

Commerzbank @ Morgan Stanley Conference



Solid performance and strengthened capital in 2016 – Execution of Commerzbank 4.0 started

Solid operating performance at a sound risk profile

- › Operating result 2016 of €1.4bn and net result of €279m
- › Strong growth in PSBC and sustained leading position in CC
- › Sound risk profile with NPL ratio of 1.6%

Capital ratios exceed all regulatory requirements

- › CET1 ratio increased to 12.3% - above SREP requirements
- › Comfortable leverage ratio of 4.8%
- › Counterparty credit and deposit ratings at single A level¹

Strategy execution Commerzbank 4.0 kicked off

- › Management structures and steering systems in place
- › Execution started according to plan
- › Roadmap and milestones for 2017 defined



Commerzbank 4.0 – a strategic programme with three cornerstones

Focused business model

1

We will focus on businesses where we have clear competitive advantages, discontinuing non-core activities

Digital enterprise

2

We will transform the Bank into a digital enterprise

Enhancing efficiency

3

We will simplify the Bank, creating efficiency

Commerzbank 4.0

Targets 2020	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



Higher profitability, and enhanced competitiveness

Commerzbank with two strong customer segments

Private and Small Business Customers

Operating result
(€m)

Op.RoTE 25.3%

CIR 75.1%

RWA €36bn

Assets €119bn

1,079

2016



Successful business model focussing on further growth

Corporate Clients

Operating result
(€m)

Op.RoTE 10.1%

CIR 66.9%

RWA €105bn

Assets €211bn

1,287

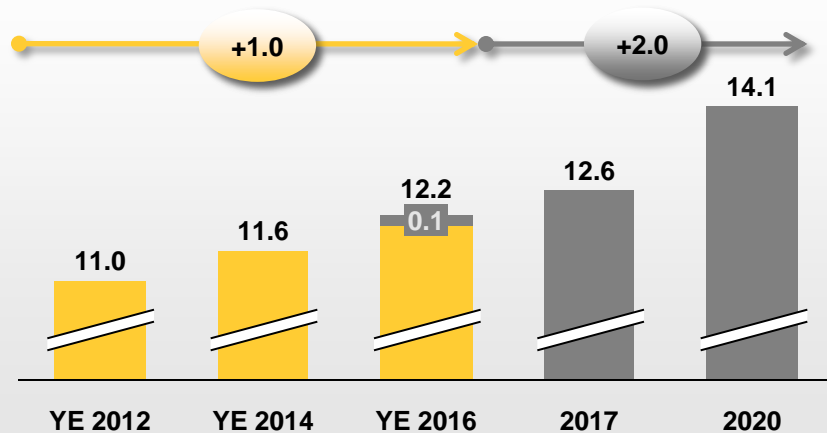
2016



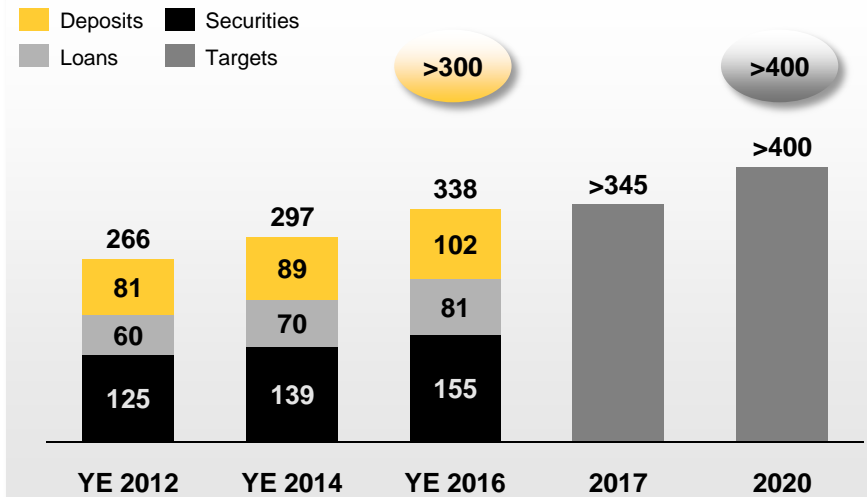
Leverage leading domestic market position while focussing on RWA efficiency

Private and Small Business Customers: Successful business model focussing on further growth

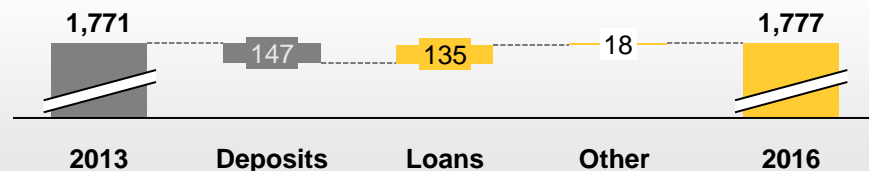
Customers GER (m)



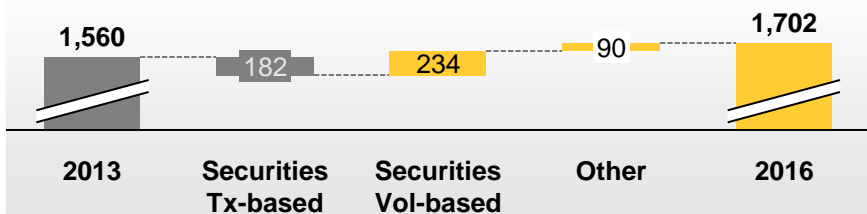
Assets under control GER (€bn)



Former PC - Net Interest Income (€m)



Former PC - Net Commission Income (€m)



PSBC – Key strategic initiatives for growth

2m net new Customers

- › Successful track record of gaining 1m net new customers within last 4 years
- › Benefit from branch closures of competitors
- › Competitive products (i.e. free of charge current account)
- › Targeting €200-300 revenues per customer per year
- › Churn prevention supports net customer growth
- › Exclusive co-operations with well-known partners



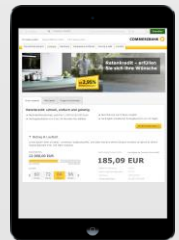
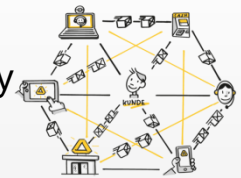
~ 1.000 Branches – but different

- › Up to 30m customers could lose their branch in future
- › 2/3 of customers look for a bank with branches
- › 85% of new accounts are opened in a branch
- › More than 80% of online-account openings happen in 10km distance from a branch
- › Commerzbank will keep its network of ~1.000 branches
- › Our answer: Flagship branches and flexible & cost efficient City branches



Digitisation / Offering

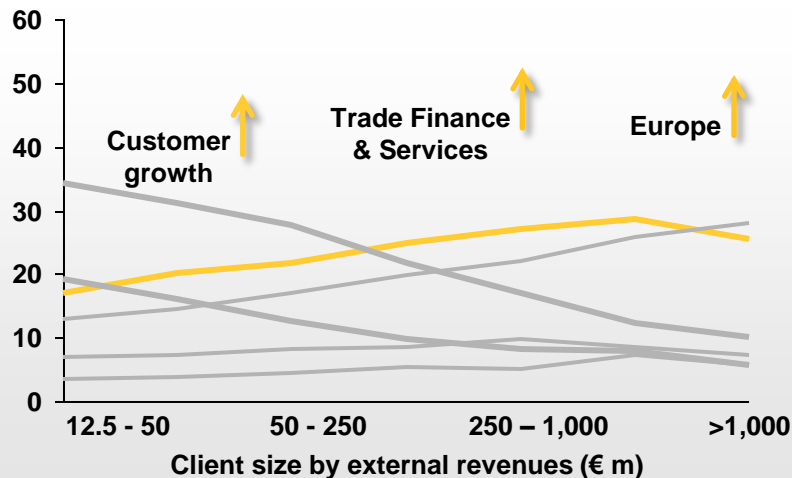
- › Targeting digitisation of 80% of all relevant processes
- › ONE: one distribution platform
 - Successfully launched in all branches
- › Reduced number of products: from 430 to 300, target 100
- › Introduction of new digital consumer loan
 - Launch in the branch network in Q2/2017
 - Online Q3/2017



Corporate Clients: Leverage strong domestic market position while focussing on RWA efficiency

Growth

Germany - Share of corporate clients (%)



- › 10k new customers with focus on smaller SMEs
- › Increase German market share in trade services and finance from 30% to 32%
- › Leveraging our expertise in key sectors with German leadership into Europe

Efficiency (€bn)

LtD ratio ~100%

101.5

Deposits

96.9

Loans

RWA-efficiency

104

RWA

4.2% 2020

3.7% 2017

3.7%

3.8

Revenues

- › Keep LtD ratio in current rate environment
- › Increase RWA efficiency by ongoing portfolio optimization
- › RWA efficiency defined as operating revenues over RWA

Commerzbank's strong local presence with the distinct sector and capital market expertise enables room for growth

SECTOR COVERAGE GROUPS

Corporates

**AUTOMOTIVE &
TRANSPORT**



**HEALTHCARE &
CHEMICALS**



**INFRA-
STRUCTURE &
ENERGY**



Institutional

**FINANCIAL
INSTITUTIONS**



INDUSTRIALS



TMT



**CONSUMER &
RETAIL**



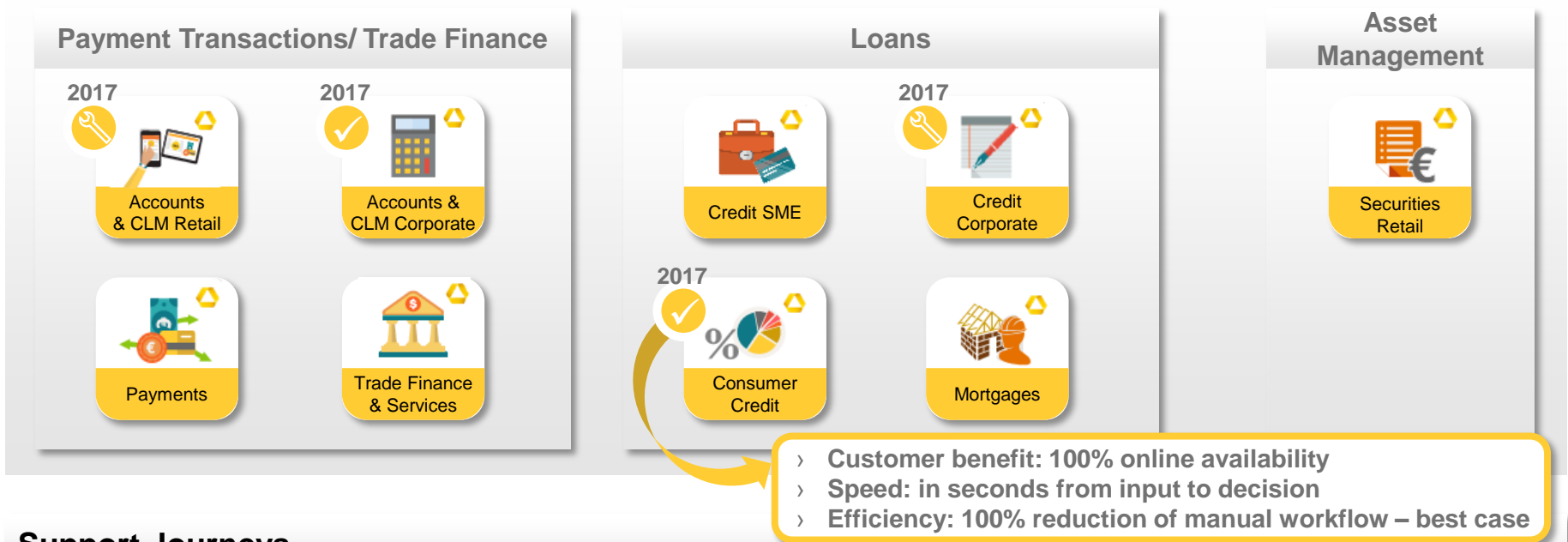
**NON-BANK
FINANCIAL
INSTITUTIONS**



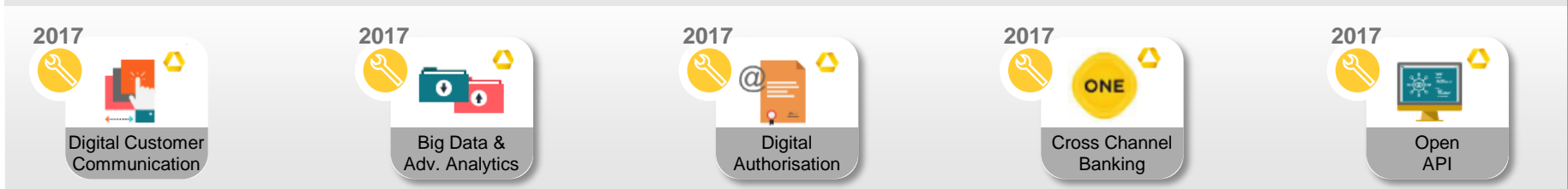
- › Eight sector teams in place
- › Sector clients defined:
 - directly covered DAX and MDAX clients
 - sector advise for selected German and European large corporates
 - comprehensive sector networks and sector multipliers into SME
- › Example: Automotive & Transport:
 - Commerzbank is the leading loan bookrunner for automotive in EMEA based on around 8 thousand clients in the auto industry

Digitisation in Commerzbank 4.0 – 9 Master Journeys and 5 Support Journeys

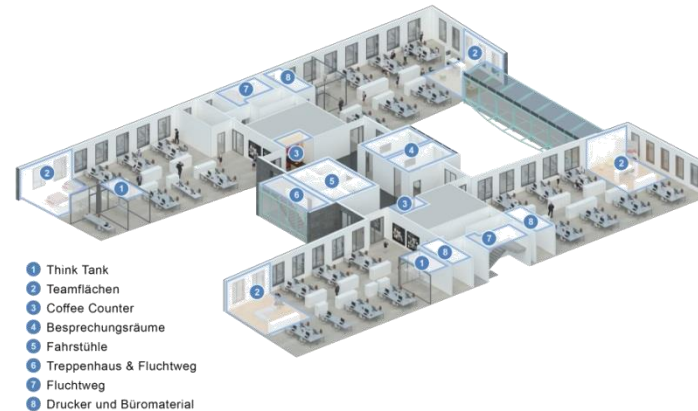
Master Journeys



Support Journeys



Speed in digitisation will secure competitive advantages



Implementation of Commerzbank's Digital Campus on schedule – Currently 370 staff/ employees working on site – Full capacity of around 600 staff members will be reached by the end of March 2017

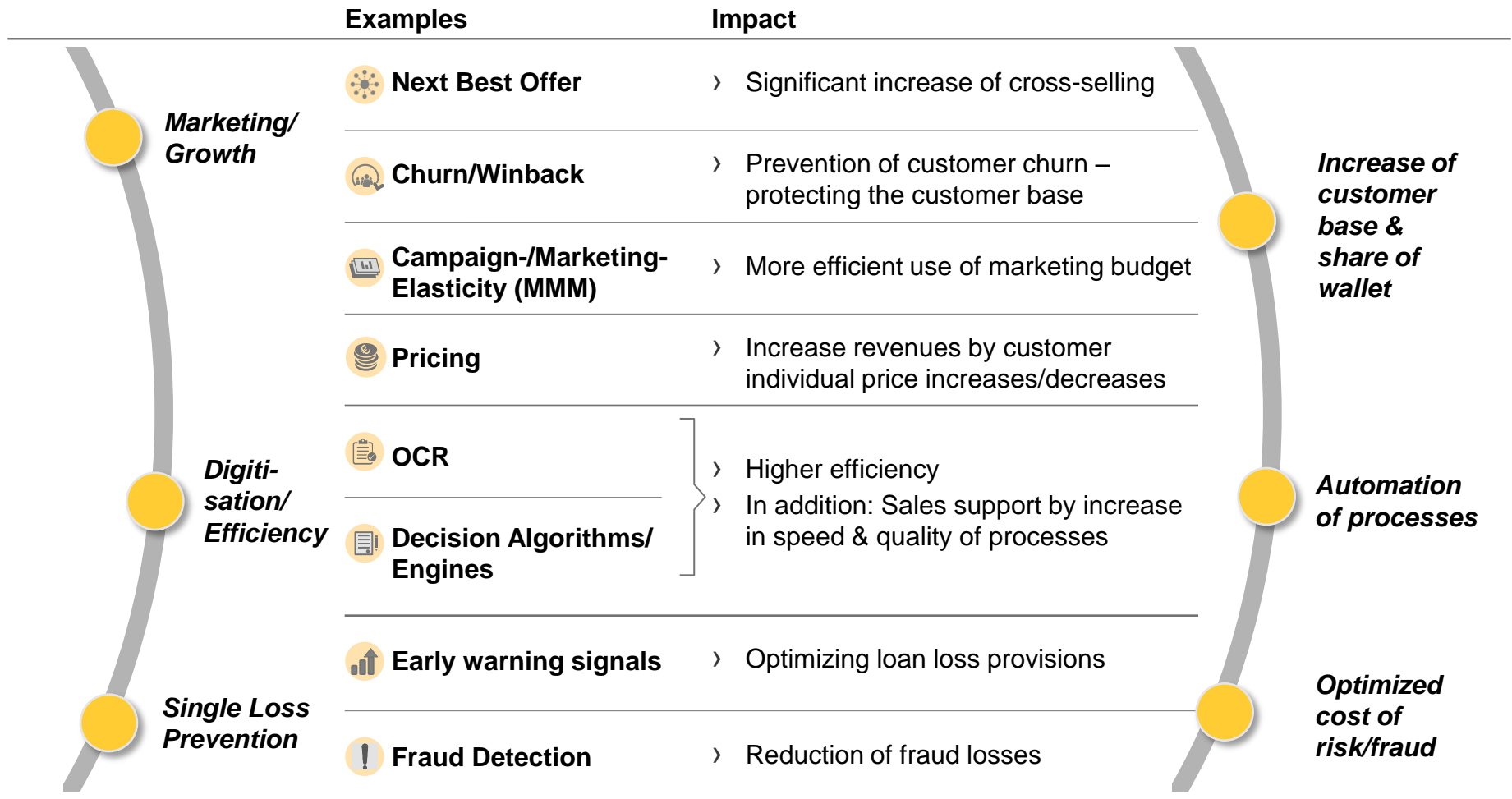


Co-location for business and IT department proven as a key success factor. Campus approach and agile working methods support an innovative working environment



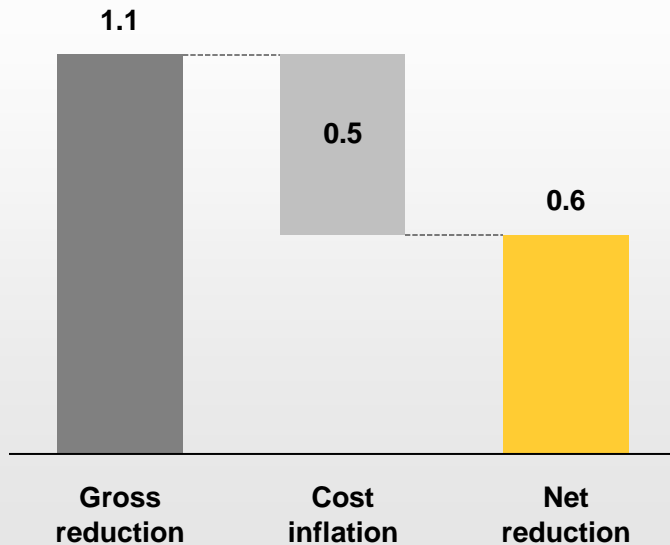
6 Master Journeys of Commerzbank 4.0 have already started – Targeted digitisation ratio of 80% remains clearly in focus

Big Data & Advanced Analytics supports Commerzbank 4.0 through a wide variety of levers with significant P&L potential

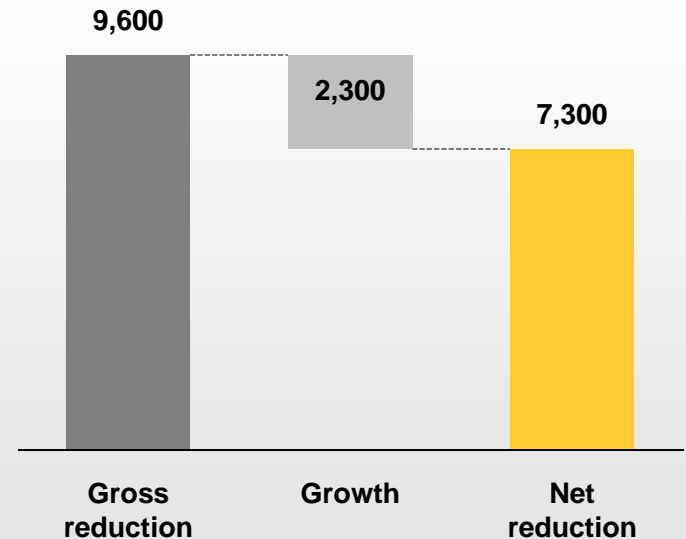


Significant cost savings and FTE reduction through digitisation and reduction of complexity

Cost reduction until 2020 (€bn)



FTE reduction until 2020



Commerzbank 4.0 – key milestones in 2017

Key milestones 2017

Reduce complexity to enable efficiency gains

- › Negotiate workers council agreement
- › Fully integrated client approach in CC
- › EMC: final set up of stand-alone business and filing of license application

Further growth supported by digital capabilities

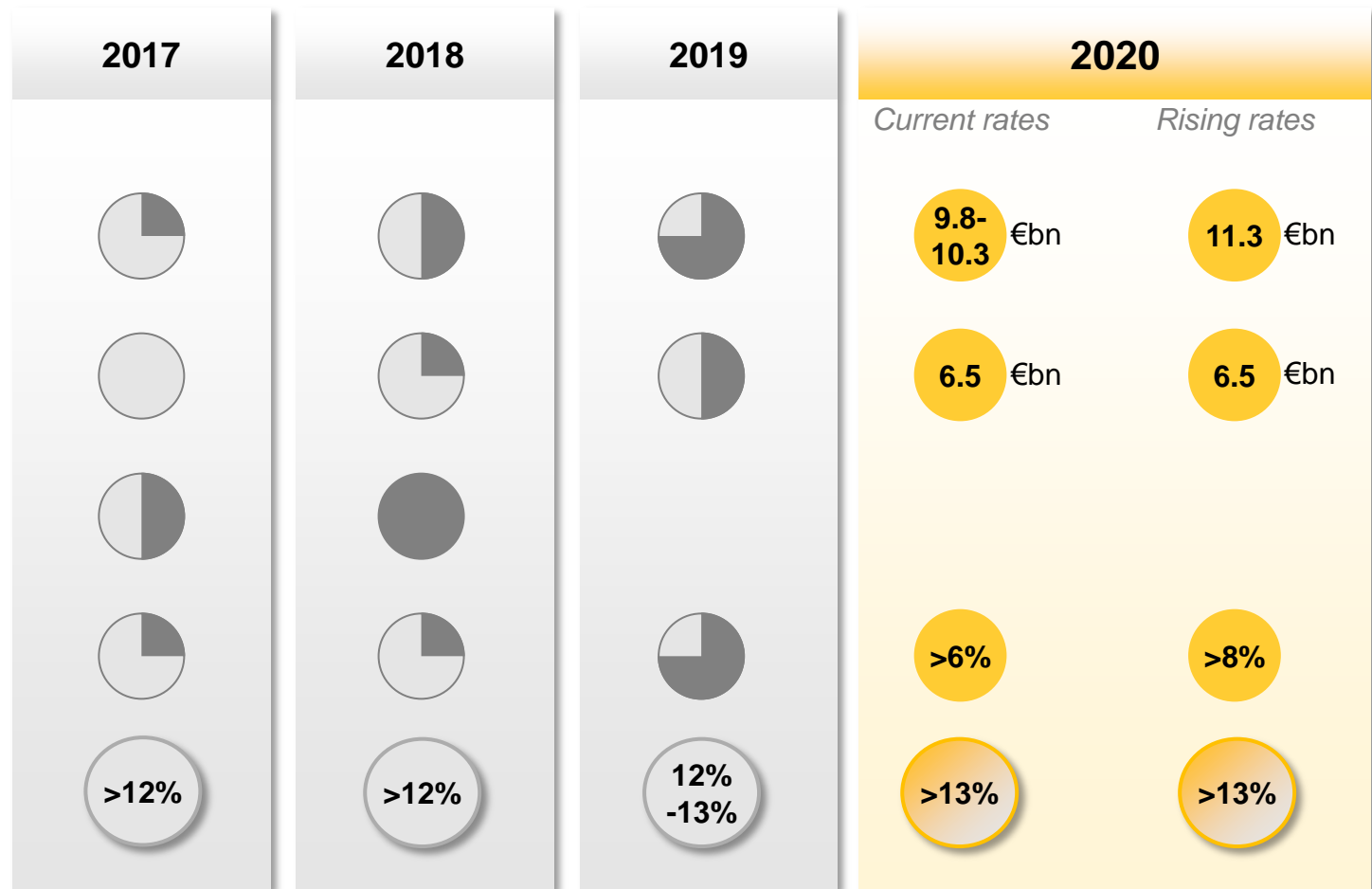
- › Go live of digital consumer credit offering
- › Comprehensive offering for small business customers
- › Digital onboarding of corporate clients

First wave of digital journeys

- › 2 Journeys to be completed in 2017 – another 7 Journeys in process in 2017
- › First use cases from advanced analytics



Transformation requires two years with low profitability

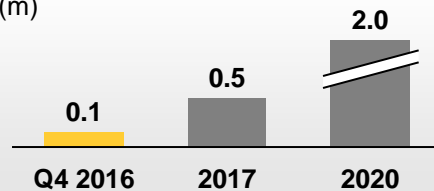


Strategy execution management alongside key execution indicators

Private and Small Business Customers

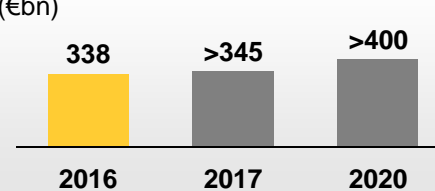
Net new customers (GER)

(m)



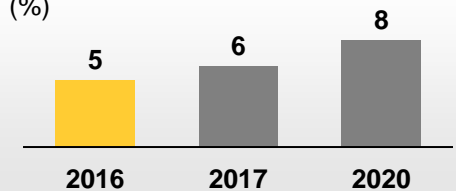
Assets under control (GER)

(€bn)



Market share SBC (Wallet)

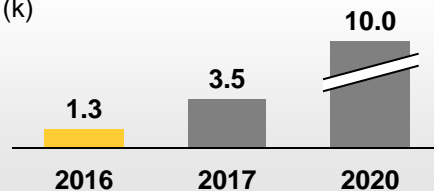
(%)



Corporate Clients

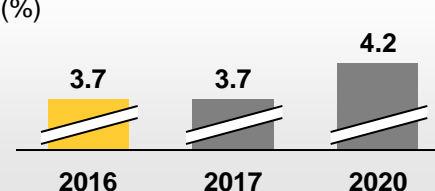
Net new customers

(k)



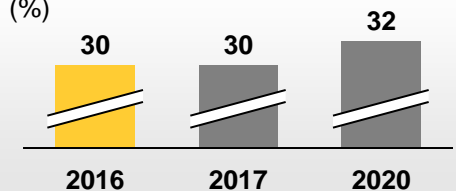
Revenues/ RWA

(%)



Market share TFS¹ (GER)

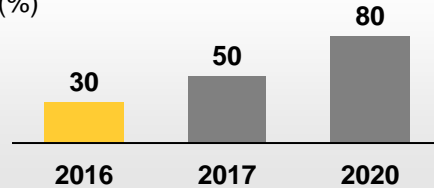
(%)



Group

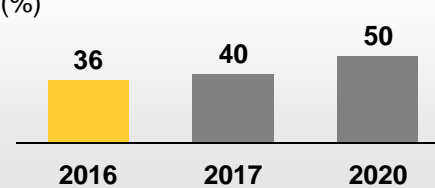
Digitalization ratio

(%)



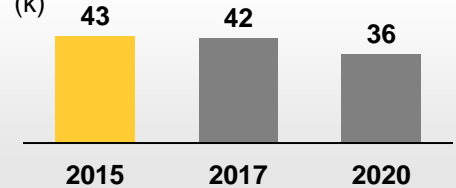
Digital IT Investments

(%)



FTE development

(k)



Outlook FY 2017

We will further strengthen our market position and focus on the execution of Commerzbank 4.0

We keep our CET1 ratio stable $\geq 12\%$ balancing out investments, P&L incl. restructuring costs, capital and RWA

We keep our cost base stable and book the first part of restructuring charges for Commerzbank 4.0

We expect LLPs for PSBC and CC on the level of 2016, Ship Finance in a range of €450m - €600m

Commerzbank 4.0

simple – digital – efficient