

Commerzbank 4.0: simple – digital – efficient

Winning in the German Retail Banking Market

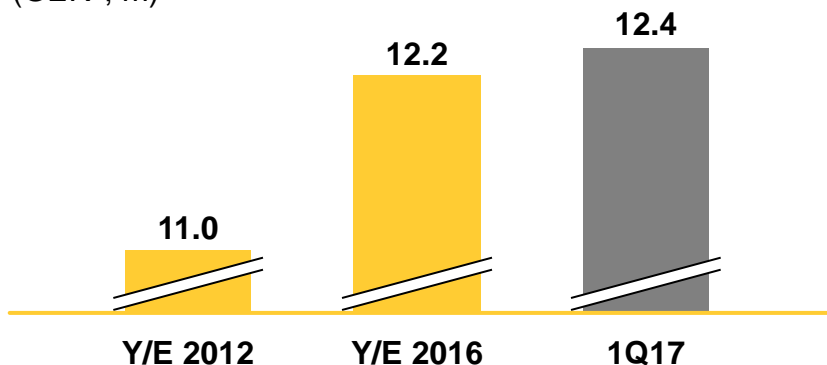
10 May 2017



Achieving profitable growth and gaining market share

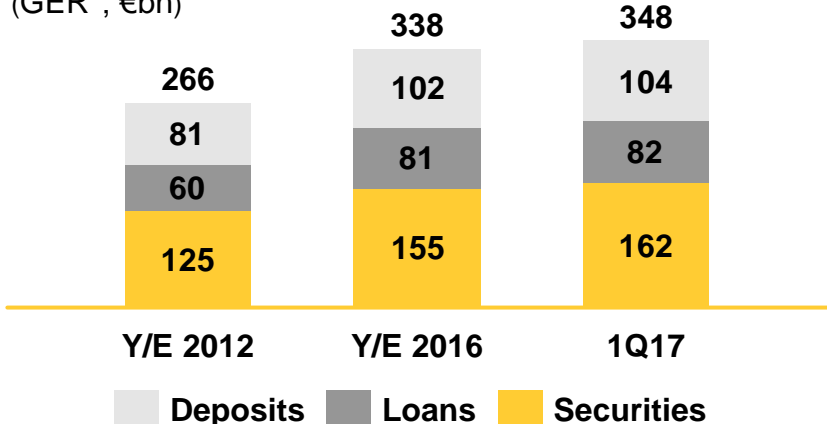
Customers

(GER*; m)



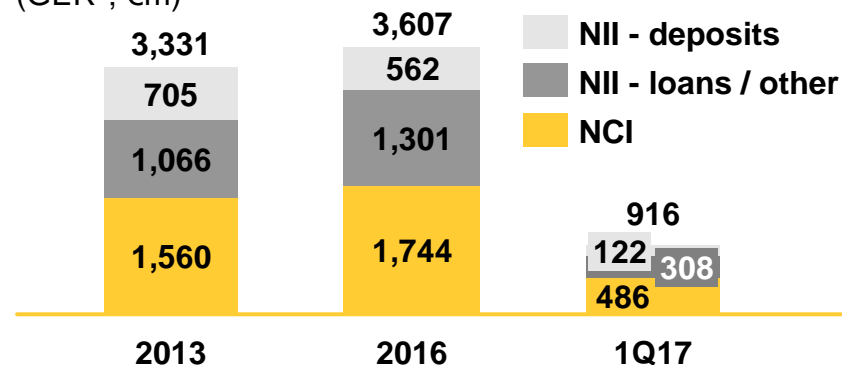
Assets under Control

(GER*; €bn)



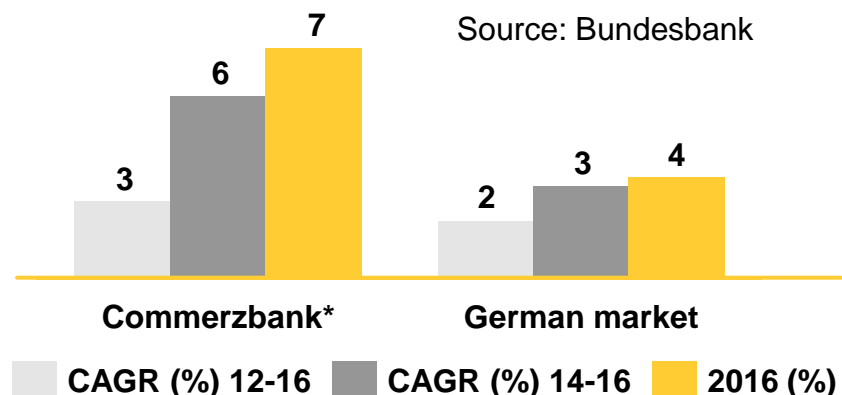
Net interest / commission income

(GER*; €m)



Loans to private customers – growth vs. market

Source: Bundesbank



Commerzbank 4.0 – our strategy to accelerate growth



... and we are delivering!

- › New 'CobaHyp' platform for mortgages
- › New branch strategy developed
- › Platform ONE rolled out in branches ✓
- › Online broker OnVista acquired
- › Partnership banking boosted, e.g. with Tchibo, Rewe, Amazon Prime, Lufthansa

- › Own digital consumer finance platform
- › New product bundle for Small Business Customer segment, e.g. offering for founders
- › Digital Asset Management with Robo-Advice
- › Implementation of Advanced Analytics
- › Mobile mortgage app

2013 - 2016

1Q17

2017

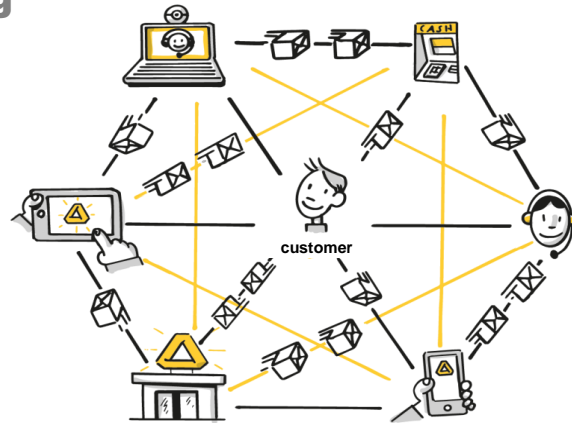
2018 - 2020

- › Platform ONE rolled out in customer service center ✓
- › Digital offering extended, e.g. Direct Debit Card and PremiumFondsDepot
- › 3 Flagships and 4 City branches opened

- › Simplified and digital product offering in place
- › Platform ONE available in all channels
- › Client-centric advisory model
- › Dedicated Small Business Customer business model implemented

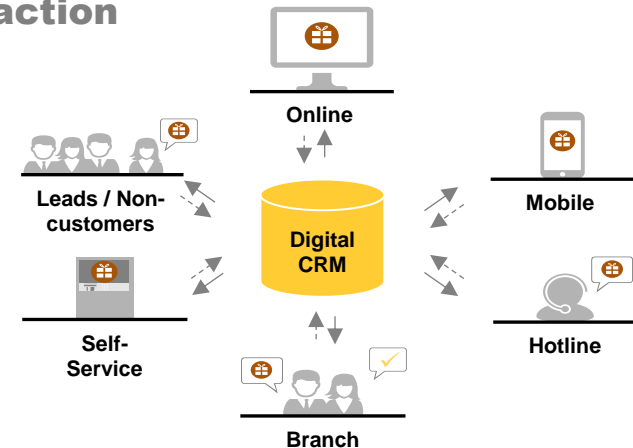
Strong digital capabilities are the backbone of our growth strategy

We go ONE: our vision of multi-channel banking



- › Milestone in our multi-channel banking strategy – one bank and intelligently cross-linked sales channels
- › ONE is the first step to providing all channels with identical data

Digital CRM revolutionizes customer interaction



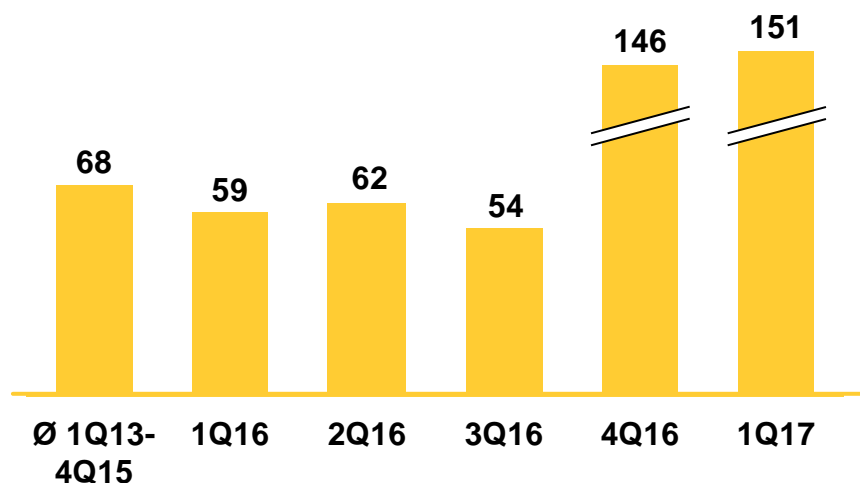
- › Effective tool to meet client expectations and reduce churn rate with promising results in pilots
 - › Improved levels of customer satisfaction reduced client losses by 25%
 - › 10% more products sold online per client

 **Superior digitalization strategy leads to lower churn and higher sales**

Customer growth strategy is based on sound economics

Net new customers

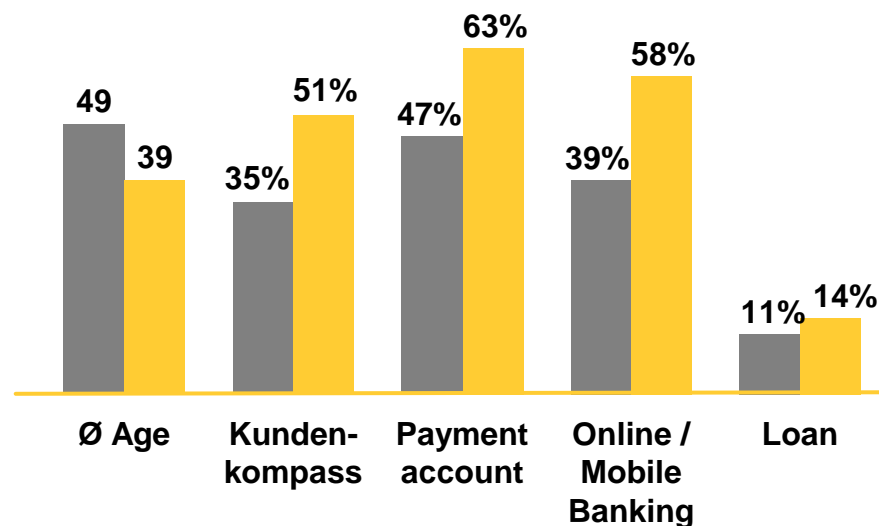
(GER*; k)



Customer characteristics

(Commerzbank*)

■ All Clients
■ New Clients (2013-16)



New customers show better characteristics than existing client base

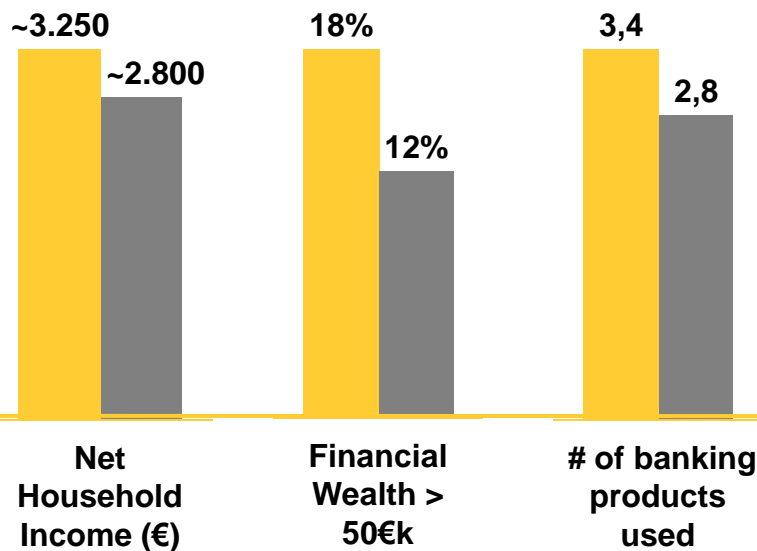
- › Commerzbank 4.0 strategy is bearing fruit – customer growth has significantly accelerated since 4Q16
- › Younger new clients with higher online banking affinity underscore our digitisation strategy
- › New customers show a higher credit product penetration – empirically securities business follows over time

Quality of our client base improving over time

Favourable profile of existing client base

(2016; source: FMDS)

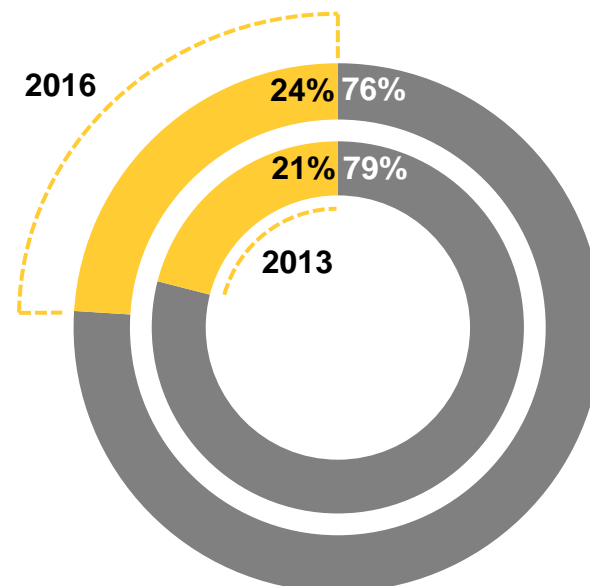
Commerzbank*
German population (Ø)



New clients – increasing 'affluent' share

(Commerzbank*)

Affluent clients
Other clients



→ **Commerzbank clientele have above-average income and wealth**

New customer earns about the same revenues as an existing customer within two years

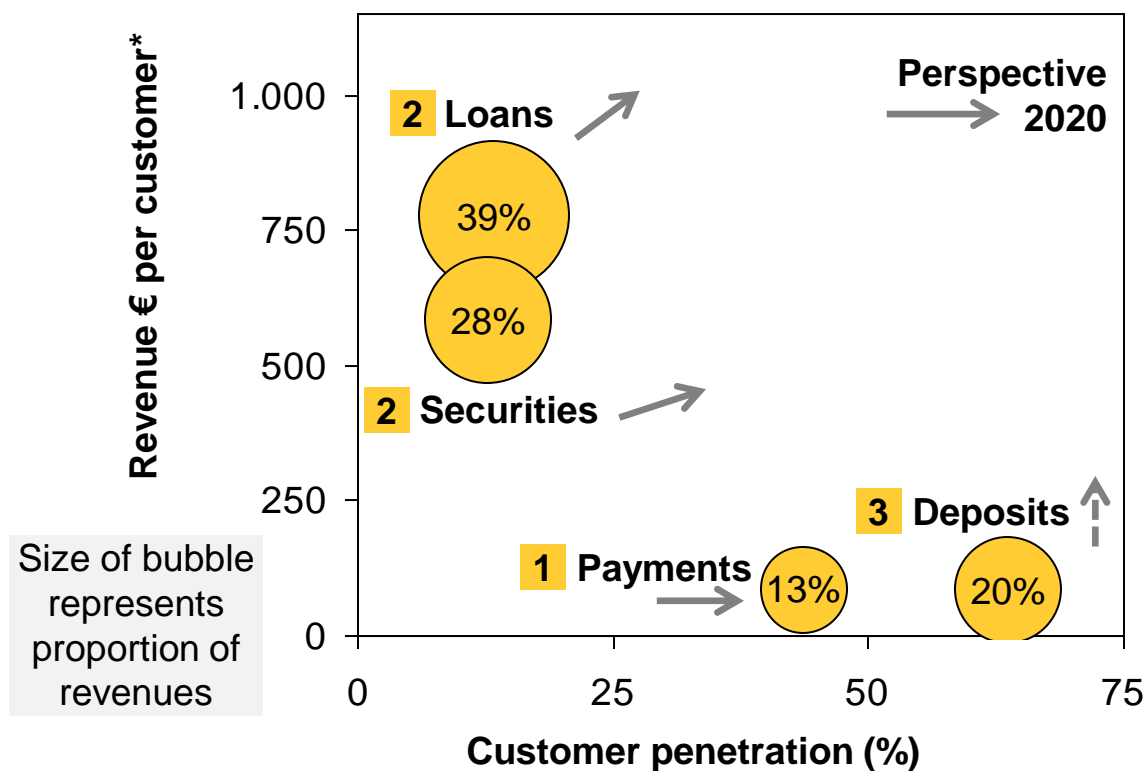
Ø Revenue per new customer*

(in €)	2013	2014	2015	2016
New customers 2013	Year 1 94	Year 2 243	Year 3 268	Year 4 280
New customers 2014		Year 1 94	Year 2 294	Year 3 319
New customers 2015			Year 1 96	Year 2 337**
New customers 2016				Year 1 83



New customers earn their acquisition costs (€150-250) in the second year

Growth potential from both new customers and existing clientele



- 1** Largely cost free current account as anchor product offers sizable cross-selling potential in lending and securities
- 2** Rising loan volumes almost fully offset declining deposit margin – commission income from securities drives revenues
- 3** Deposit base offers sizable revenue potential if interest rates normalize – no change expected until 2020, however

→ **Current account means owning primary banking relationship**

Innovative digital product offering in place

Consumer finance now Commerzbank branded

- › After split of Joint Venture ~€3bn consumer loans are transferred to own platform
- › Interest income replaces commission income

Security business pipeline

- › Attractive products to come in 2017
 - › Funds based advisory mandates – funds without front-end fee
 - › Digital Asset Management – incl. Robo-Advice (first at comdirect)

Mobile Mortgage App

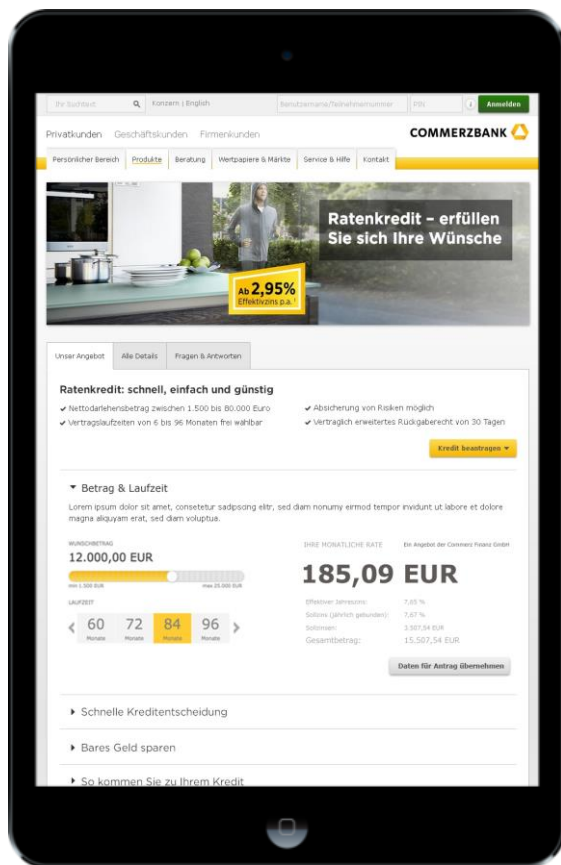
- › Range of digital services supporting mortgage lending
- › App offers budget calculation, search engine, valuation of property, full digital financing



Yesterday > 400 – Tomorrow < 150 products

- › Simplification of product portfolio reduces complexity and raises efficiency
- › Focus on competitive strengths such as security business and rapidly growing consumer & mortgage lending
- › Portfolio already streamlined by > 100 products by 2Q17

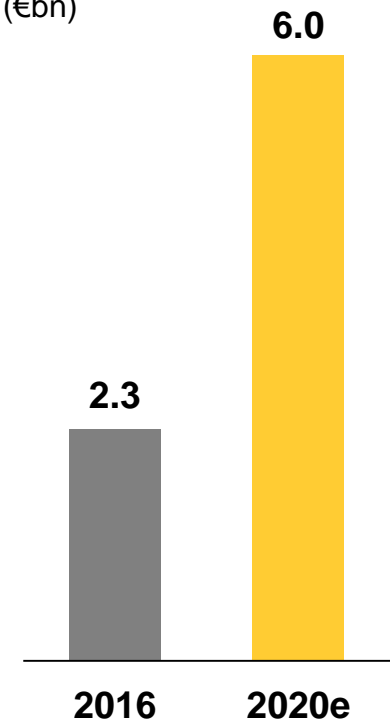
Digital consumer loans represent an important growth driver



- › High margin product with strong growth potential in low rate environment
- › Everywhere - 24 hrs / 7 days

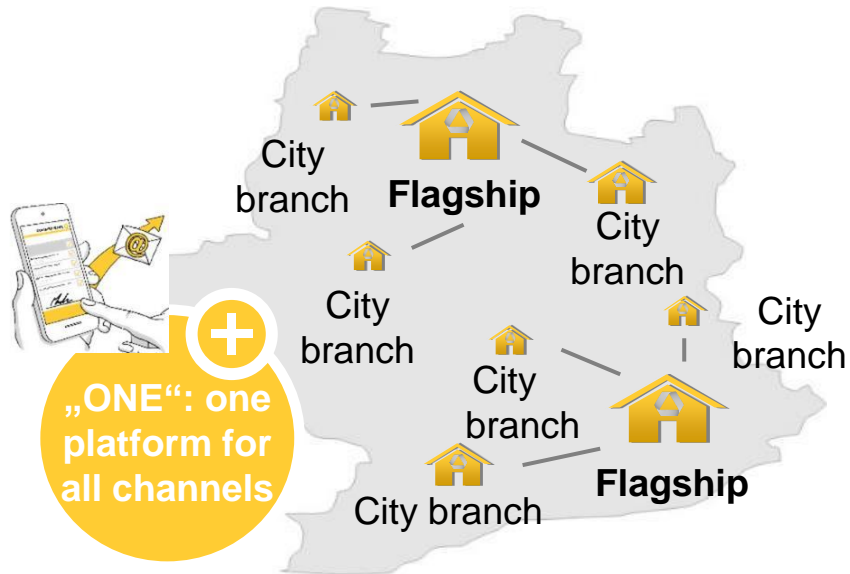
- 1 Started in **branches** in April, complete roll-out by end of June – fully integrated into ONE
- 2 **Online** in H2 2017, in digital end-to-end format – offered also to Small Business customers
- 3 Product variations for Point of Sale (**POS**) and car financing by year-end 2017

**Consumer finance
new business
volume**
(€bn)



Our multi-channel banking approach – the future is digital and personal

~ 1,000 branches – but different



First cost-efficient City branch opened in December 2016

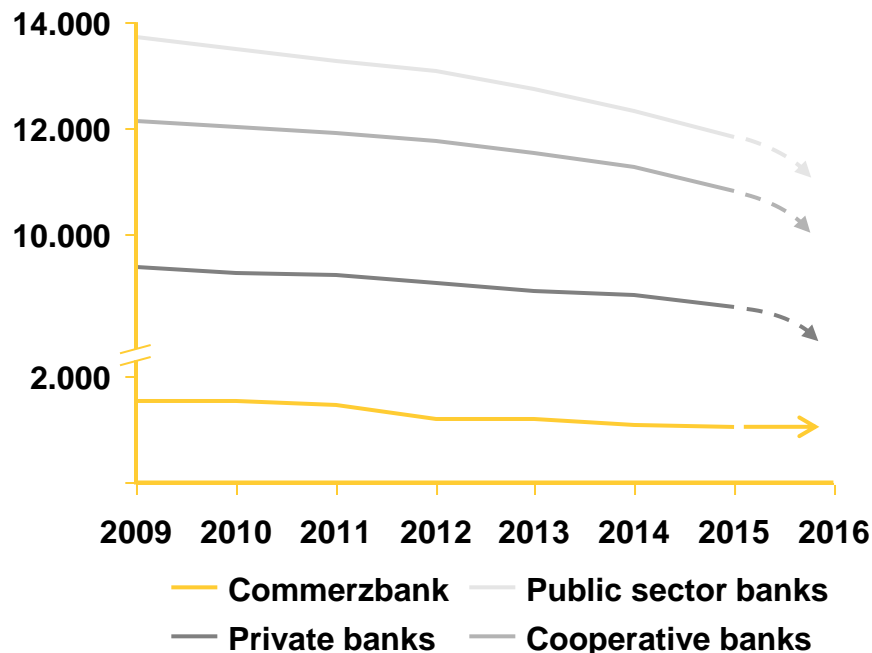


Promising customer response – even higher NPS and rising online banking penetration


- › Up to 30m customers could loose their branch in coming years – two-thirds prefer a bank with branches
- › We will keep our countrywide branch network – our answer: intelligent mix of Flagship & City branches
- › Flagships focus on high quality advisory service, cost-efficient City branches cover 96% of clients' needs

Changing competitive dynamics offer additional opportunities

Number of domestic bank branches



Domestic competition vs. Commerzbank

	Competition*	COMMERZBANK 
Cost cutting	yes	yes
Branch reduction	yes	no
Customer acquisition	low / medium	high
Digital offering	many slow few fast	fast
Pricing	trending up	differentiated

➔ Focus on revenue growth – others with deep cuts into the sales force

Doubling growth in the domestic business – our strategic targets 2020

> 14m
Customers



Assets under Control
> €400bn



Additional revenues
> €1.1bn



Active
cost management



Commerzbank 4.0 – Winning in the German Retail Banking Market



Digital

Smaller range of ~150 products but all in digital format

Personal

Close to our clients with a dense network of ~ 1.000 branches

Competent

Covering all needs – including those of Small-Business Clients

Growth

2m net new customers, > 14m total clients and > €400bn AuC

Profitable

Higher profitability: > €1bn revenue growth + active cost management

Commerzbank 4.0

simple – digital – efficient

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