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Setup of new Business Segment Non-Core Assets (NCA) – €160bn under wind down management

Investors’ Day 2012

Ulrich Sieber / Jochen Klösges | Members of the Board of Managing Directors | Frankfurt/Main | 8 November 2012

Agenda

Tightened regulatory capital and liquidity requirements drove the decision to wind down non-strategic portfolios in order to achieve capital relief

Long term assets penalised by regulatory guidelines already implemented or announced, especially regarding capital and liquidity requirements (BIII, EBA)

Additional regulatory tightening expected – final range currently not foreseeable

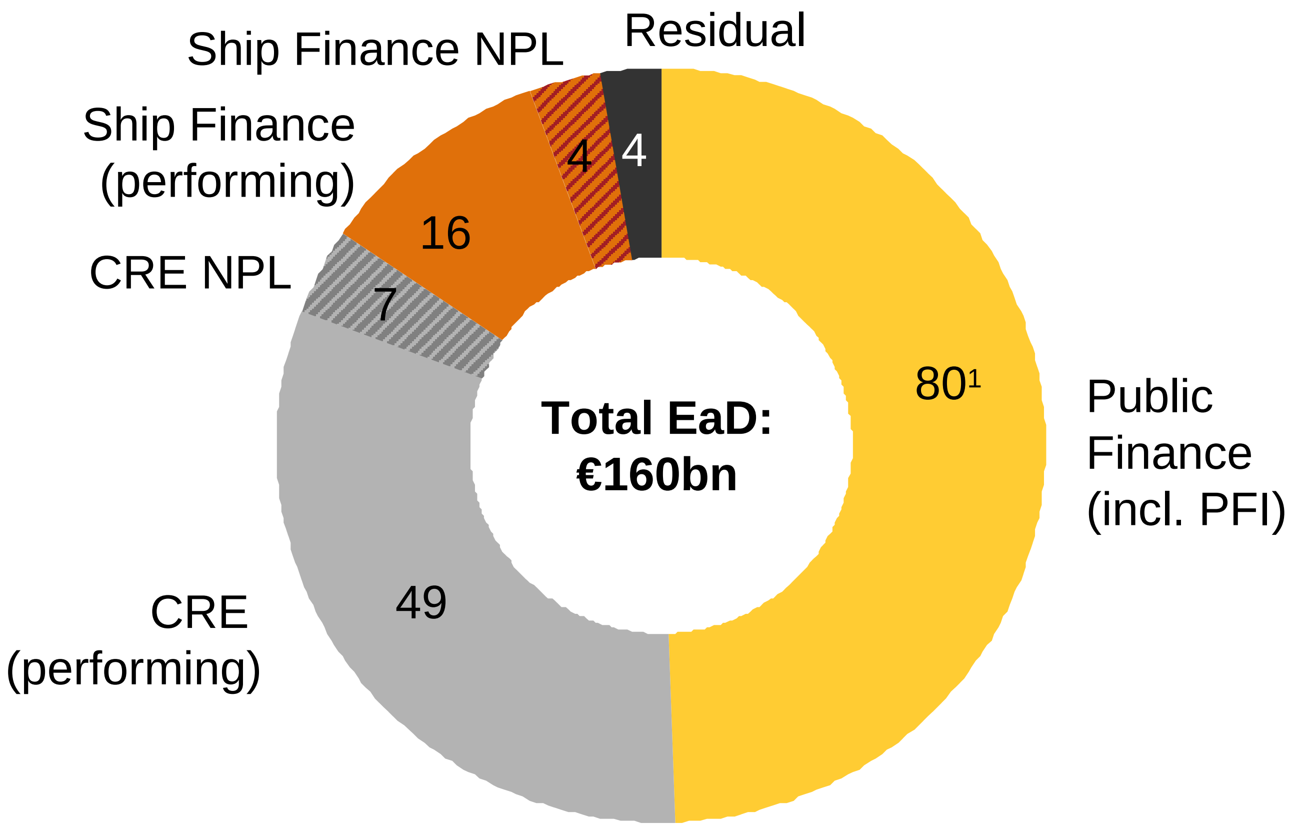
High capital and funding requirements due to BII/BIII lead to relatively low return with high volatility – focus capital allocation on business units with higher return within Commerzbank Group, in line with group strategy

Macroeconomic outlook still subject to considerable uncertainties and risks with direct impact on financial and banking systems

Decision of Commerzbank to designate Commercial Real Estate and Ship Finance as discontinued business, as decided previously for Public Finance:
Abandon new business and wind down all portfolios of Commercial Real Estate and Ship Finance; proceed with wind down of Public Finance portfolio

NCA comprises three major asset sub-segments

EaD (incl. NPL) per 30.9.2012, €bn



Public Finance (incl. PFI)

Hypothekenbank Frankfurt & EEPK

EaD	RWA
80[1)]	15.6[1)]

Commercial Real Estate

Hypothekenbank Frankfurt

EaD	RWA
56	35.1

Ship Finance

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EaD	RWA
20	13.7

Residual

› Non-core retail portfolio
› Commerz Real warehouse

1) Including PFI (portfolio of utility and infrastructure transactions, mostly UK, taken over from PRU in mid-2012; €3.5bn EaD and €4.4bn RWA).

NCA: Diversified portfolio of mainly long term assets

EaD (incl. NPL) per 30.9.2012, €bn

Commercial Real Estate

	GER	USA	IT	ES	UK	POR	Rest	Sum
Performing	21.3	2.3	2.3	3.8	5.7	1.6	11.8	48.8
NPL	2.2	0.6	0.1	1.9	1.1	0.2	0.9	7.0
Sum	**23.5**	**2.9**	**2.4**	**5.7**	**6.8**	**1.8**	**12.7**	**55.8**

EaD	RWA	LLP
55.8	35.1	2.5

Public Finance (w/o PFI[1])

	GER	USA	IT	ES	UK	POR	Rest	Sum
FI	10.9	0.4	0.4	3.1	1.8	0.1	8.6	25.3
Sovereign[2)]	15.9	5.0	8.6	2.4	2.6	0.8	10.3	45.6
Rest	0.0	3.9	0.1	0.5	0.7	0.1	0.5	5.8
NPL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sum	**26.8**	**9.3**	**9.1**	**6.0**	**5.1**	**1.1**	**19.3**	**76.7**

EaD	RWA	LLP
76.7	11.2	0.0

Ship Finance

	Container	Tanker	Bulker	Rest	Sum
Performing	5.3	3.9	3.3	3.3	15.9
NPL	1.8	1.0	0.6	0.7	4.1
Sum	**7.2**	**4.9**	**3.9**	**4.0**	**20.0**

EaD	RWA	LLP
20.0	13.7	1.2

1) Utility and infrastructure transactions (mostly UK) – taken over from PRU in mid-2012. 2) Incl. Regions.

Critical subportfolios in CRE and Ship Finance of ca. €14bn (excl. NPL) – in addition, ca. €12bn exposure in Public Finance to (G)IIPS

EaD (incl. NPL) per 30.9.2012

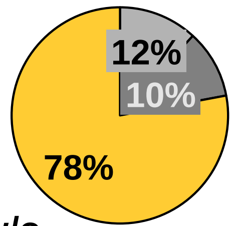
Commercial Real Estate

UK

- Total exposure: €6.8bn
- €1.1bn in default, already impaired
- €0.5bn critical, but not defaulted

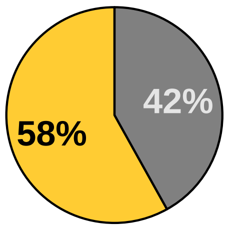
Spain

- Total exposure: €5.7bn
- €1.9bn in default – already significantly impaired
- €0.4bn critical, but not defaulted



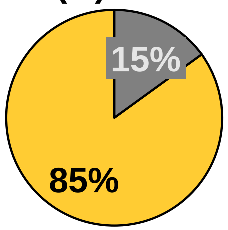
Ship Finance

- Total exposure: €20.0bn
- €4.1bn defaulted
- €4.2bn performing critical subportfolios:
  - Container < 4,000 TEU
  - Product-/Chemical Tanker
  - Bulk Carrier (Capesize/VLOC)



Public Finance (G)IIPS

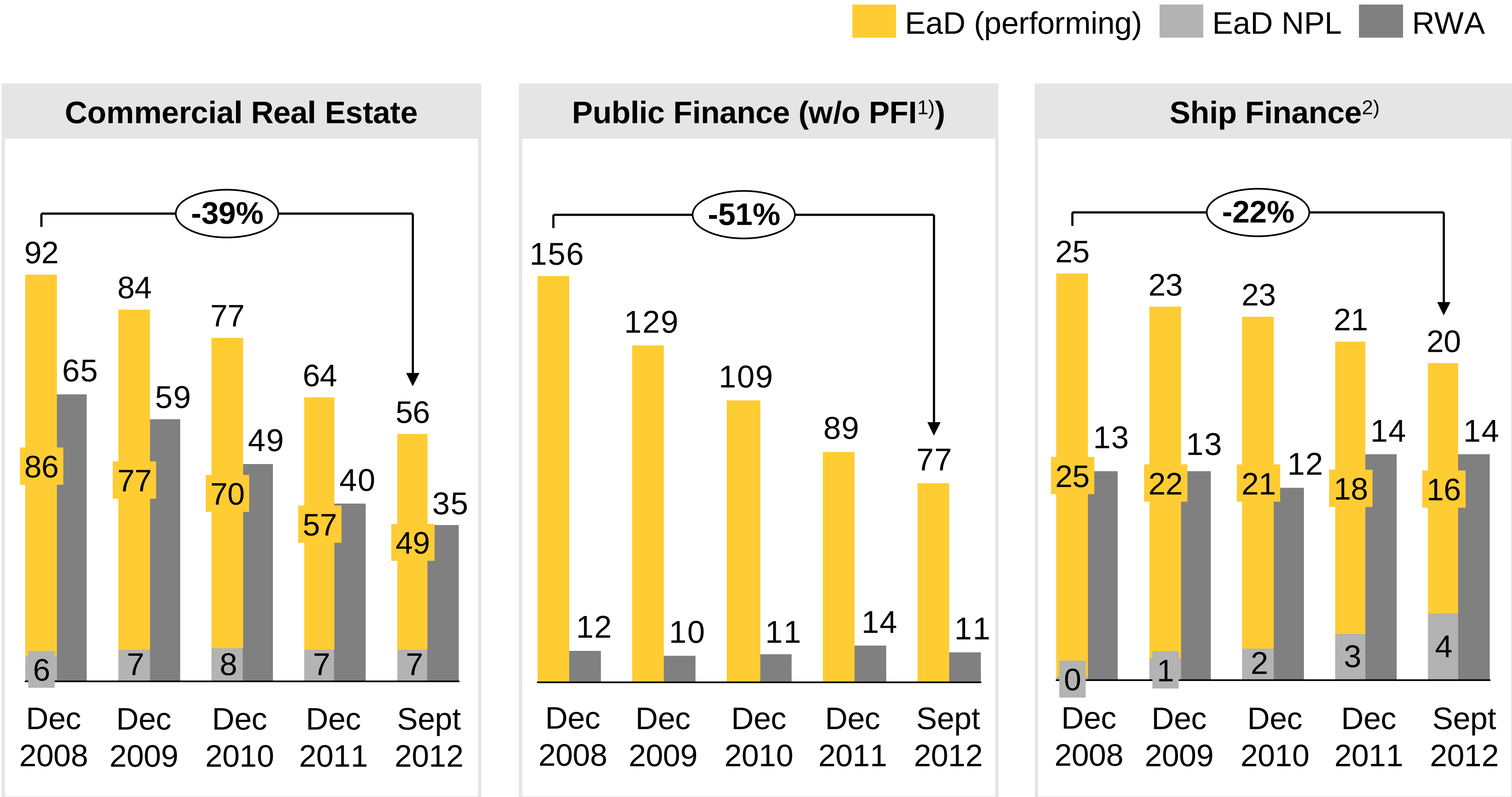
- Total exposure: €11.8bn, thereof
  - €8.6bn Italy
  - €2.4bn Spain
  - €0.8bn Portugal
- Includes exposures to sovereigns incl. regions



Agenda

Strong track record of portfolio wind down despite tough environment

€bn



1) Utility and infrastructure transactions (mostly UK) – taken over from PRU in mid-2012. 2) RWA increase in 2011/12 due to adjustments in rating methods/parameters.

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Future wind down management of NCA in an environment of significant macroeconomic uncertainties

Assumptions

- **Uncertain macroeconomic prospects with considerable risks**
- Commercial Real Estate: Significant challenges in certain foreign markets, e.g. Spain
- Ship Finance: Remaining low charter rates as world trade is slowing down; negative impact of EURO crisis on non-EUR denominated assets
- Public Finance: Sovereign debt crisis with pressure on prices and liquidity of assets
- Very limited flexibility for anorganic portfolio reduction due to high discount levels

Wind down strategy

- **Value-preserving portfolio wind down**
- Aiming at capital relief
- Wind down credit portfolio in cooperation with clients
  - Fulfillment of lending commitments
  - No forcing of clients into default by not extending loan facilities
- Accelerated active wind down for assets with
  - Negative risk outlook, i.e. risk provisions to be expected
  - High capital charge

Specific run down strategies for sub-portfolios

Public Finance	› Given illiquidity as well as low market values of many assets, only selected use of market opportunities envisioned for upcoming years; in general, hold-to-maturity › In addition, risk mitigation and sell-down for selected sub-portfolios
Commercial Real Estate Germany	› Commercial Real Estate finance portfolio in Germany overall healthy, anchored in and developing according to German economy › Straight and clear run down process started; liquid to semi-liquid markets; almost no loss budget needed
Commercial Real Estate international	› Run down strategy depending on specific market situations; selected strategies: (i) Sale of entire portfolios to strategic investors; (ii) hold to maturity; (iii) run down with partial use of loss budget › Run down supported by positive revenue stream, usage of loss budgets for specific countries with negative base scenario or outlook
Ship Finance	› Differentiated strategy depending on (i) vessel type, (ii) size, (iii) year of delivery › Strategies: (i) Control via equity swap, (ii) sale via loss budgets, (iii) hold until market environment changes

Clear goals defined for the wind down of NCA

1. Asset Reduction	› **Value preserving run down of relevant portfolios, with focus on fast portfolio reduction and risk mitigation** › Steering of asset reduction based on EaD[1)]
2. Capital Management/ De-Risking	› **Implementation of consistent capital management approach across all asset classes for value preserving wind-down** › Net-capital relief as main steering parameter › Constraint: Consideration of group‘s loss absorption capacity
3. Active Portfolio Management	› **Optimise portfolio reduction by consistent steering approach and anorganic measures** - Close relationship with clients, highly qualified staff - Prolongation and pricing mechanism developed and implemented for wind-down strategy - Active management of syndicated business, capital markets and investors by NCA CFO-COO
4. Stabilising NCA Segment	› **Providing operational stability for all subsegments** › Minimising operational risks › Cutbacks of staff in line with portfolio reduction

1) Resp. Nominal, adjusted by risk mitigation instruments, e.g., credit derivative hedges.

Full set of instruments in place for an effective portfolio run-down

Active Sales

- Approaching „liquid“ banks to take over refinancing of clients even before loan maturity
- Analysis of syndicated loans with HF as agent to pass on final hold and agent role

Increase of collateral and margins

- Improvement of risk profile on single asset basis
- Negotiation of high margins if prolongation cannot be avoided, combined with short maturities
- Enabled by strong franchise

Access to investors and capital markets fully in place

Pro-active workout

- High expertise in international and complex structures
- Consequent early risk detection process
- Consequent improvement of coverage ratio providing buffer for value deterioration
- Asset sales as essential instrument of NPL management

Portfolio sales

- Compiling of sub-portfolios according to investor demand
- Ongoing assessment of securitization vehicles
- Example: Sale of U.S. commercial real estate portfolio

Completed Transactions in 2012 – Sale of US-Portfolio

Key Portfolio and Transaction Data

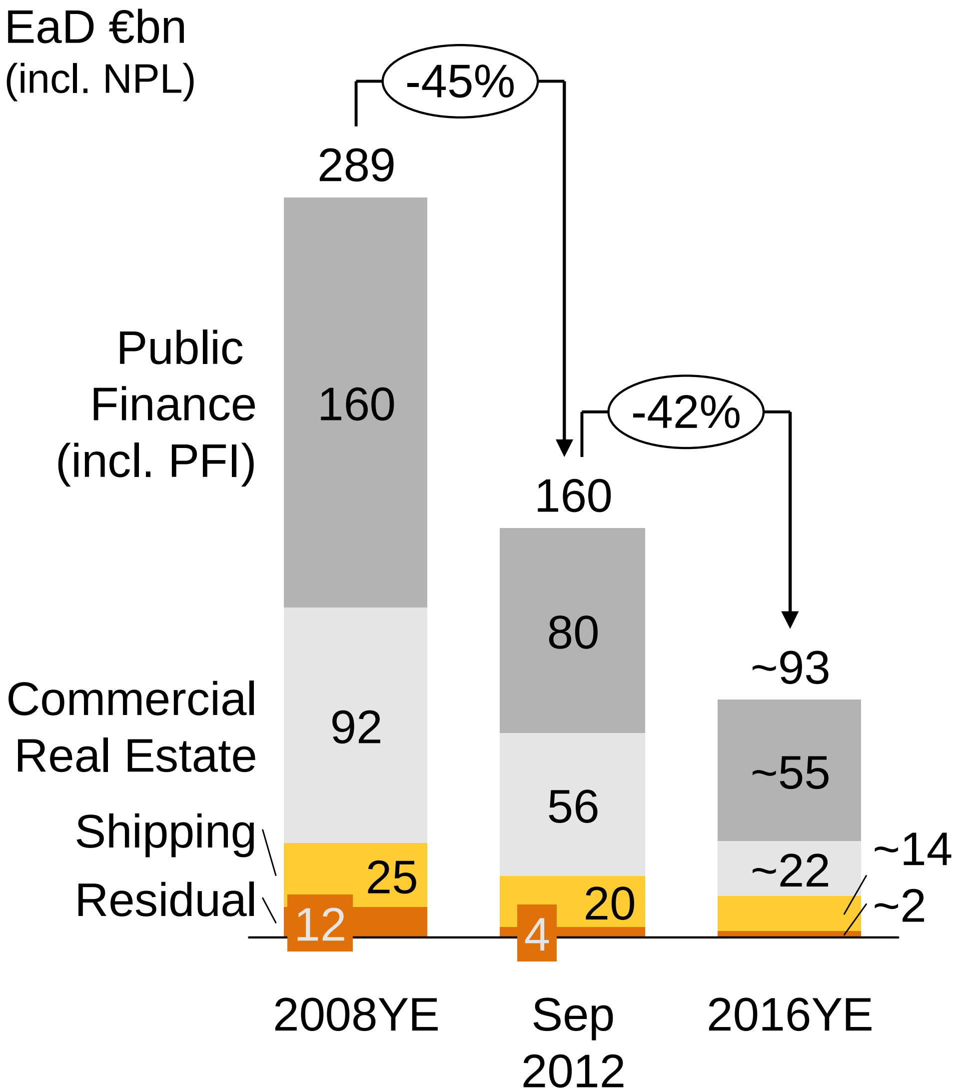
- Sale of selected US commercial real estate loans in H1 2012
- Portfolio consisting of 11 loans with a total outstanding volume of ca. USD520m
- High investor interest in portfolio/sub-portfolios across different investor types (e.g. banks, private equity funds, high yield funds and investment managers)
- Loans finally sold to three different investors at a price close to par
- Transaction led to a total capital relief of ca. USD17m
- Portfolio sale resulted in immediate RWA, credit risk and USD funding relief

Transaction Highlights

- ✓ Sale accomplished the original goal of returning capital to the bank
- ✓ Price close to par – small P&L loss in line with expectations
- ✓ Positive market momentum captured
- ✓ Transaction benefitted from strength of the US market liquidity

Agenda

NCA planning scenario provides exposure reduction of over 40% by 2016, leading to significant RWA relief



Regulatory Capital of NCA

- **From YE 2012 to YE 2016, RWA-reduction of about €30bn anticipated – implied capital relief of about €2.7bn**[1)]
- Cumulative losses in the years 2013-2016 of approx. €2.3bn anticipated
- Over the next four years, capital relief due to RWA-reduction slightly over-compensates the losses
- In particular, from 2014 onwards capital relief due to RWA-reduction higher than losses
- During Q3 2012 alone, EaD was reduced by €7bn

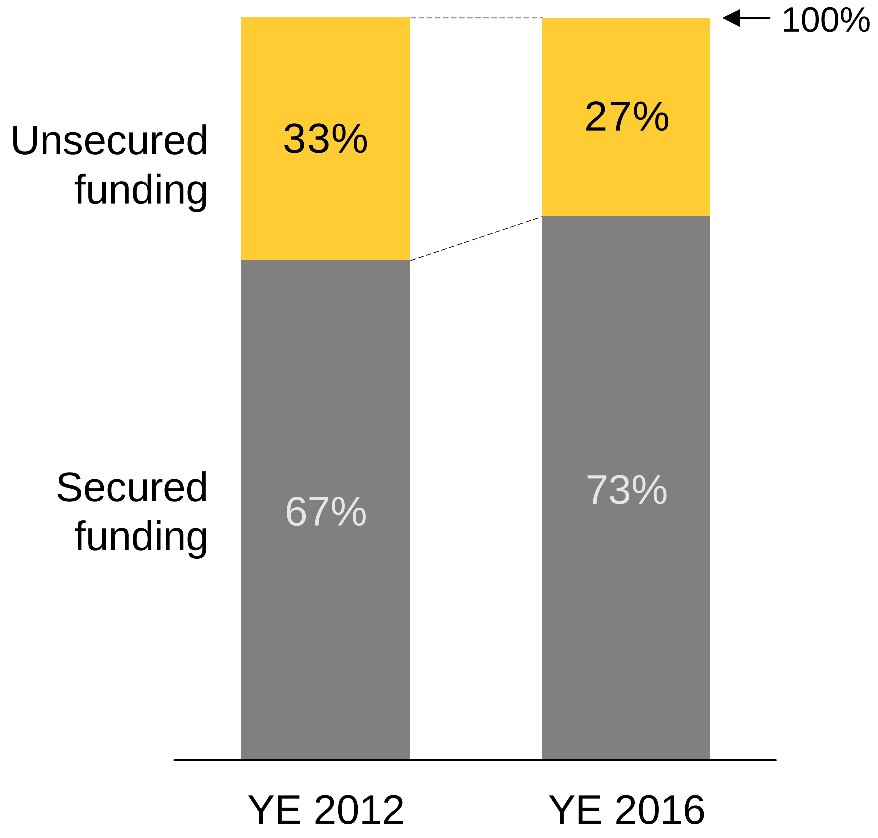
1) 9% capital ratio; Basel III phase-in of negative revaluation reserve not taken into account.

Besides asset reduction strong focus on optimized funding structure

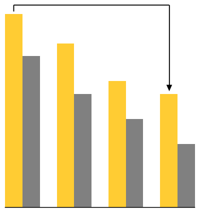
Indicative development of liabilities NCA; %

Levers to optimize funding profile

- Maximizing secured funding to reduce unsecured funds, e.g. through
  - Optimized cover pool
  - Optimized collateral management
- Alignment of maturity profile of assets and liabilities with special focus on flexibility in order to support the needs of a wind-down unit



Outlook for NCA



› **Overall asset reduction in a capital preserving scenario of more than 40% by 2016 – focus on CRE run down; acceleration via portfolio sales where feasible**

› Full leverage of funding instruments including Pfandbriefe, money market, ECB tender etc. going forward while consequently reducing unsecured funding requirements

› Commerzbank committed to full support, including funding, capital and Corporate Center support – provision of long- and short-term funding by integrated group treasury

› Management and staff in place and incentivised

› Cutbacks in staff in line with portfolio reduction

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