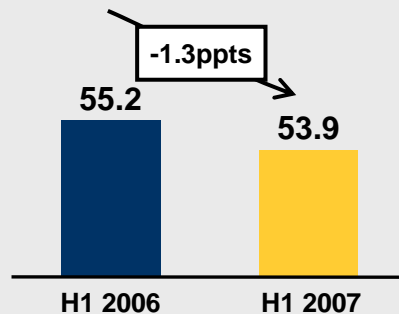
- 1. Status quo: record level H1 2007 figures**
2. Strategic program: stable growth and improved profitability
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Commerzbank is managed along three main Group performance indicators

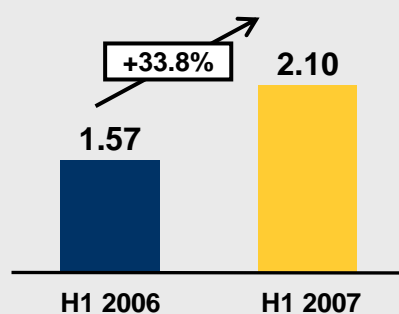
Net RoE



CIR



EPS



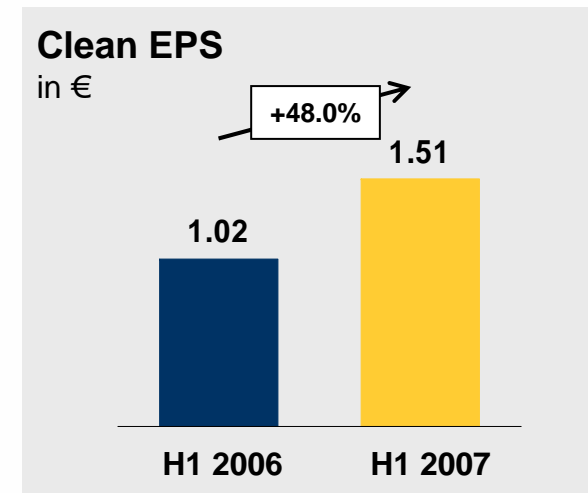
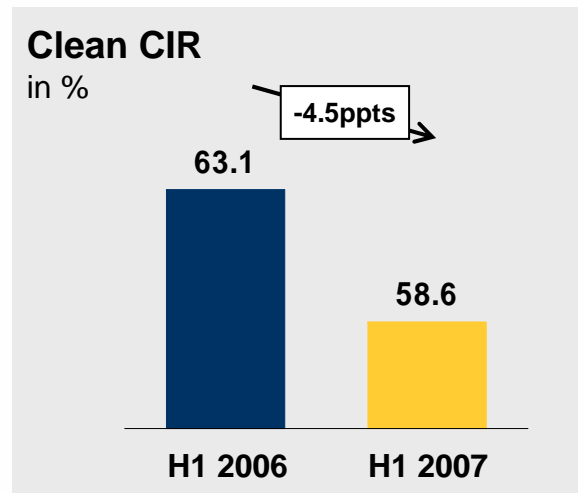
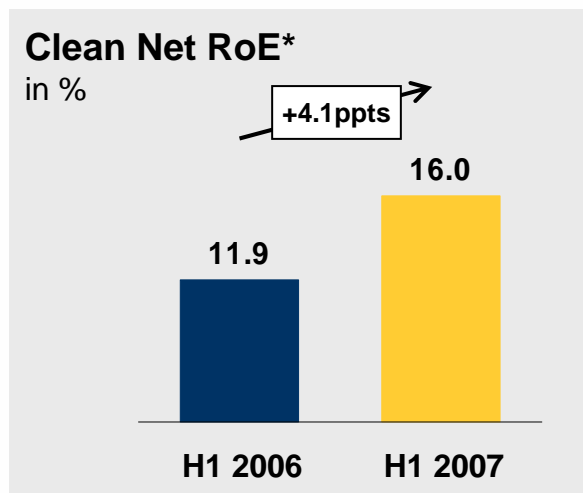
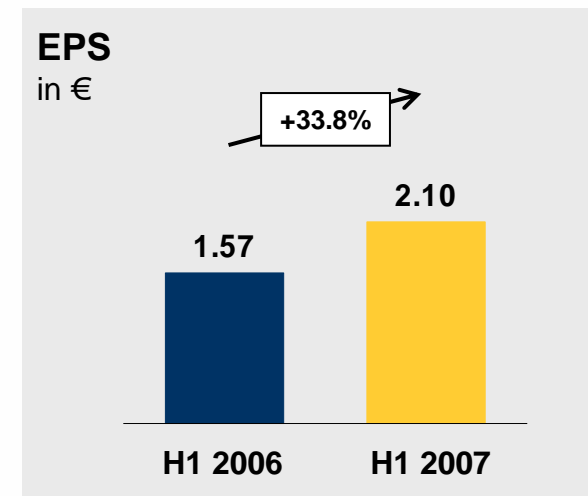
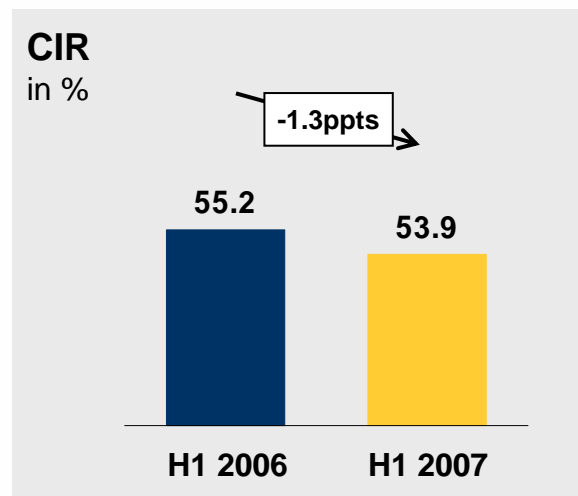
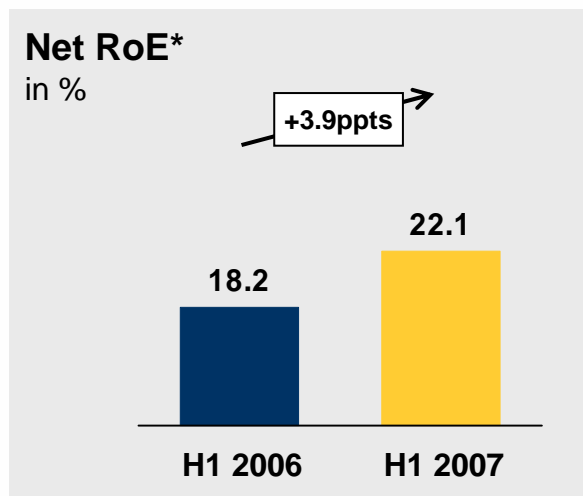
- **Strong focus on Net RoE, CIR, EPS**
- **Realizing growth opportunities**
 - High exposure to German economy
 - Enhancing organic growth in core divisions
 - Expanding in regions and products with competitive strengths
- **Increasing profitability**
 - Ongoing efficiency enhancement in all divisions
 - Following active portfolio management
 - Ensuring efficient capital management



Following a balanced approach to profitability and growth

Note: 2006 figures based on stated results

Commerzbank is fully in line to reach its FY 2007 targets



* Annualized

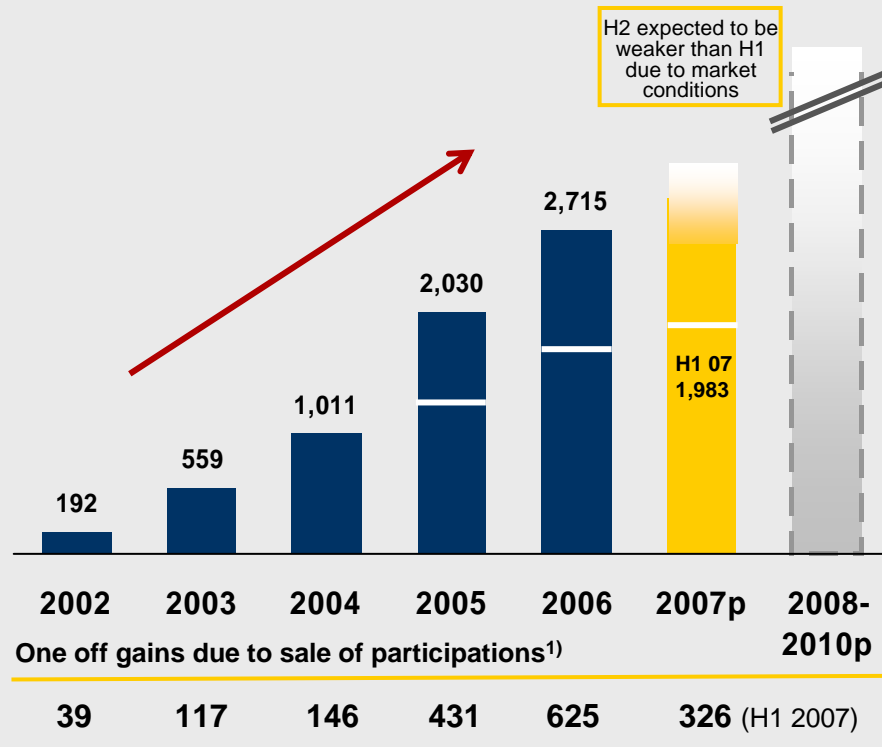
Clean: excluding net result on participations, restructuring charges


Note: 2006 figures based on stated results

Continuous increase in operating profit – what’s next?

Operating profit

in € m



 Full year 2007p

¹⁾ published Afs-result (without refinancing and related items)

Commerzbank on track

- **Restored:**
Corporate financial strength even under stress conditions
- **Regained:**
Improved profitability in core businesses
- **Refocused:**
Stable growth and further increase in profitability on a risk/return optimised basis



**Remaining question:
What’s next?**

Note: 2005, 2006 pro forma full integration of Eurohypo

Subprime poses no threat to Commerzbank



Capital Market issuance fully aligned

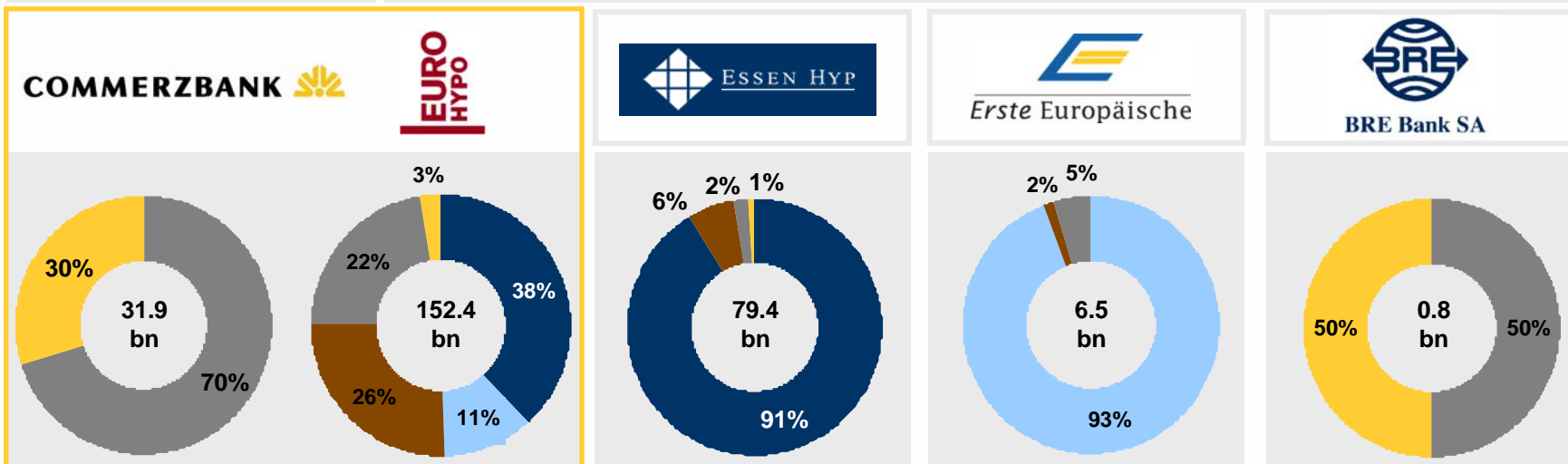
Capital Market Committee manages €270 bn* of Group capital market issuance

Capital Markets Committee

Milestones in the first year



- Group issuance and roadshow calendars aligned
- Investor survey conducted – very positive feedback received
- Leveraging no. 1 position of Group in Pfandbrief market

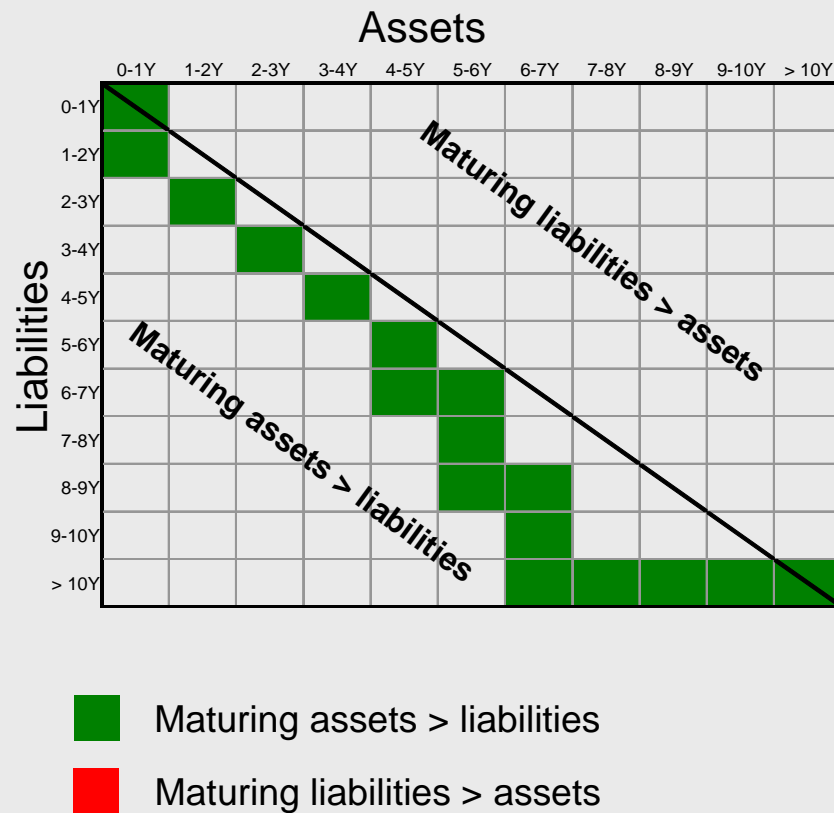


■ Öffentliche Pfandbriefe
 ■ Lettres de Gage
 ■ Hypothekenspfandbriefe
 ■ Senior Unsecured
 ■ Tier 1, Tier 2, Tier 3

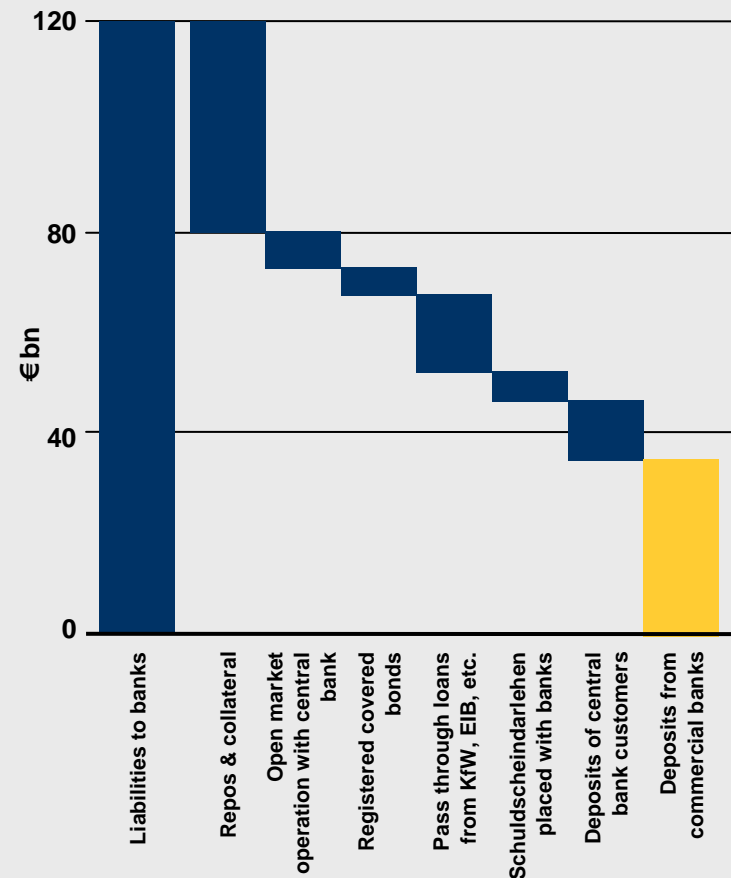
* total outstanding issuances in €bn as of June 2007 (Treasury Database)

Sound funding structure in all maturity buckets

Unsecured funding matrix



Breakdown Group position "Liabilities to banks"



Data Source: interim report & Treasury data as per 30/06/07

Outlook: Impact of increased credit spreads on Group's P&L expected to be positive

What will happen?

Funding spreads and credit margins in general may remain at higher levels even after stressed liquidity situation of banking sector will have calmed down

Overall funding cost to increase moderately

- No evidence for customer deposits to become more expensive
- Issuance cost of Pfandbriefe higher than recent lows but impact limited as more expensive Pfandbrief issues will expire
- Spreads of Group's senior unsecured capital markets funding to increase in line with markets movements. First expectations of impact: 20-25 bp
- Total outstanding unsecured debt € 60bn, to be reduced by roughly € 12 bn due to use of "refinancing register"
- Funding cost to increase over several years. Effects in 2008 € 10-15m (€ 30-35m in 2010)

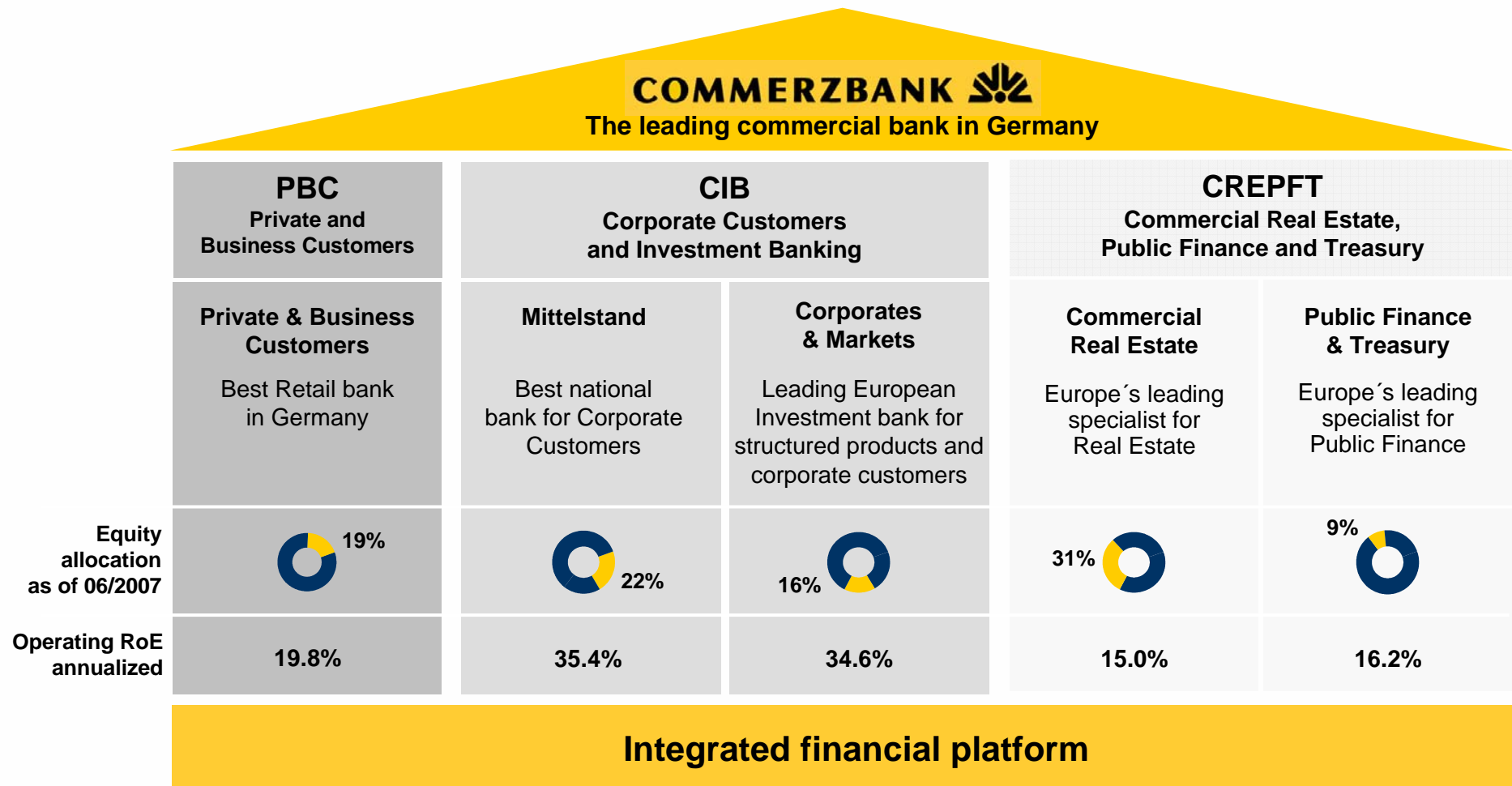
Impact on assets

- Funding cost of commercial loan business (approx. € 210bn) only to be affected by up to 4-5 bp (increase extended over several years)
- Positive impact of widening credit margins on Group's lending business likely to match increased funding cost

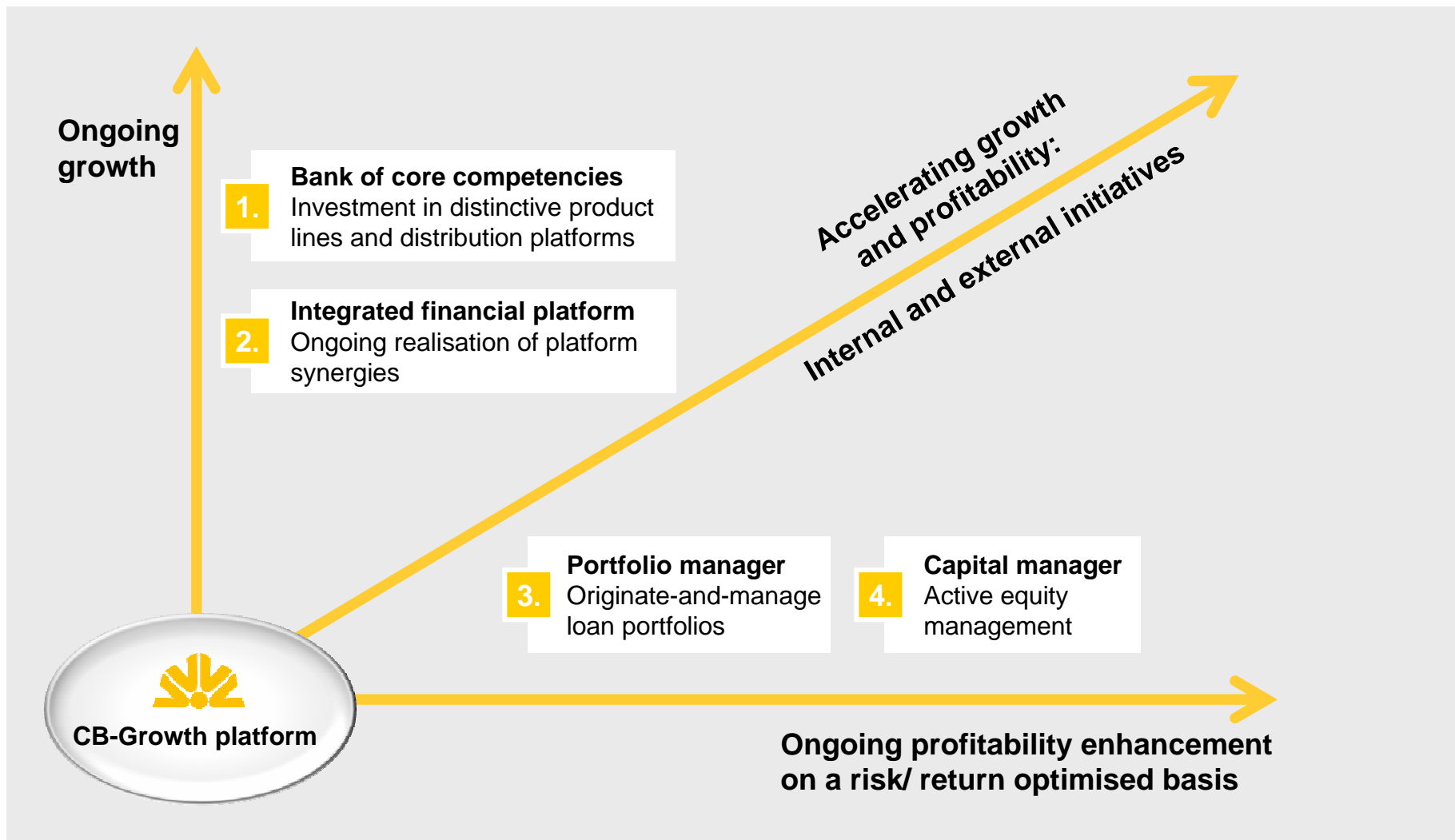
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Our objective: The leading commercial bank in Germany

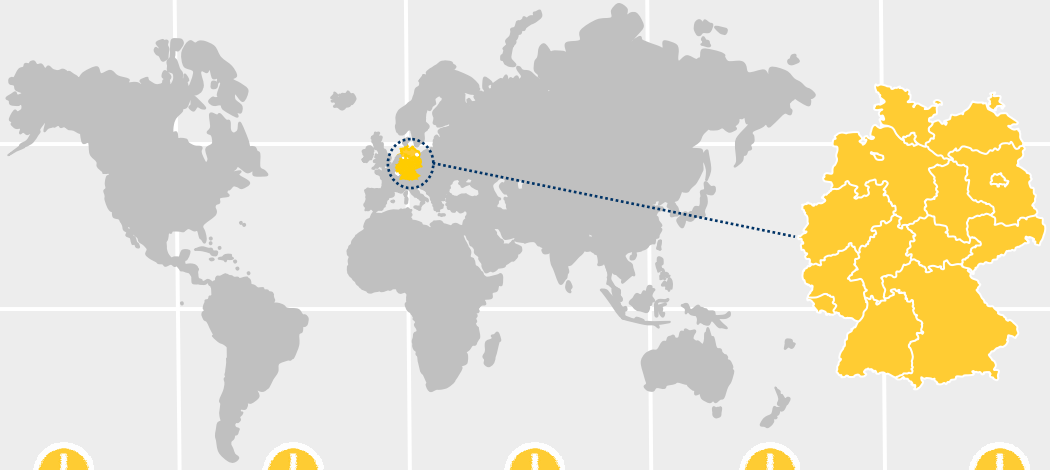


Strategic program: sustainable growth and profitability



1. Bank of core competencies

Rollout of distinctive product lines and successful distribution platforms

	PBC	MSB	C&M	CRE	PFT	Examples
Germany						→ Expansion of PBC and MSB
CEE						→ Accelerated growth, e.g. BRE bank, Ukraine and CB branches (esp. MSB and CRE)
Rest of world						→ Selective growth in niches with competitive advantages (e.g. CRE and MSB) particularly in Asia and US
Examples	<ul style="list-style-type: none"> • Continued customer growth in German branches and direct banking • Growth of assets under management in Germany 	<ul style="list-style-type: none"> • Increased market share in German SME • International expansion of SME/ direct banking CEE • Strengthening FI-Banking 	<ul style="list-style-type: none"> • Rollout derivative products (sales) • Growth in structured finance 	<ul style="list-style-type: none"> • Further international expansion • Integrated value chain 	<ul style="list-style-type: none"> • Integrated public finance platform 	

1. Bank of core competencies

Supported by active management of shareholdings

Active business portfolio management and further external growth

- Eurohypo integration successfully completed
- International Business Portfolio: active management (see below)

Investment



Example H2 2007 :

Bank Forum, Ukraine

- Market: Strategic participation in fast growing Ukrainian market
- Target: Bank Forum currently ranked number 10
- Transaction: acquisition of 60% + 1 share, call option for up to 25%
- Valuation: Reasonable price

Divestment

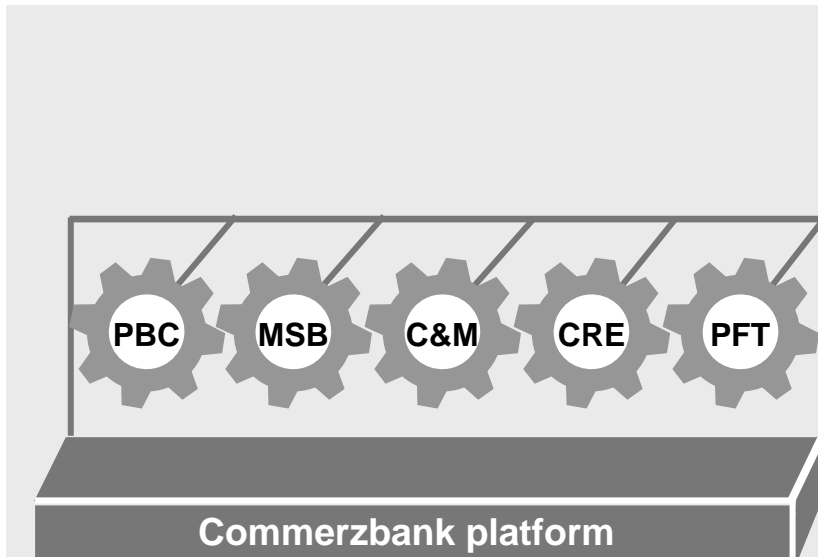


Examples 2007:

- **Jupiter, UK**
 - Rationale: exit from non-strategic UK asset management market;
 - Transaction: sale of 100%,
- **PT Bank Finconesia**, small bank in Indonesia (51%), per 01/08/07
- **CICM**, AM Japan, ind. 100%, signed 28/08/07

2. Integrated financial platform Interlinked business model with revenue and cost synergies

Integrated platform



Effects of integration

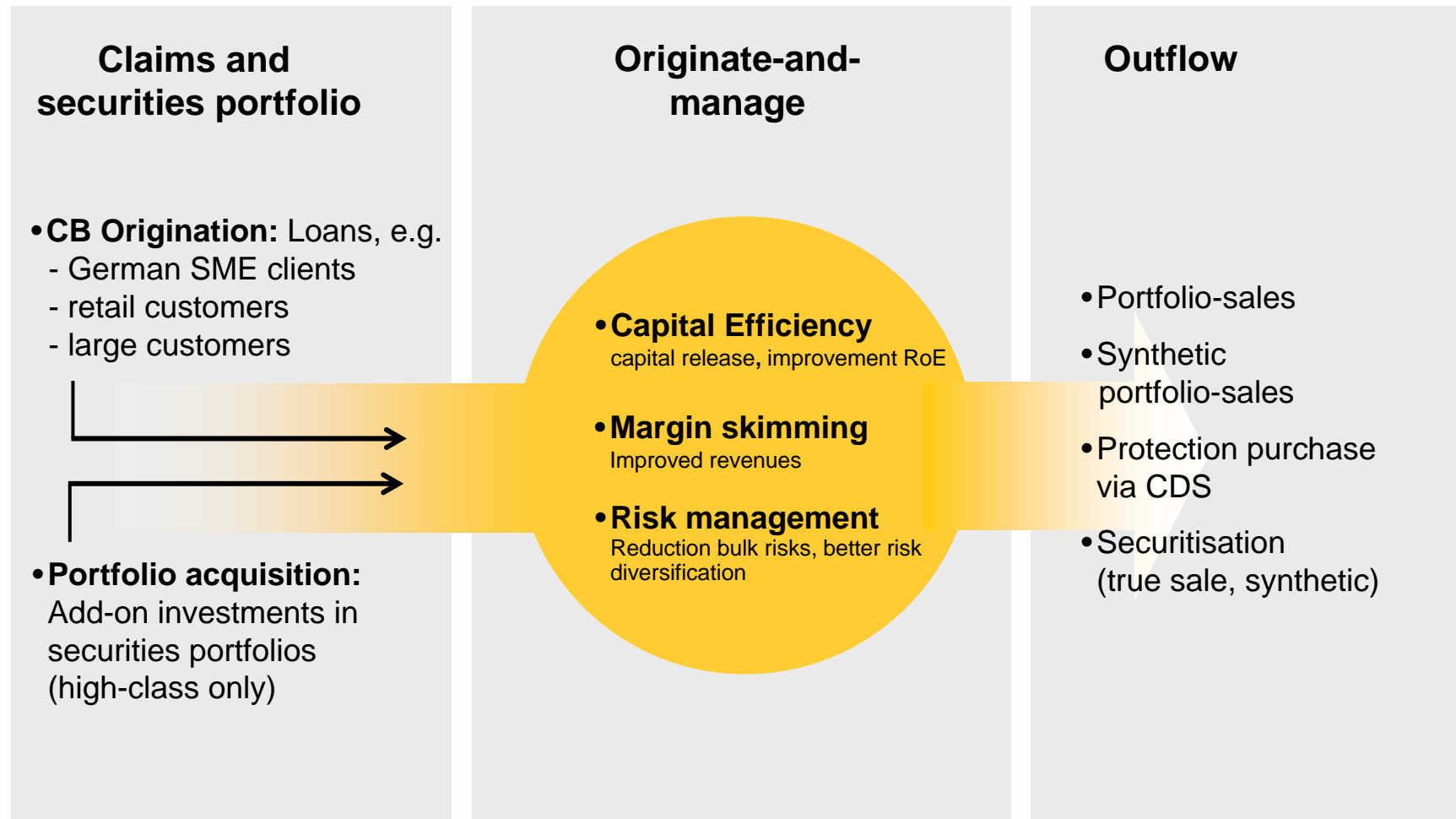
Segment synergies, e.g.

- C&M offers structured products and services for Retail and SME-clients
- MSB benefits from joint product approach with C&M and PBC
- CB-subsidiaries fully integrated

Platform synergies, e.g.

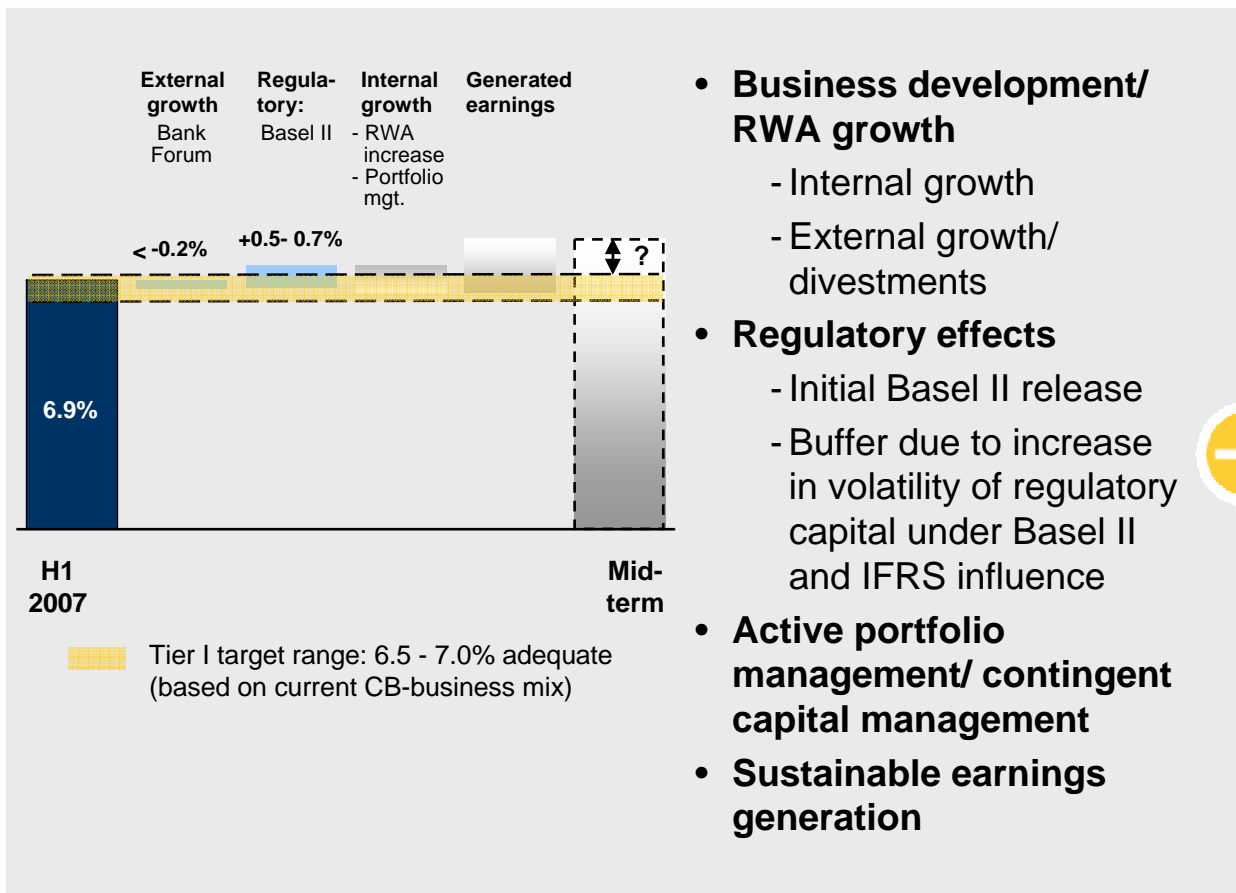
- Treasury/ Funding
- Backoffice: IT, transaction banking
- Strategy, accounting, financial and risk controlling

3. Portfolio manager Originate-and-manage model



4. Capital manager Active equity management

Development Tier I ratio and influencing factors



- **Business development/ RWA growth**
 - Internal growth
 - External growth/ divestments
- **Regulatory effects**
 - Initial Basel II release
 - Buffer due to increase in volatility of regulatory capital under Basel II and IFRS influence
- **Active portfolio management/ contingent capital management**
- **Sustainable earnings generation**

Proactive capital management to maximize value

Retain profit:

- Refinance future business activities

Capital pay-out:

- Increase of dividend
- Flexible on share buy-back

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Overview main value drivers (in € m)

Value drivers	H1 2006	H2 2006	H1 2007	Outlook H2 2007
Net interest income (NII) (after LLPs)	1,684	1,527	1,737	<ul style="list-style-type: none"> • In line with H1 2007 • Franchise business well on track • LLP guidance 2007 reduced to ~ €550m
Commission income	1,449	1,516	1,605	<ul style="list-style-type: none"> • Strong, but seasonally weaker than H1 • Dependent on equity market development
Trading profit	657	454	682	<p>Lower Sales & Trading in H2 due to</p> <ul style="list-style-type: none"> - seasonally weaker business in equity derivatives - difficult credit trading
Operating expenses	2,647	2,687	2,684	<ul style="list-style-type: none"> • Continued cost control • Ongoing efficiency programs • Investments in growth initiatives

Exceptionals 2007










H1 2007 effects	Expected H2 2007 effects
Disposal of <ul style="list-style-type: none"> • Germanischer Lloyd € 38m • Deutsche Börse AG € 48m • BRE's AM-unit SAMH € 23m 	Positive: <ul style="list-style-type: none"> • Disposal of CICM Japan • Sale of real estate property in Berlin • One-off gains in Mittelstand due to judgement of supreme tax court concerning reserve management above € 100m Negative: <ul style="list-style-type: none"> • H2 impairment of US subprime exposure
Disposal of Jupiter <ul style="list-style-type: none"> • Proceeds from sale of Jupiter € 243m • Release of Jupiter sundry provisions € 94m • External advisory fees € -10m 	
Impairment of US subprime exposure in Corporates & Markets € -46m	
Write-downs at Commerzbank Asset Management Asia (CAMA) € -23m	

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Outlook CB group: Further increase in growth and profitability

Value drivers: current figures and outlook

Value drivers (€m)	2006	H1 2007	2007p (vs. 2006)	2008-2010p	Outlook
Revenues incl. LLPs	8,049	4,667			<ul style="list-style-type: none"> Ongoing internal and external growth
Costs	5,334	2,684			<ul style="list-style-type: none"> Continued cost discipline Investment in growth programs
Net profit ¹⁾	1,597	1,377			<ul style="list-style-type: none"> Positive profit dynamics over time
Average equity	12,203	13,493			<ul style="list-style-type: none"> As of 01/01/2008 Basel II conversion - projected capital release of ~10% Proactive capital management: investment in growth, return of potential surplus capital
Clean net RoE ²⁾	11.2%	16.0%	>12%		<ul style="list-style-type: none"> Continuous improvement in RoE above 15% to achieve standards compared to international peers

¹⁾ 2006 figure based on stated result

²⁾ Clean: excluding net result on participations and restructuring charges

Effects of CB's strategic program

<p>1. Strategy</p>	<ul style="list-style-type: none"> • Further strengthening Commerzbank's position as the leading German commercial bank • Expansion of core competencies in products and geographic areas
<p>2. Segments</p>	<ul style="list-style-type: none"> • PBC: Profitability improvement based on organic growth • MSB: Further expansion of our leading position in Germany and selective growth areas • C&M: Customer focused strategy driver for high sustainable profits • CRE: Developing an integrated value chain in Real Estate • PFT: Building an integrated public finance platform, prudent Treasury Management in stressed markets
<p>3. Financials</p>	<ul style="list-style-type: none"> • Record profitability level in H1 2007 • 2007 targets to be overachieved • In 2008-2010: continuous improvement in RoE above 15% to achieve standards compared to international peers

 **Commerzbank with shareholder-minded strategy and capital management**

Appendix

Group equity definitions

Group equity definitions

Reconciliation of equity definitions

Equity basis for RoE

Equity definitions in €m	Jun-2007	Jan-Jun 2007	
Subscribed capital	1,708	1,707	
Capital reserve	5,705	5,702	
Retained earnings	5,122	5,158	
Reserve from currency translation	-51	-133	
Investors' capital excluding minorities	12,484	12,434	→ Basis for RoE on net profit
Minority interests (IFRS)*	1,063	1,059	
Investors' Capital	13,547	13,493	→ Basis for operating RoE and pre-tax RoE
Change in consolidated companies; goodwill; consolidated net profit minus portion of dividend; others	-7		
BIS core capital excluding hybrid capital	13,540		
Hybrid capital	3,096		
BIS Tier I capital	16,636		

- * excluding:
- Revaluation reserve
 - Cash flow hedges
 - Consolidated profit

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