

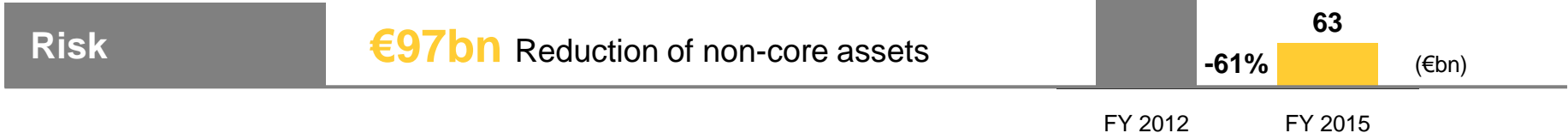
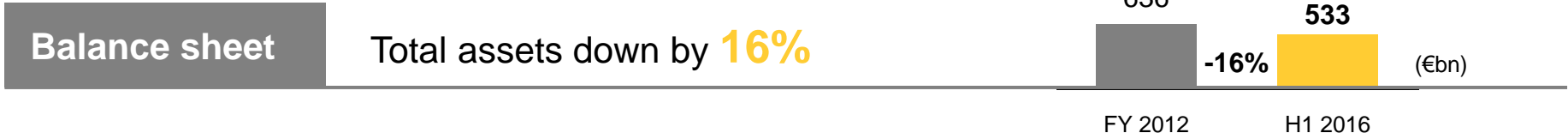


Commerzbank 4.0

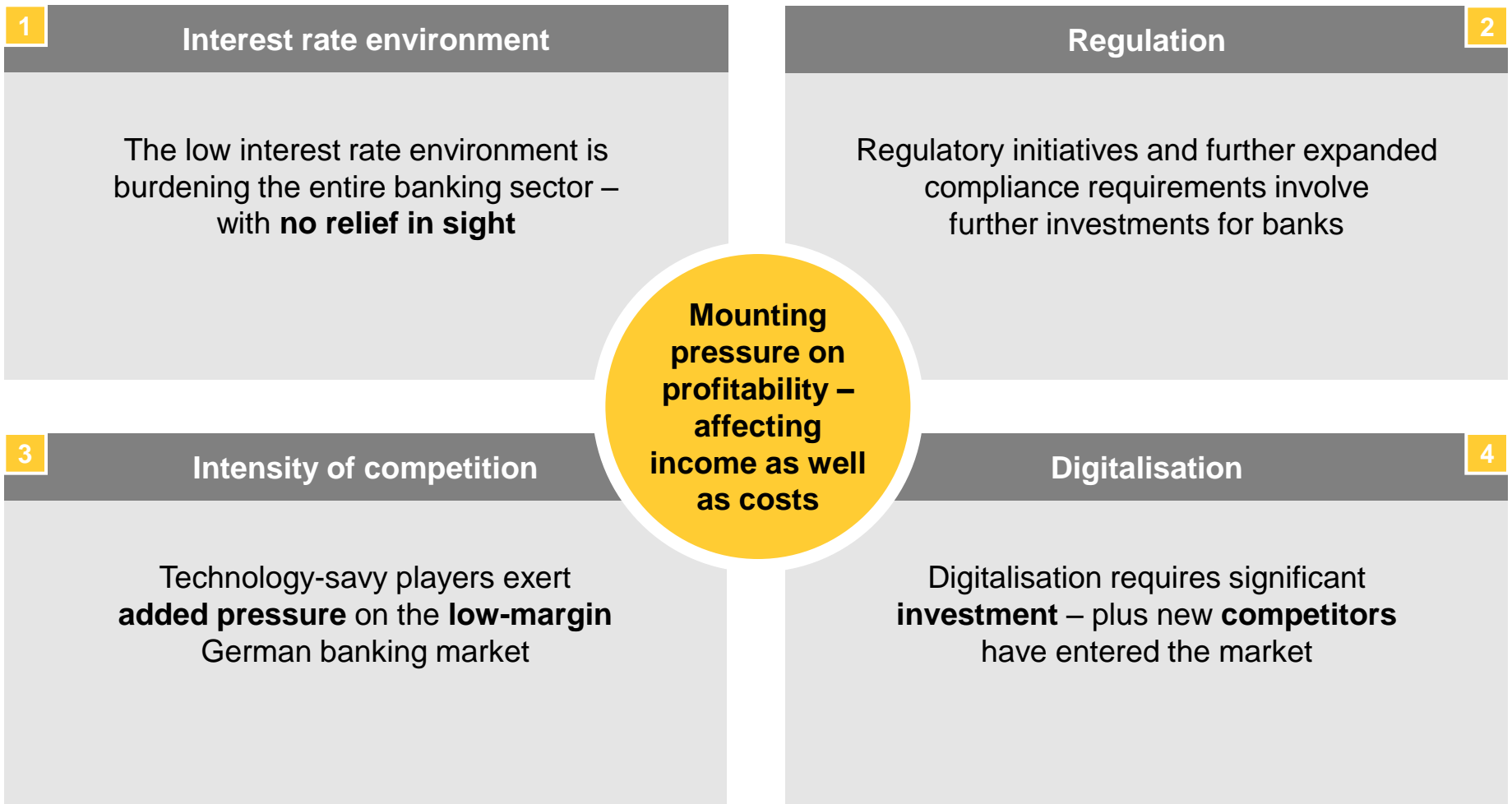
Agenda

- 1 We have made Commerzbank more stable – and less risky
- 2 We will rebuild the Bank, to boost profitability
- 3 We will concentrate our customer business in two strong segments
- 4 We will leverage our success in retail business for small business customers as well
- 5 We will focus on our main strengths for corporate clients, discontinuing non-core activities
- 6 We will digitalise our focused business model, across all processes
- 7 We will cut costs and enhance profitability

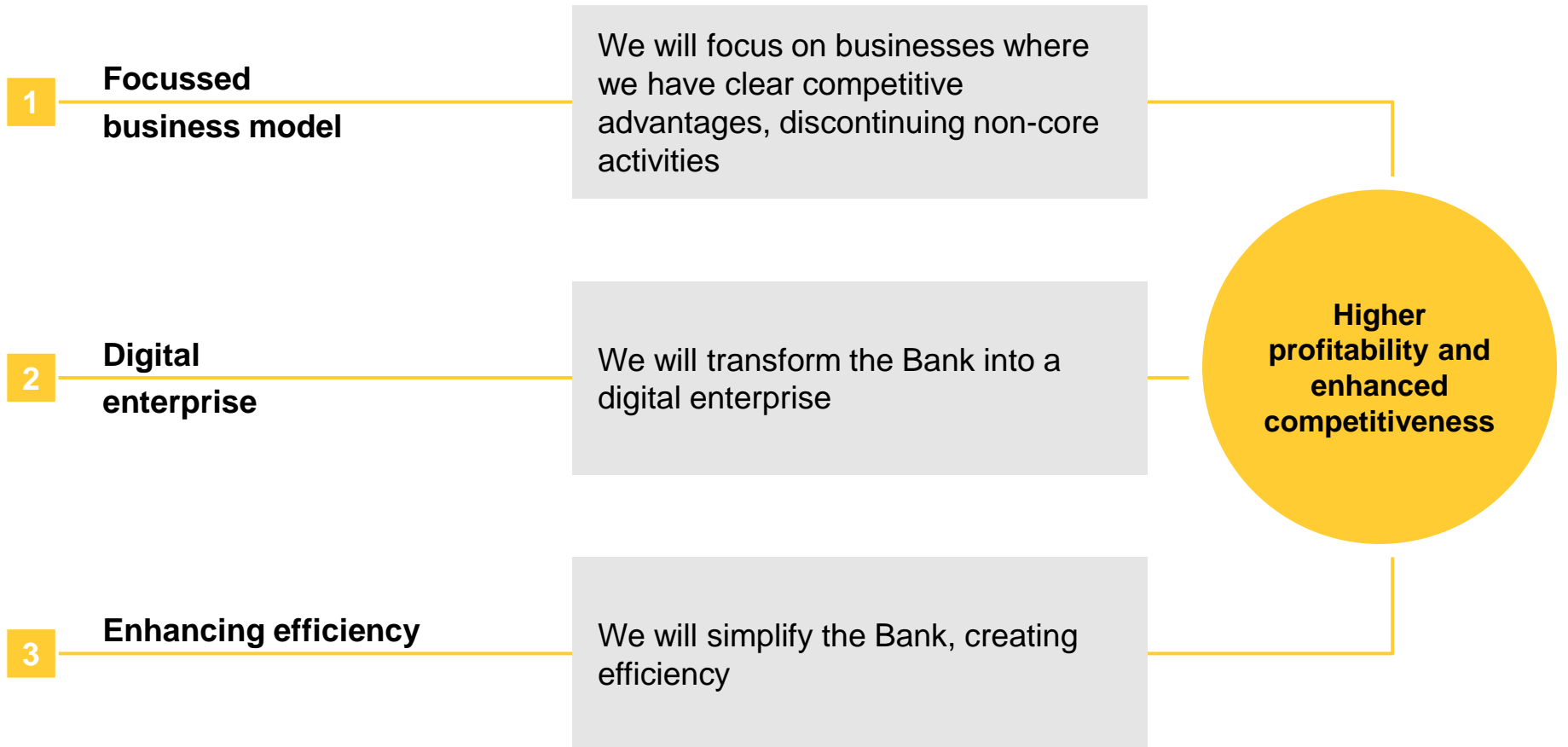
We have made Commerzbank more stable – and less risky



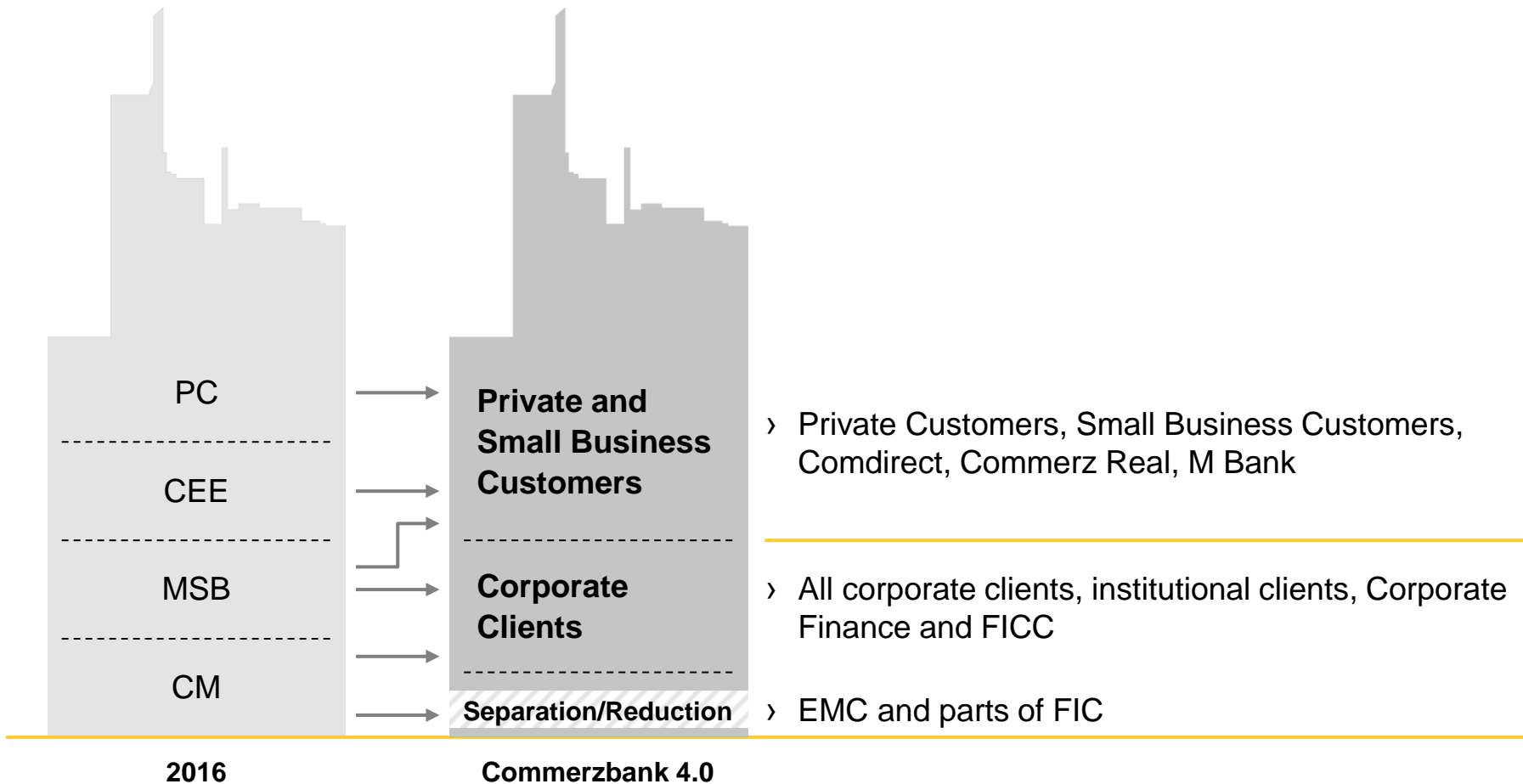
Banks are facing major challenges



Commerzbank 4.0: a strategic programme with three cornerstones



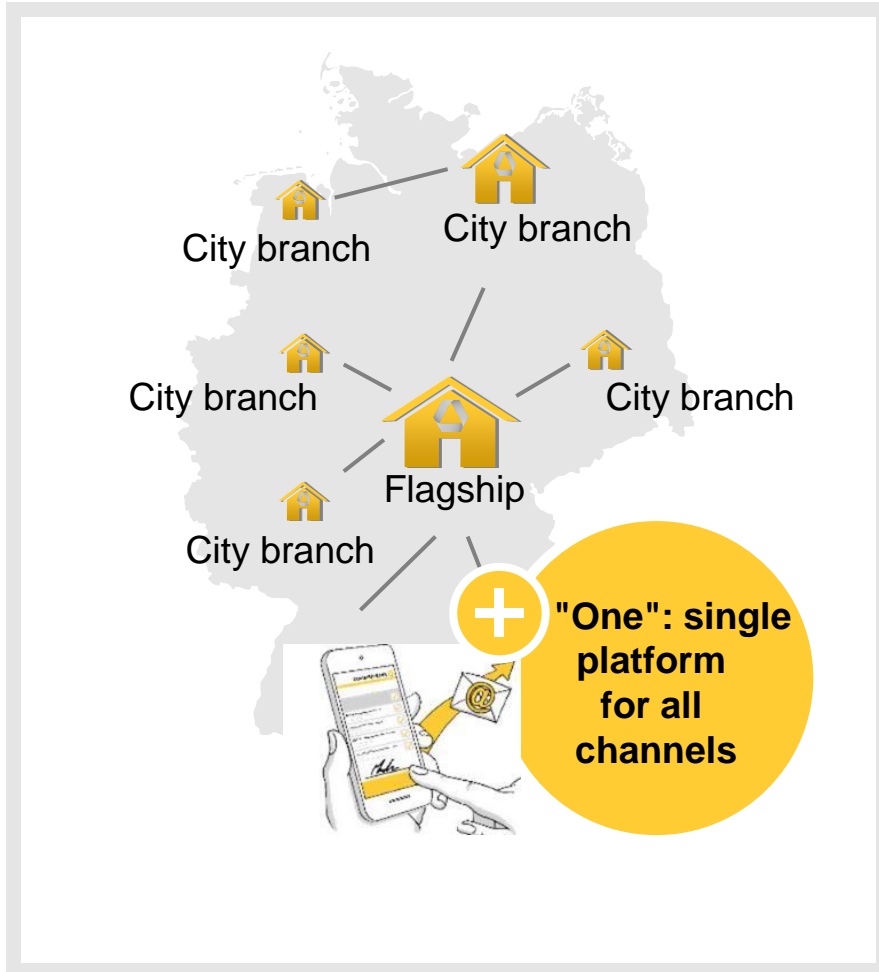
Commerzbank will have two strong customer segments going forward



Private Customers: successful business model in the challenging German market

- › Private Customers business is already profitable (>20% RoTE), and growing
- › Profit contribution has tripled since 2012 (FY 2015: €701 million)
- › One million net new customers by the end of 2016 accomplished
- › Pan-German presence, with approx. 1,000 branches – 450,000 visits each day
- › New branch formats developed in pilots (flagships and city branches)

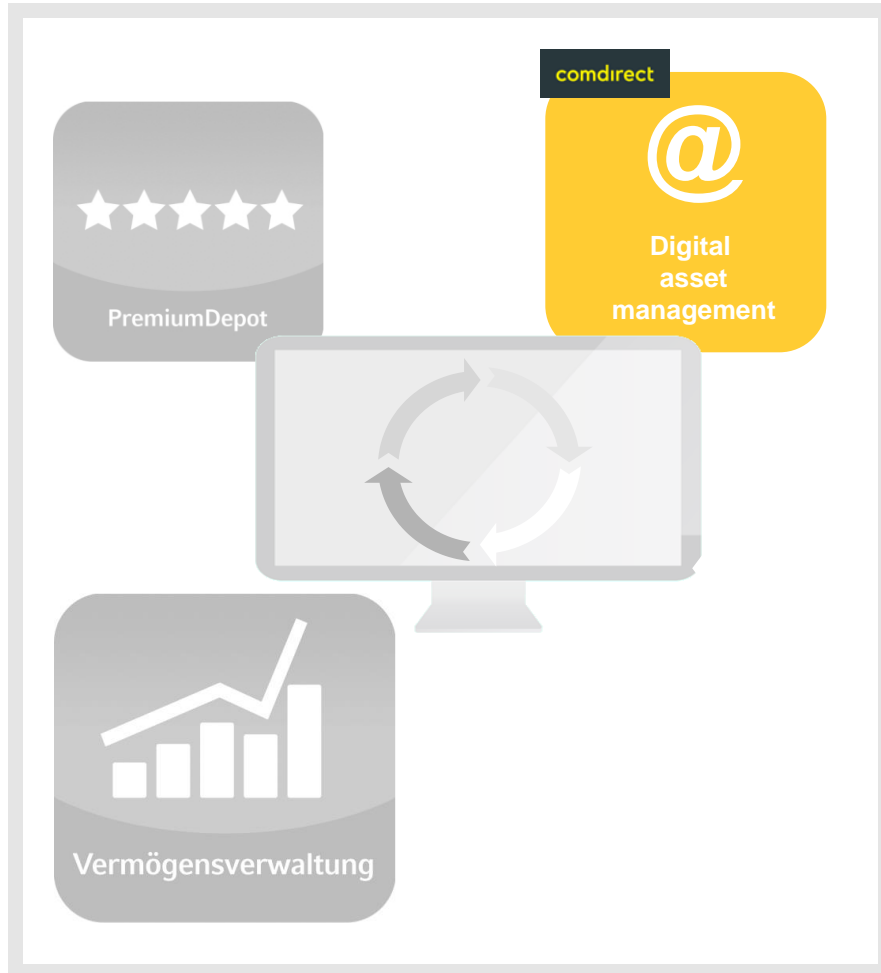
Private Customers: achieving faster growth by combining digital platform strategy with modern branch formats



Digital and personal


- › **Multi-channel bank "One"** is the IT platform for all channels and all customers
- › **Two branch formats** provide for broad market coverage at approximately 1,000 locations
- › **Flagship branches** with focus on advisory services
- › **City branches** deliver efficient customer services, with reduced infrastructure and operating costs

Private Customers: accelerated growth through attractive products and partnerships



Digital and personal

- › **Digital instalment loans:** high-margin product on own platform and on the Bank's own loan book
- › **Digital asset management: Robo Advice** and digital asset management via Comdirect
- › **Partnership Banking:** acquiring new customers through cooperations (Tchibo, Amazon, Lufthansa)
- › **Simplified product portfolio**

 **Target:**
2 million net new customers in the German market by 2020

Small Business Customers: growth through regional proximity and digital advantage



Digital and personal

- › **Competitive advantages** by combining the strengths of PC (efficiency) and MSB (loans)
- › **Digital offers and strong nationwide presence**
 - Customers have 24/7 access to small business customers offer, via online, mobile, and video advisory services
 - Physical **proximity** and regional **accessibility**: small business customers advisors able to reach ~80% of all customers within 30 minutes
- › **Tailor-made offering**: business and private product offers from a single source



Target:
Raise market share from 5% to 8%

Corporate Clients: focus on core business – integration of investment bank

Mittelstandsbank

Market leader in Germany

Leading Trade Finance offering

International presence



Corporates & Markets

Unrivalled sector expertise

Leading provider of hedging products for corporate clients

Debt House No. 1

→ **Improved client service, due to combined Mittelstandsbank and Corporates & Markets expertise**

→ **More efficient and more cost-effective structure through reduction of parts of trading activities**

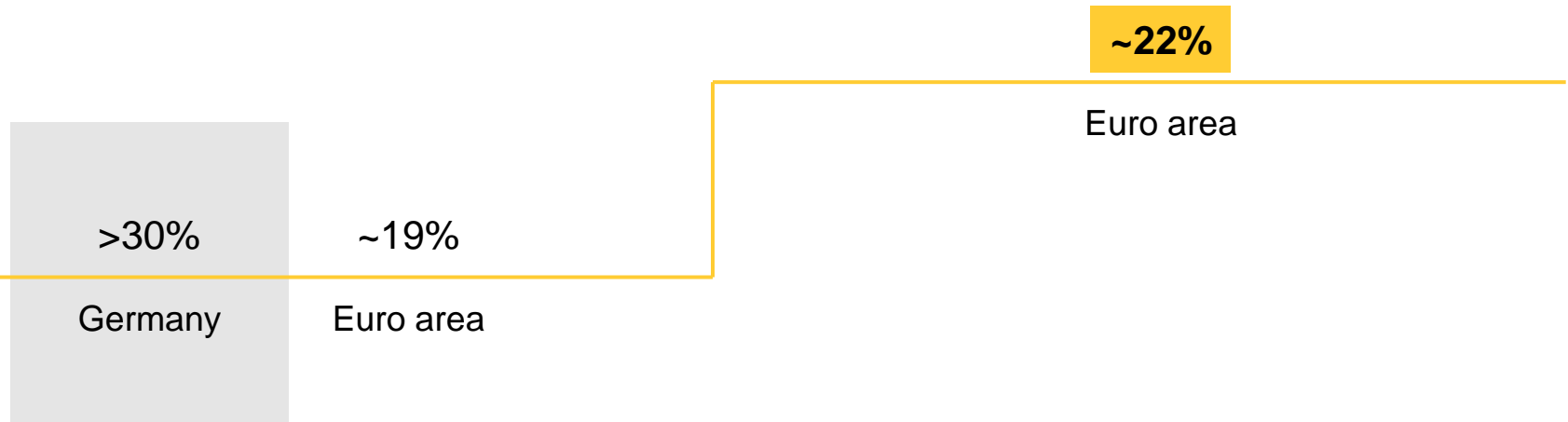
Corporate Clients: growth in international Trade Finance business

2016

- › Foreign trade financing was the purpose for which the Bank was founded in 1870
- › Commerzbank finances more than 30% of German foreign trade
- › Strong position also in European foreign trade – approx. 19% market share

2020

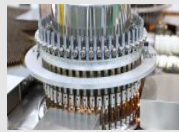
- › Investment in digitalisation will enhance efficiency and extend the service offer
- › Acquiring clients in the markets of the future, and along attractive trade corridors
- › Investment in Compliance is a prerequisite for further growth



Corporate Clients: sector expertise as a lever for growth



Automotive & Transport
More than 4,000 clients



Chemicals & Pharma
More than 3,000 clients



Engineering
More than 2,500 clients



Energy & Infrastructure
More than 1,500 clients



Consumer & Retail
More than 5,000 clients

Expanding the sector-based approach

- › Broad client base in **focus sectors**
- › Strong **market penetration**, including a large number of world market leaders and “hidden champions”
- › **Growth** through
 - winning **new clients**
 - **sector-based** servicing of large corporates in Germany and Western Europe



Target:
Top 5 in Europe

Corporate Clients: leading lender

2016

- › Leading lender for German corporate clients – partner to the Mittelstand, up to capital market capability
- › Intelligent mix of traditional credit products and capital market products

2020

- › Leveraging strong market position in Germany for growth in European core markets
- › High quality advisory services and first-class execution, with a high level of placement security

30%

Market share –
structured financing
solutions in
Germany

10%

Market share –
lead arranger in
Western Europe
(ex Germany)

13%

Market share –
lead arranger in
Western Europe
(ex Germany)

Focus on Corporate Client products

Product offering today

| | |
|------------|--|
| MSB | <ul style="list-style-type: none"> › Credit › Trade Finance › Structured Finance › Cash Management |
|------------|--|

| | | |
|-----------|---------------------------|--|
| CM | Advisory & DCM | <ul style="list-style-type: none"> › Corporate Advisory › Corporate Financing |
| | FIC | <ul style="list-style-type: none"> › Hedging products › Core investment products › Exotic investment products <i>EXIT</i> |
| | Commodities | <ul style="list-style-type: none"> › Hedging products › Investment products <i>separation</i> |
| | Equity | <ul style="list-style-type: none"> › Structured equity products <i>separation</i> |

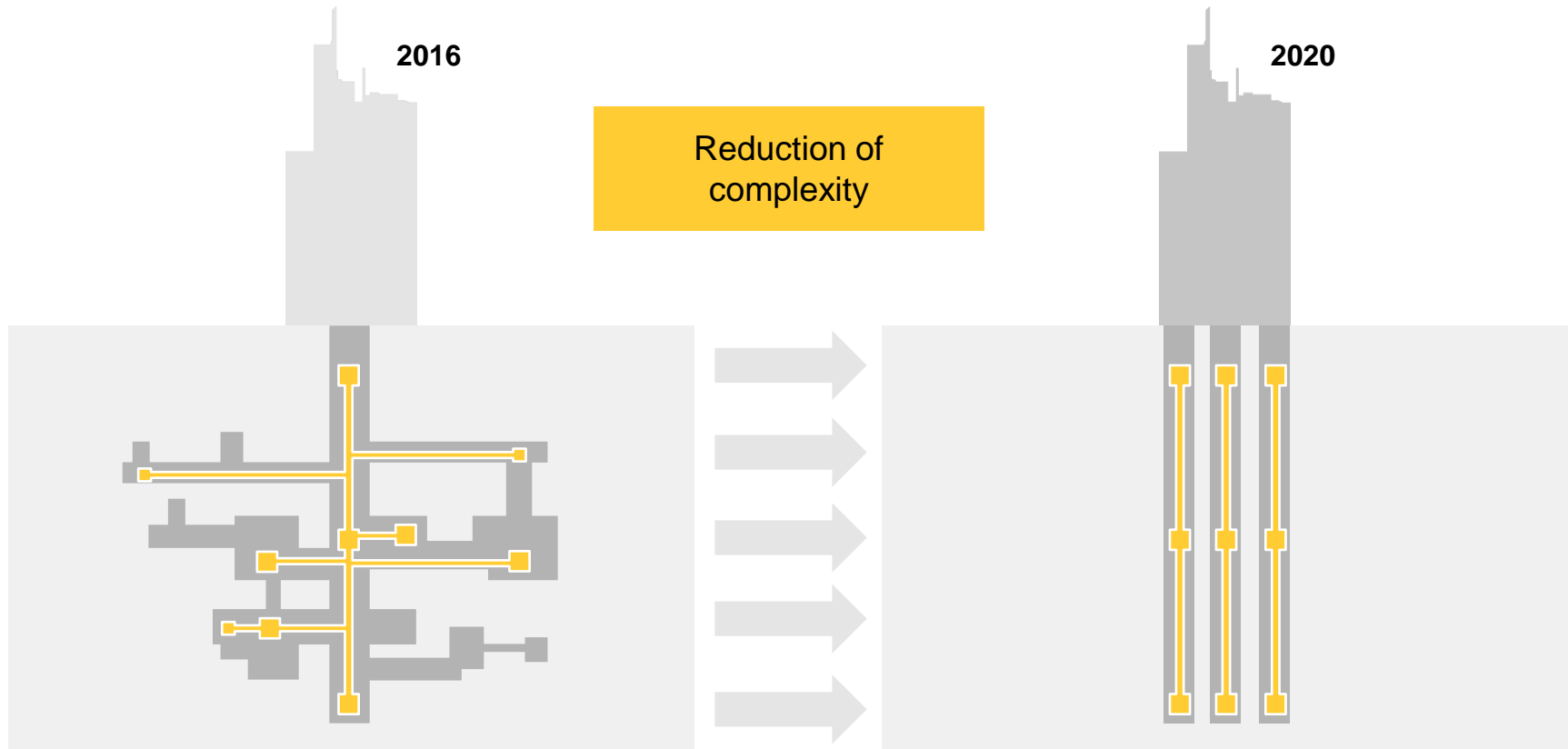
Future product offering

| | |
|--------------------------|--|
| Corporate Clients | <ul style="list-style-type: none"> › Credit › Trade Finance › Structured Finance › Cash Management |
|--------------------------|--|

| | |
|---------------------------|---|
| Advisory & DCM | <ul style="list-style-type: none"> › Corporate Advisory › Corporate Financing |
|---------------------------|---|

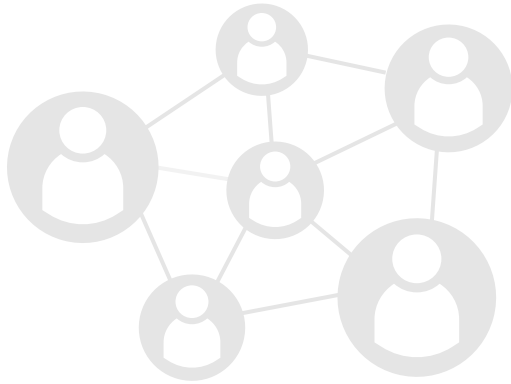
| | |
|-------------|--|
| FICC | <ul style="list-style-type: none"> › Hedging products FIC › Core investment products FIC › Commodity hedges |
|-------------|--|

Our evolution into a digital enterprise



Target: 80% of all relevant processes are digital

Digital Campus as engine of transformation



E2E: Management Board responsibility

Business and IT experts working together in one place

All experts will commit 100% of their capacity


Priority for internal resources

Agile working methods

Shortening of implementation cycle

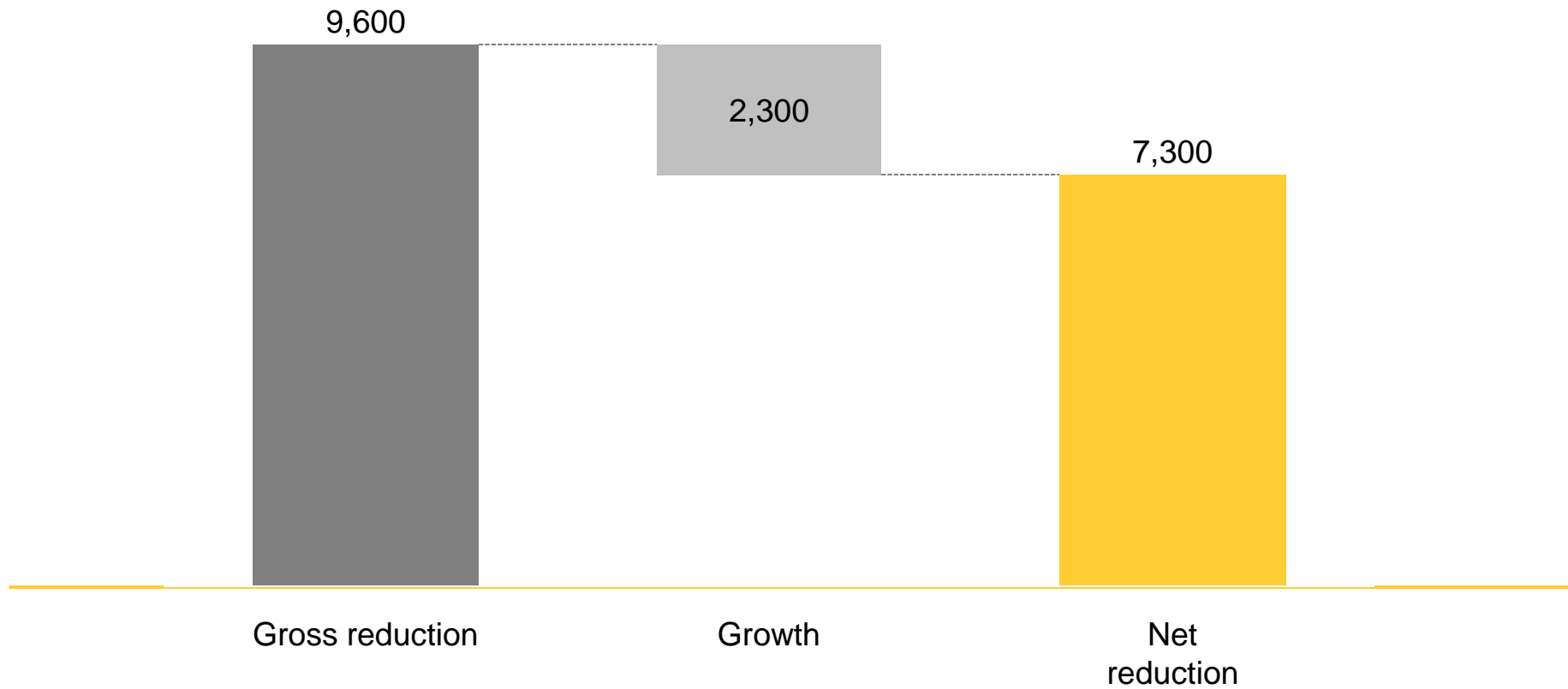
“Fail fast” principle

Digital transformation

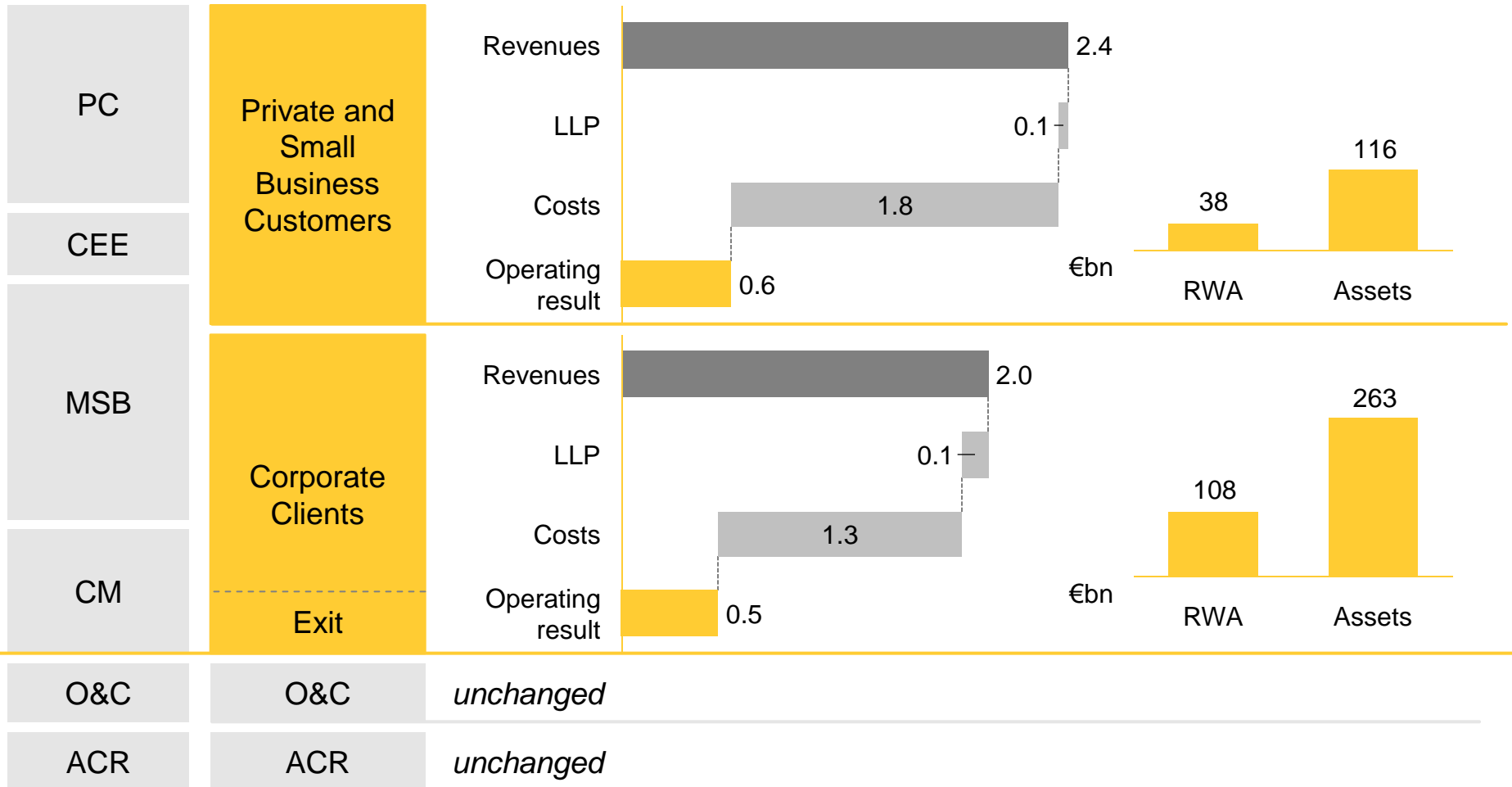
 **Speed in digitalisation will secure competitive advantages**

FTE reduction as a consequence of digitalisation and reduction of complexity

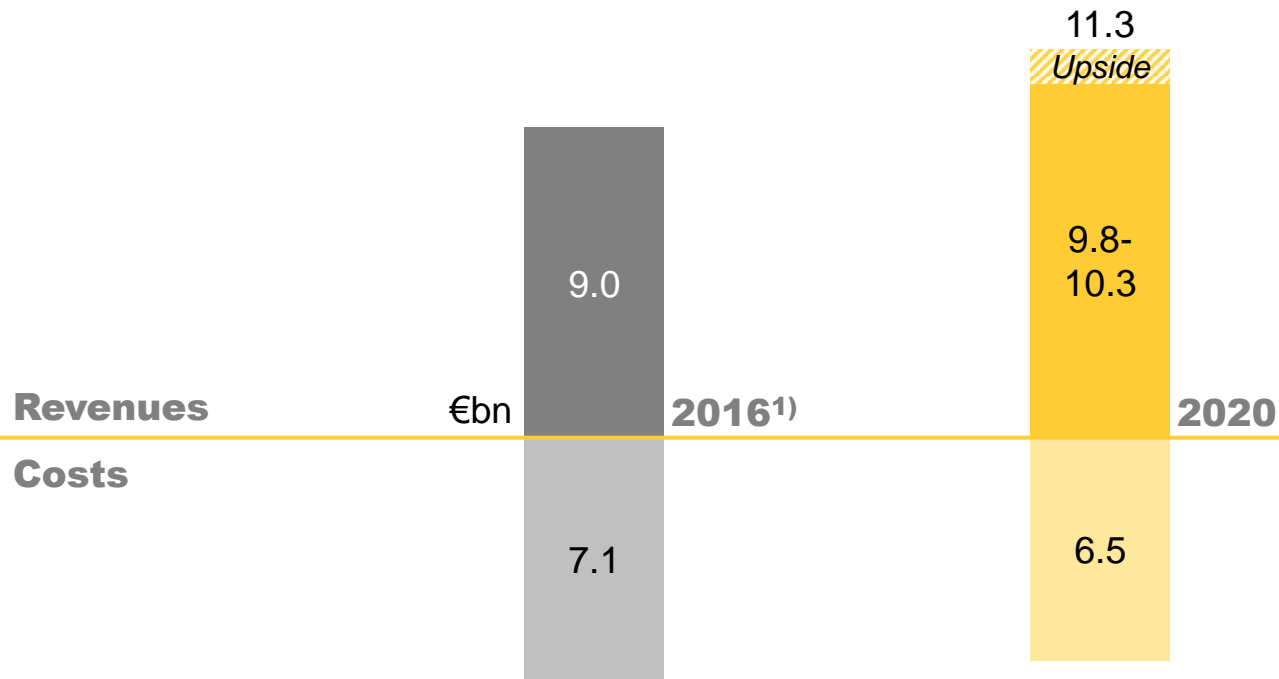
FTE reduction until 2020



Simulation H1 2016 of new customer segments



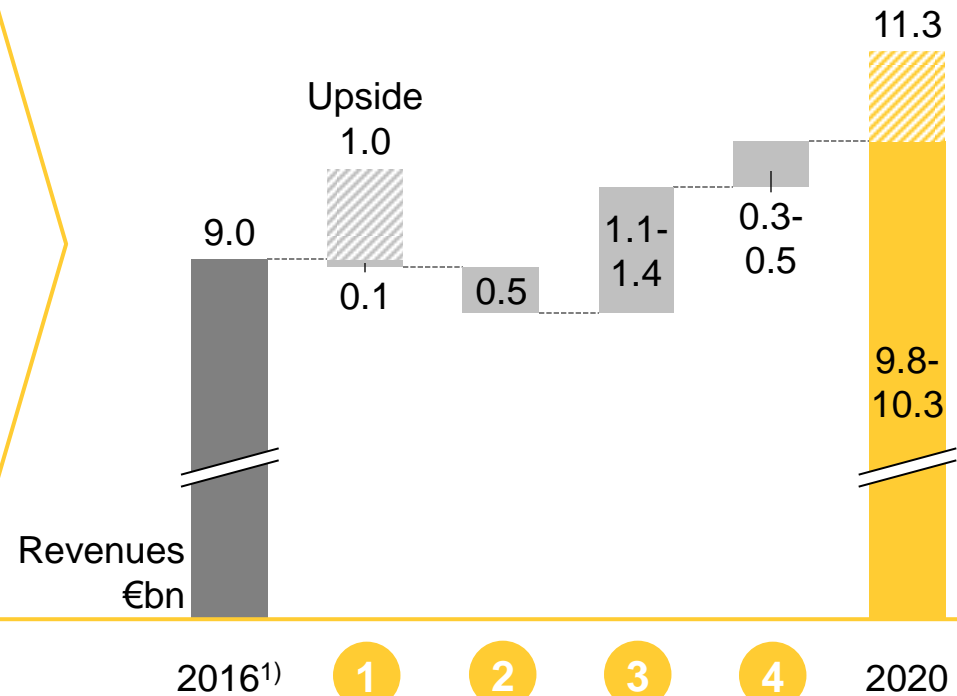
Specific growth measures and significant cost savings lead to CIR <66% and RoTE >6%



| | | |
|------|-----|-----------------------|
| CIR | 79% | <66% (~60% Upside) |
| RoTE | 3% | >6% (>8% Upside) |

Substantial revenue increase from growth – revenues >€9.8bn in 2020 even in current interest rate environment

- 1 Ongoing negative interest rate environment anticipated – upside case if rates increase
- 2 ACR run-down and reduction of trading activities
- 3 Growth in Private and Small Business Customers segment (incl. M Bank)
- 4 Growth in Corporate Clients segment

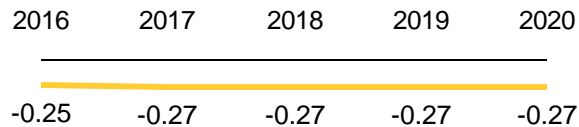


 Revenue growth in core business in accordance with strict compliance and risk criteria

Specific growth and pricing measures compensate for adverse effects from current interest rate environment

In current rate environment

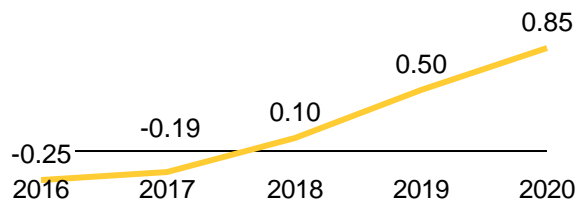
3M-Euribor (avg. p.a. in %)



- › Expected gross revenue decline under current interest rate conditions by 2020: ~€300m vs. 2016
- › Revenue loss will be reduced to ~€100m by ...
 - › growth initiative in residential mortgage lending
 - › specific pricing measures in corporate clients business

In rising rate environment

3M-Euribor (avg. p.a. in %)



- › Higher interest income up to €1.0bn due to ...
 - › return to positive rates on central bank deposits
 - › high share of non-interest bearing customer deposits
 - › higher returns from re-investment excess deposits

Source: Bloomberg, 2020e: Consensus forecast of independent economists.

Substantial additional revenues from new client segments

Revenues 2017-2020

Private and Small Business Customers

€1.1-1.4bn

- › Private Customers €450-550m
- › Small Business Customers €350-450m
- › M Bank €300-400m

Corporate Clients

€0.3-0.5bn

- › Customer growth and pricing €185-270m
- › Trade Finance €40-60m
- › Unrivalled sector expertise €75-125m

Downsizing trading activities

€-0.4bn

- › Net capital relief of ~€500m
- › RWA reduction of €6bn and prevention of additional RWA through FRTB (~€8bn)

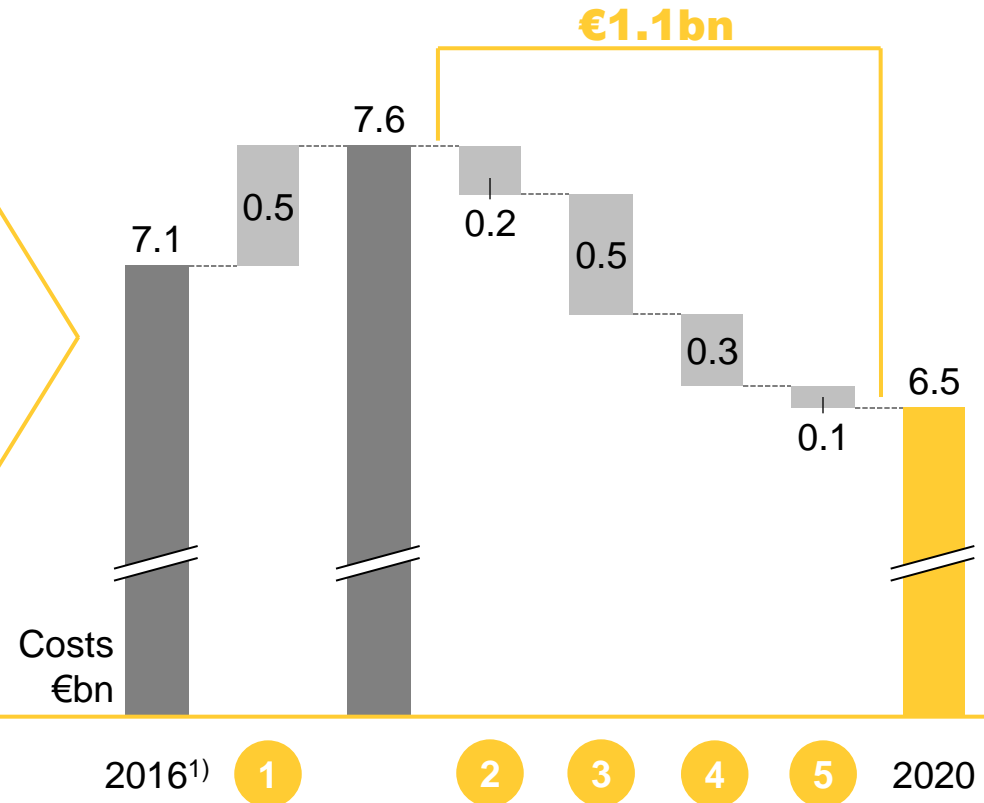
Run-down ACR

€-0.1bn

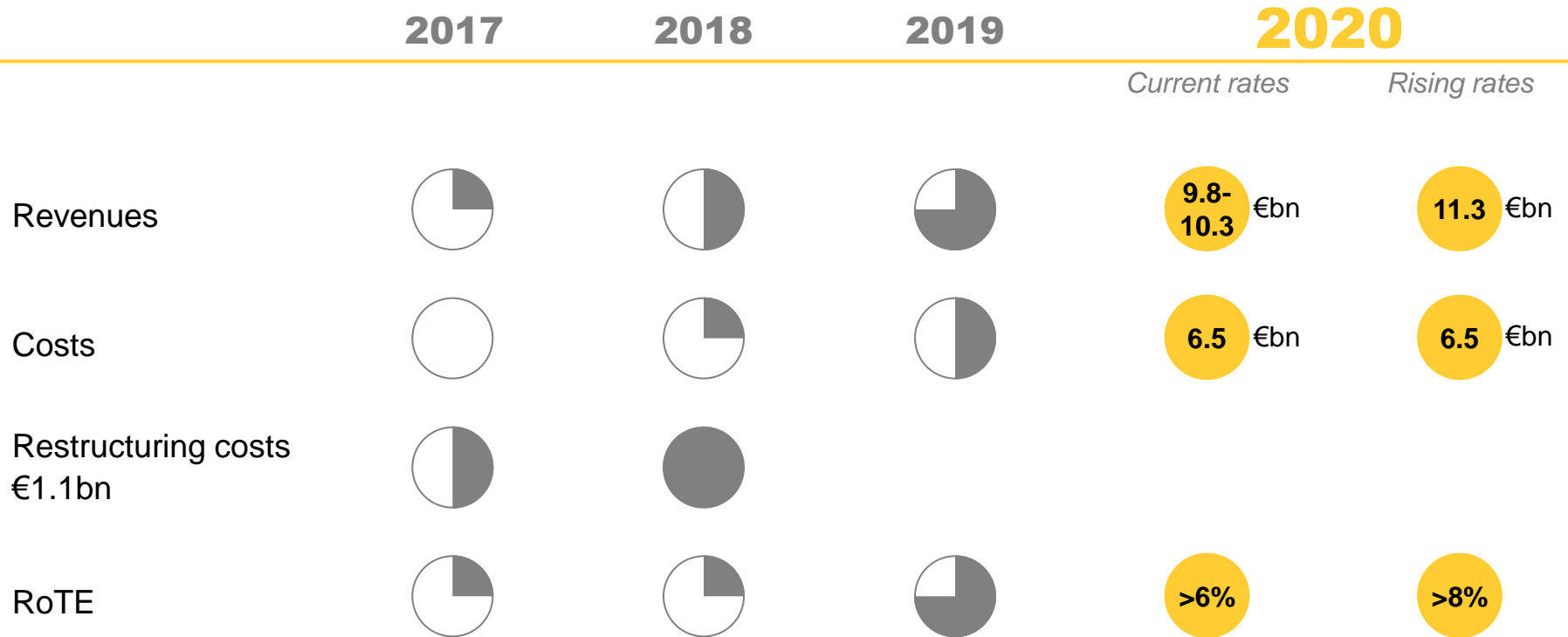
- › Net capital relief of ~€300m
- › Expected cumulative operating loss of ~€1.1bn for 2017-2020

Significant cost savings through digitalisation and reduction of complexity






- 1 Inflation, regulatory costs, and depreciation
- 2 Cost reduction through run-down ACR and reduction of trading activities
- 3 Savings through digitalisation and automatisisation of processes
- 4 Reduction of complexity in business model
- 5 Benefits of sourcing initiatives



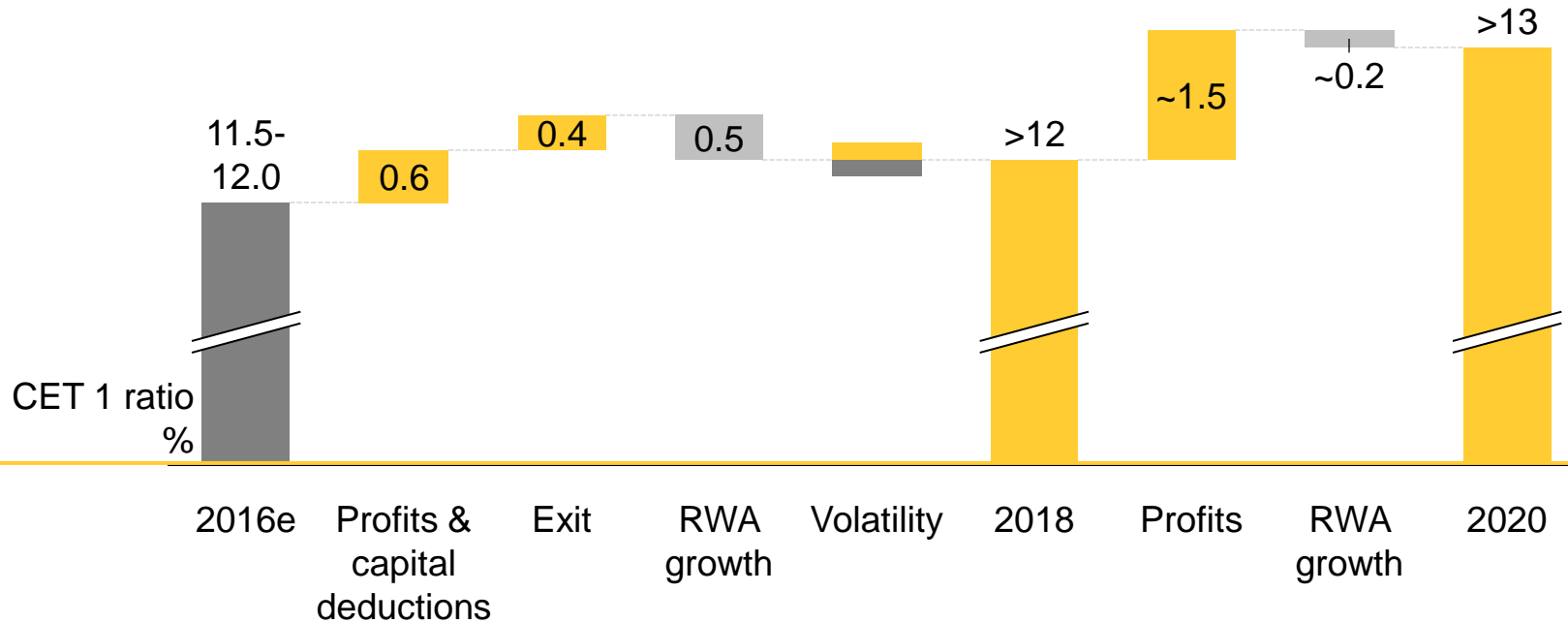
Transformation requires two years with low profitability



Group RWA remain stable – ongoing portfolio optimisation

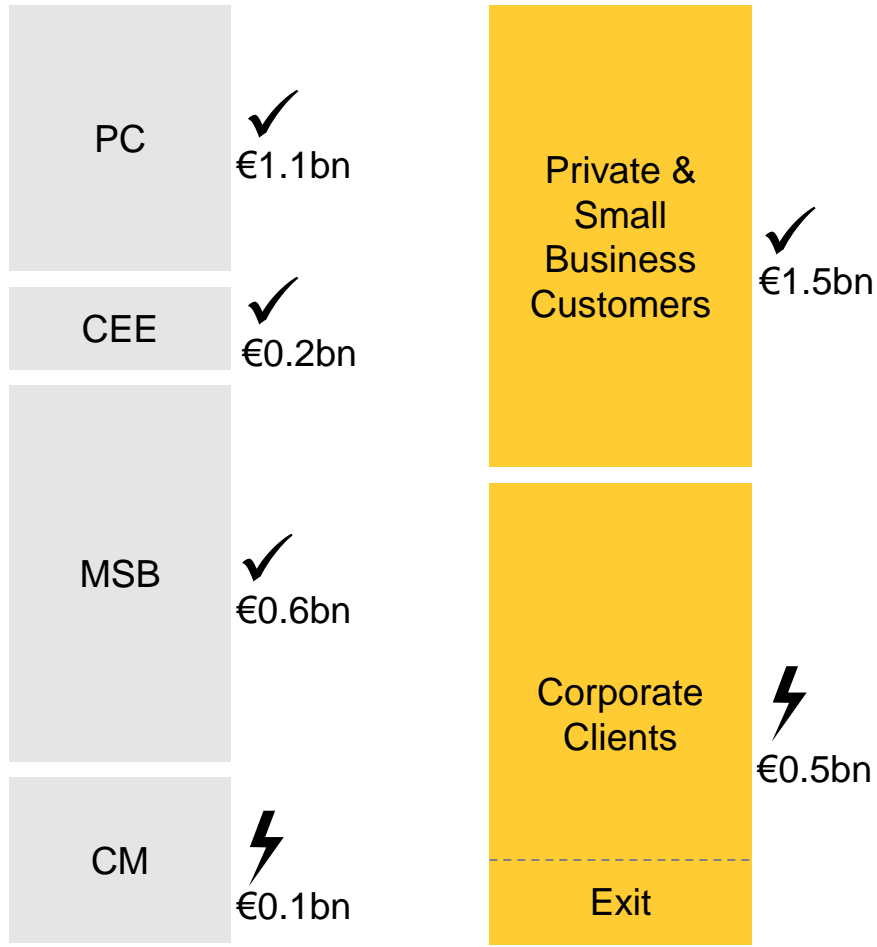
| <i>Pro forma H1 2016</i> | RWA (€bn) | Path 2020 | |
|------------------------------------|----------------------|---|---|
| Private & Small Business Customers | 38 |  | Significant growth in capital efficient lending business with private and small business customers |
| Corporate Clients | 102 |  | Overall stable RWA development due to further portfolio optimisation gains used as source of funds for our growth initiatives |
| Others & Consolidation | 29 |  | Tight RWA management in Group Treasury |
| Asset & Capital Recovery | 23 |  | RWA relief as a result of further non-strategic assets run-down |
| Downsizing of trading activities | 6 |  | RWA relief and avoidance of additional RWA through FRTB of €8bn |

CET 1 to be at ~12% during the transition period



- › Suspension of dividend payments to cover restructuring costs
- › Comfortable capital position including buffers against potential IFRS 9/Basel 4 effects
- › Additional potential of >100bps in case of higher interest rates in 2020

Transformation of Commerzbank 4.0 requires goodwill impairments in third quarter 2016



Expected Goodwill impact

€~170m

Goodwill allocations and intangible assets in CM see full impairments of ~€170m

€~530m

As a consequence of these goodwill impairments in CM, a goodwill impairment is also required in the new corporate clients segment („inheritance effect“)

Allocated goodwill in segments

Outlook on third quarter 2016

Q3 2016

- We expect revenues in the third quarter to be flat compared to the preceding quarter
- LLPs should be significantly above the two preceding quarters in 2016 due to sustained weakness within shipping market
- We expect third-quarter operating profit to be lower than both the first and the second quarter
- As a consequence of goodwill impairments net result in Q3 2016 should be negative
- We expect CET 1 ratio to be higher than in the second quarter 2016

Outlook FY 2016

FY 2016

- Despite goodwill impairments in Q3 2016, we expect a small net profit for the full year 2016
- We expect the CET 1 ratio to stand at almost 12% at year-end 2016, provided no significant market distortions occur
- To refinance our restructuring costs, dividend payments will be suspended

Targets 2020 of new strategy Commerzbank 4.0

| | Current rates | Rising rates |
|-----------------------|-----------------|---------------|
| Revenues (€bn) | 9.8-10.3 | 11.3 |
| Costs (€bn) | 6.5 | 6.5 |
| CIR (%) | <66 | ~60 |
| Net RoTE (%) | >6 | >8 |
| CET1 (%) | >13 | >13 |

Take-aways



Growth in Private and Small Business Customer segment



Leveraging market-leading position in corporate clients business



Evolution into a digital enterprise



Sustainable transformation and profitability



Sustainable business model



Commerzbank becomes a better bank for clients

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