



Commerzbank
PRIVATE AND BUSINESS CUSTOMERS -
A turnaround STORY in retail banking

Michael Mandel, HEAD OF PRIVATE CUSTOMERS
Frankfurt, 7 July 2005



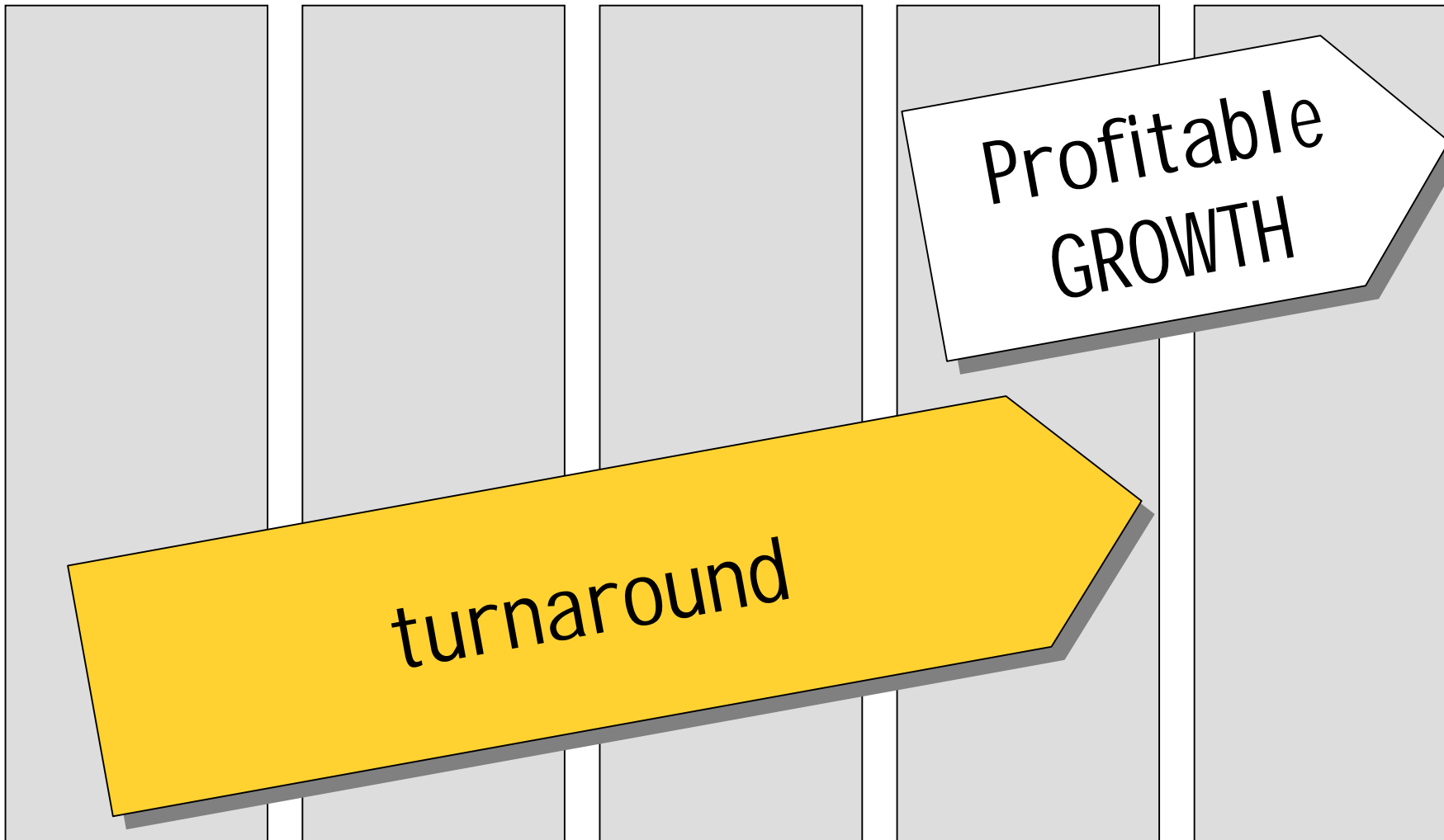
2001

2002

2003

2004

2005

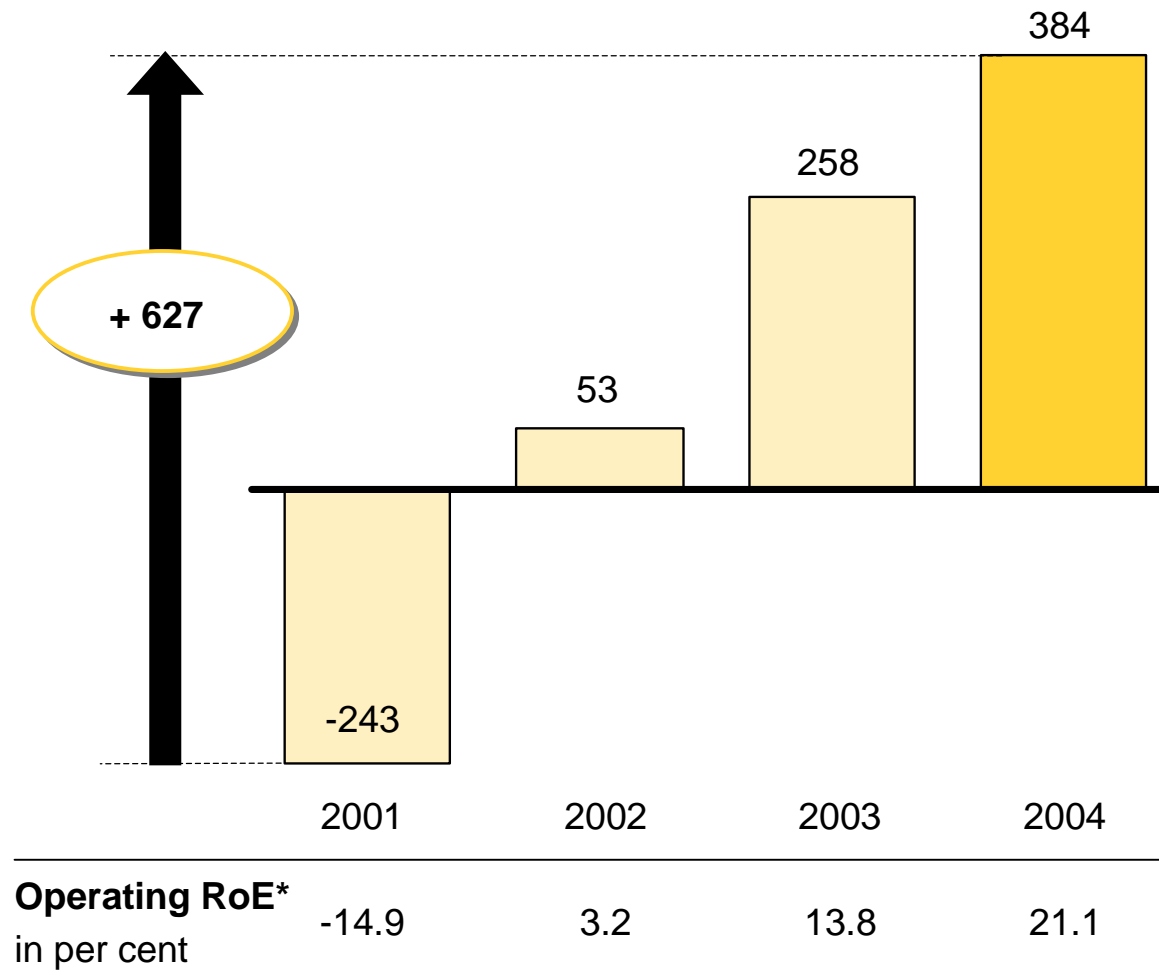


turnaround

Profitable
GROWTH

Turnaround successfully completed

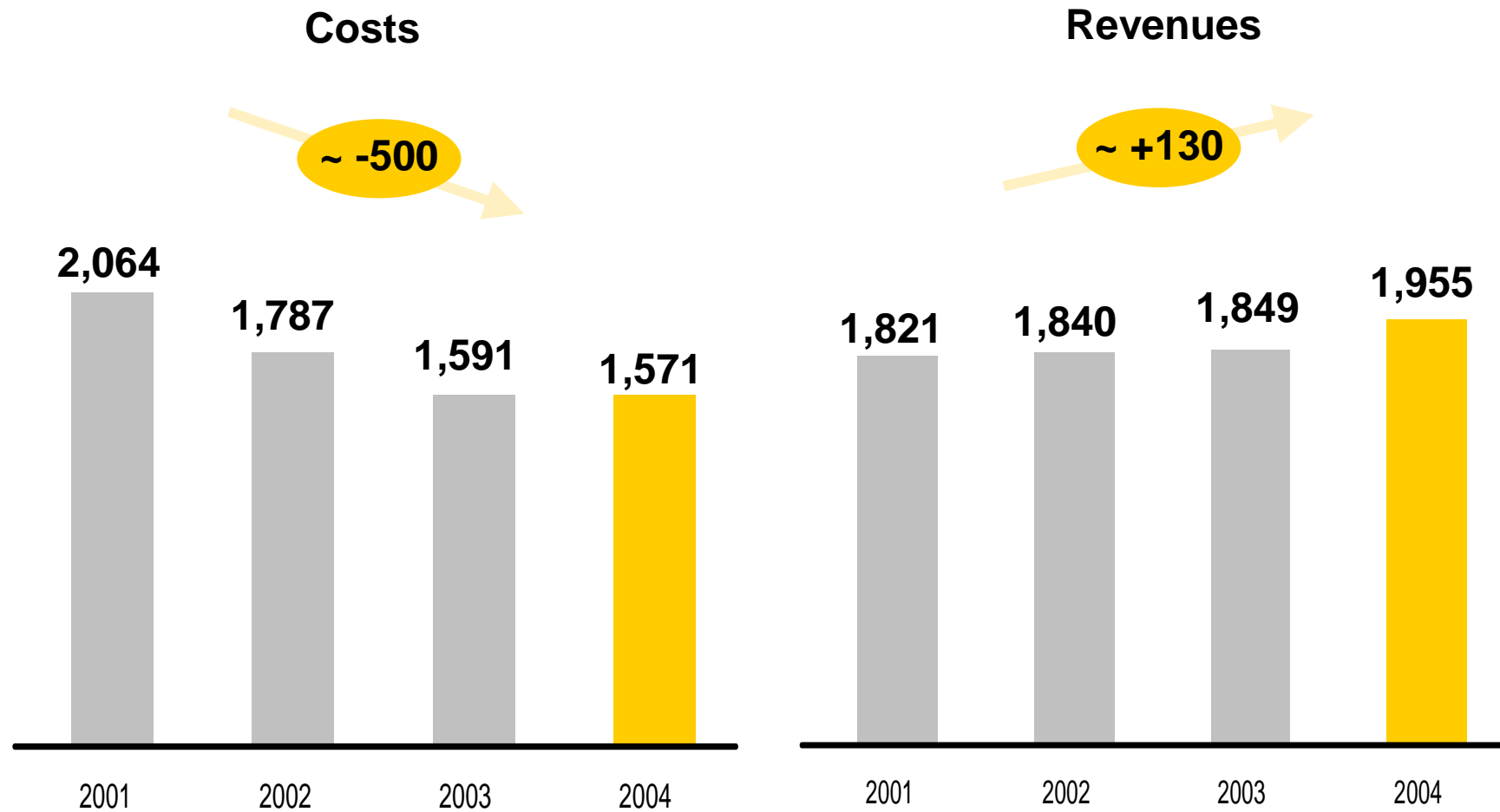
OPERATING PROFIT AND RoE IN "PRIVATE AND BUSINESS CUSTOMERS" DIVISION
in € m



* Based on regulatory capital
Source: Annual reports

Significant cost reduction and slightly higher revenues

in €m



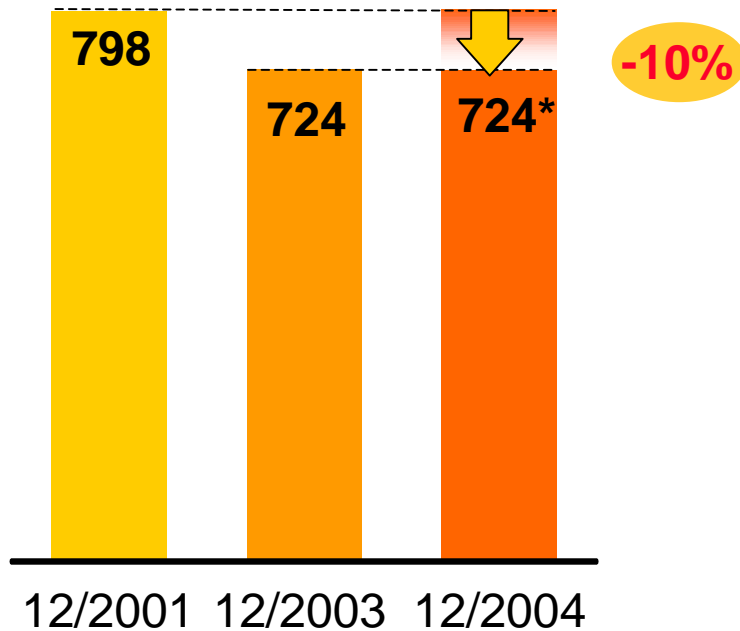
Source: Annual reports

Key initiatives have led to successful turnaround

Costs levers	1. Branch network optimized on basis of customer potential analysis	✓
	2. Capacity of sales force and service personnel adjusted	✓
	3. Over 150 branch processes optimized	✓
	4. Sustained reduction of overhead costs	✓
	5. Development of new small branch type – branches of the future – and successful rollout	✓
Revenues levers	1. New distribution management and controlling tools implemented	✓
	2. Sales processes optimized	✓
	3. Qualification programme for branch staff	✓
	4. Quick-win price initiatives and development of pricing strategy	✓

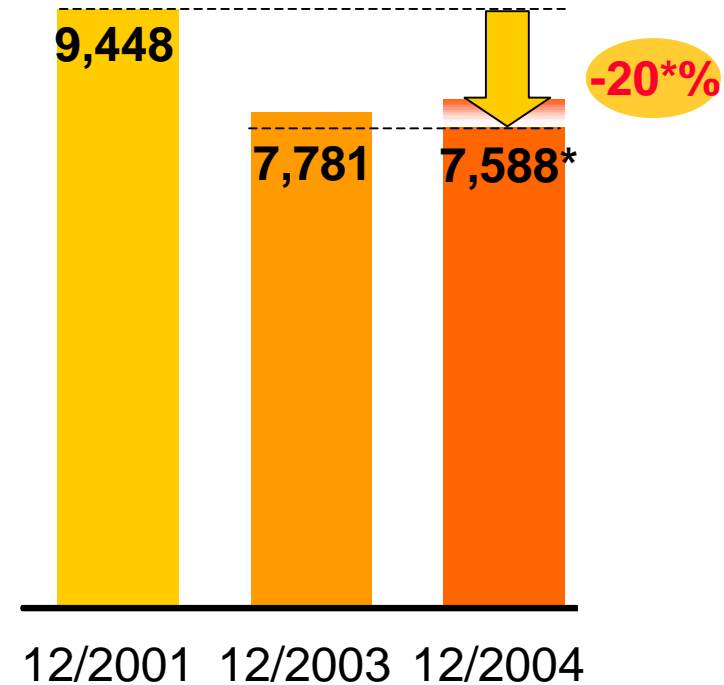
Significant reduction of direct costs

Number of branches



- Branch network optimized on basis of customer potential analysis
- Over 150 branch processes optimized

Branch personnel

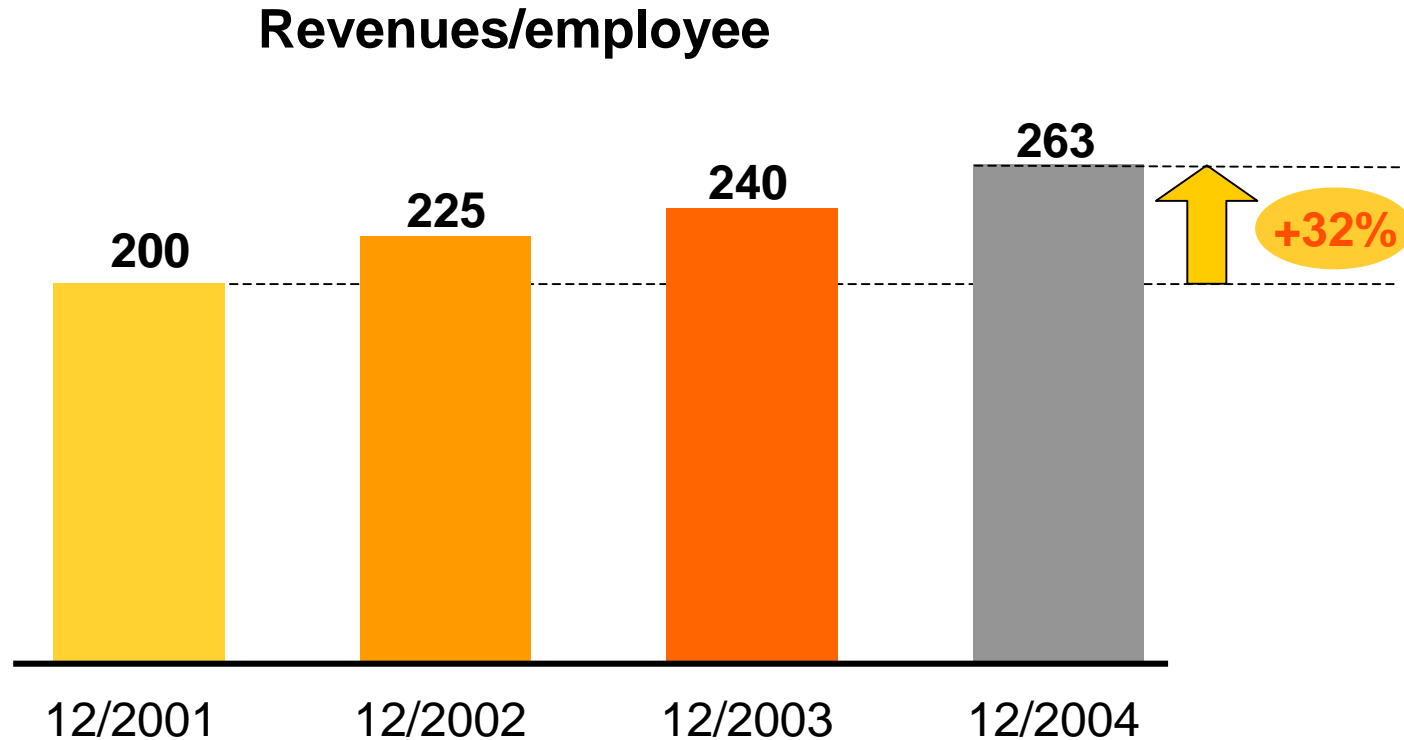


- Capacity of sales force and service personnel adjusted
- Development of new small branch type – branches of the future – and successful rollout

* Excluding SchmidtBank
Source:Commerzbank ZPK Business Development

Increased sales productivity of about 32%

in € '000

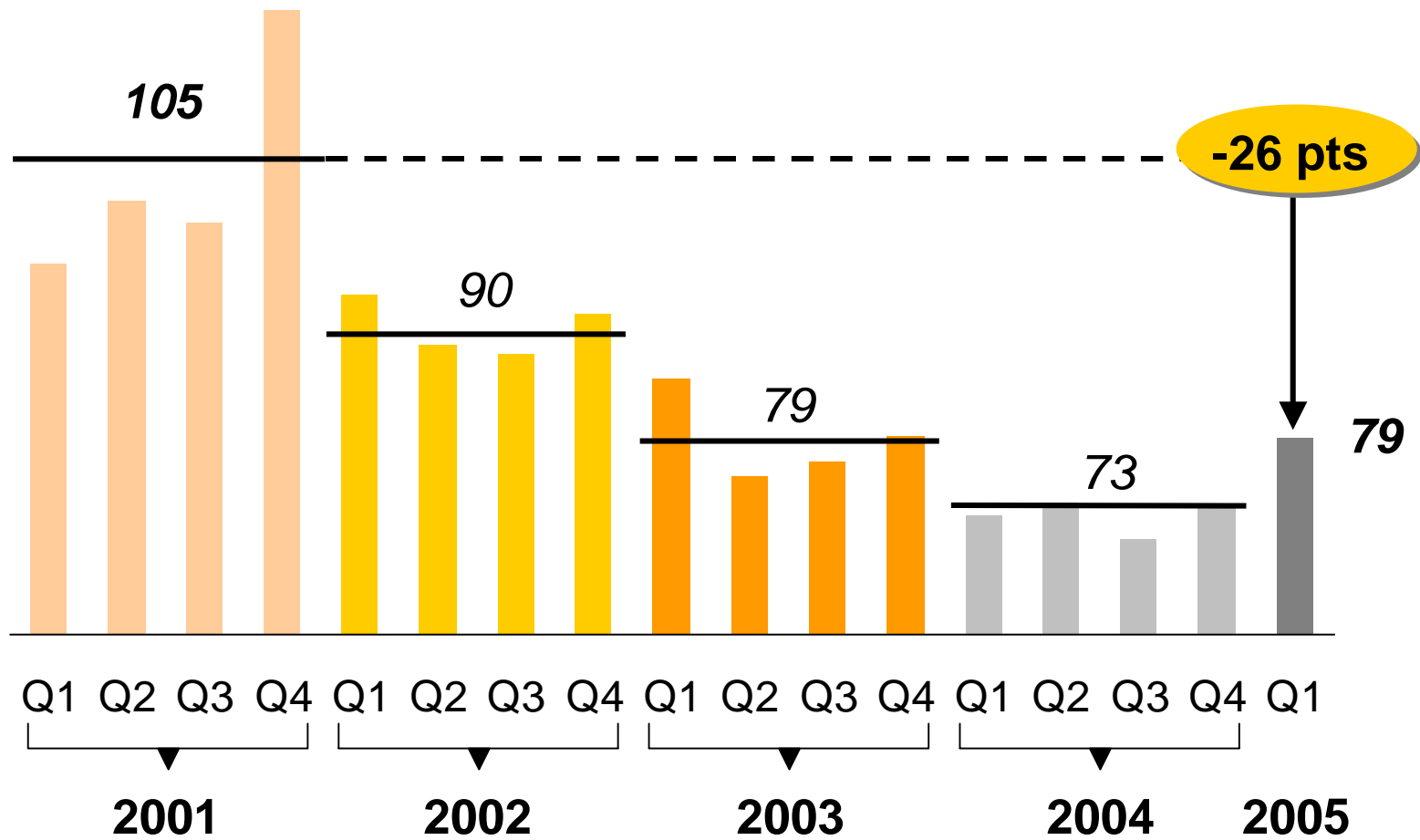


- **New distribution management and controlling tools implemented**
- **Qualification programme for branch staff up to end-2004**
- **Quick-win price initiative und development of pricing strategy**
- **Sales processes optimized**

Success reflected in sharp reduction of cost/income ratio

in %

— Annual average



Source: Annual reports



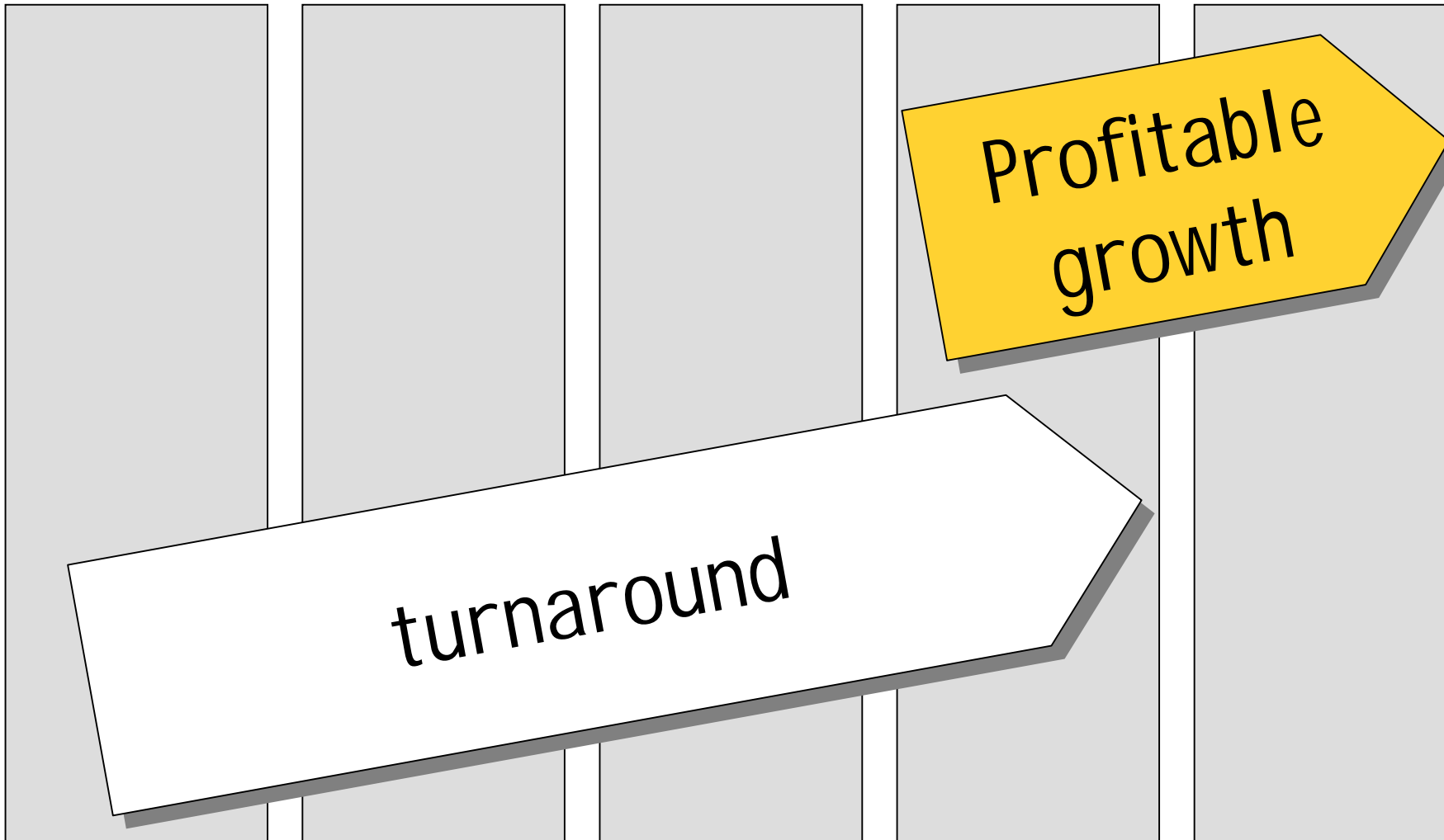
2001

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2003

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2005



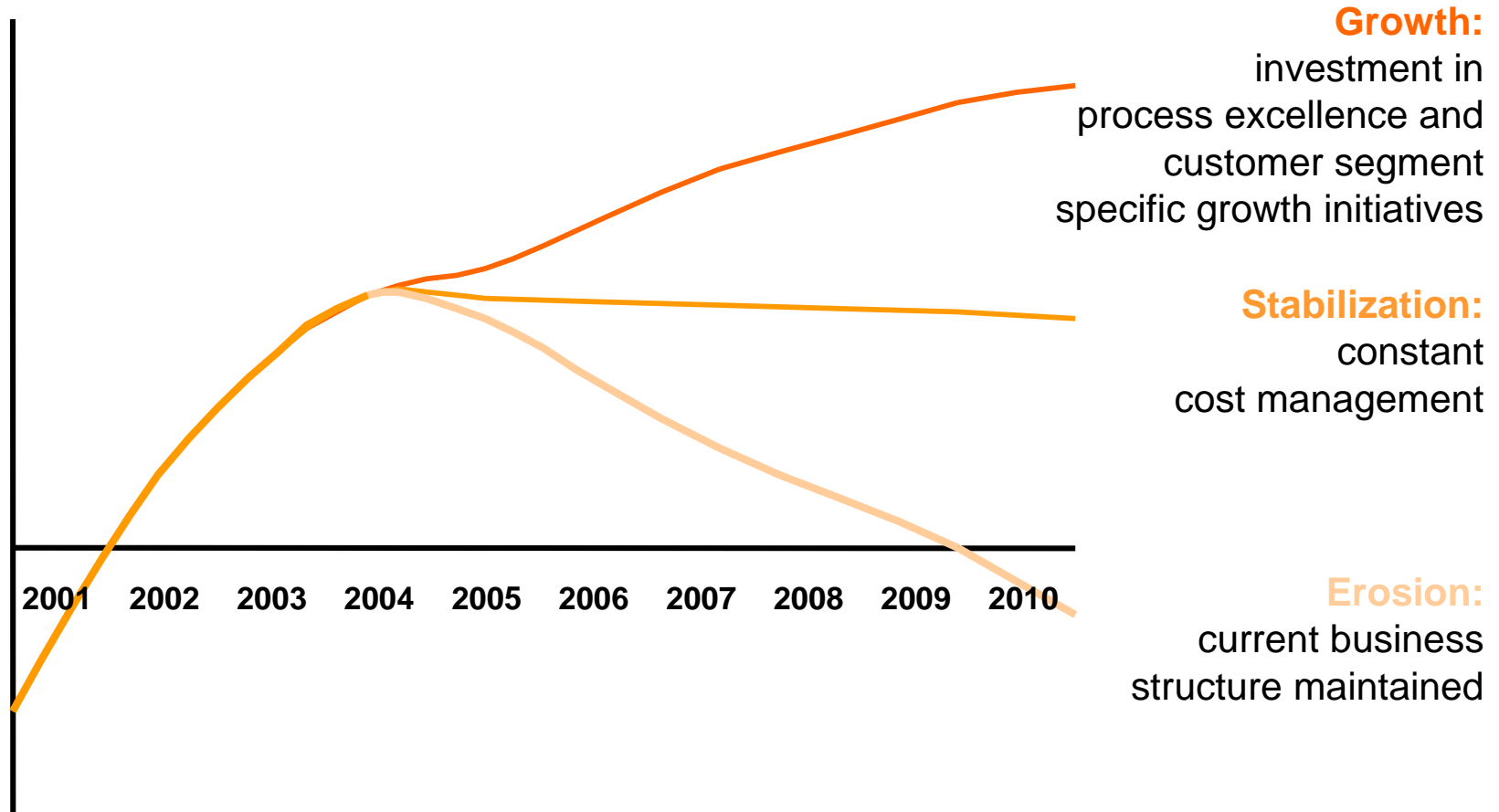
turnaround

Profitable growth

After turnaround profitable growth necessary

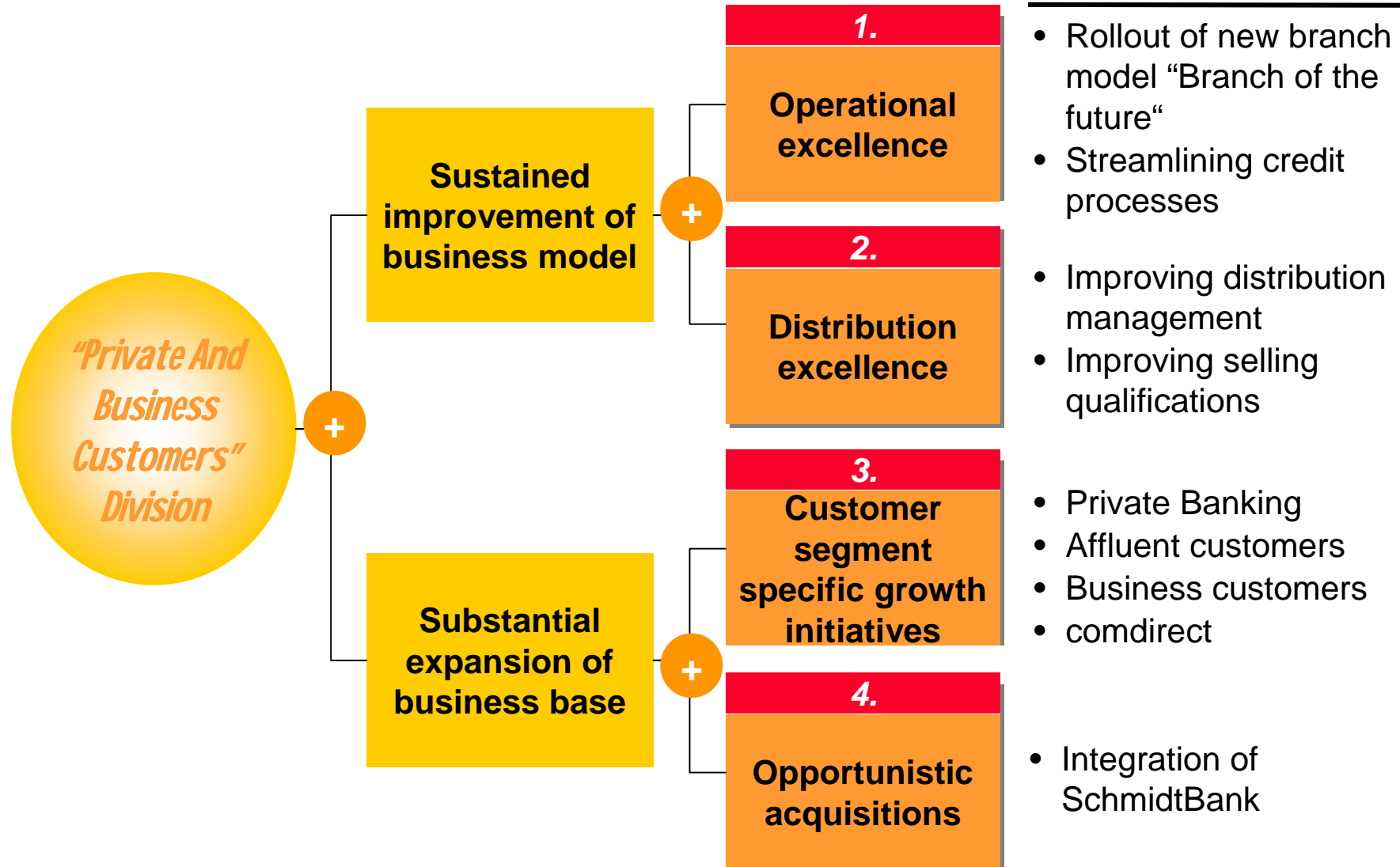
SIMULATION OF 2005-2010 RESULTS

ILLUSTRATIVE



Profitable growth calls for combination of measures

FOUR PILLARS OF GROWTH COURSE

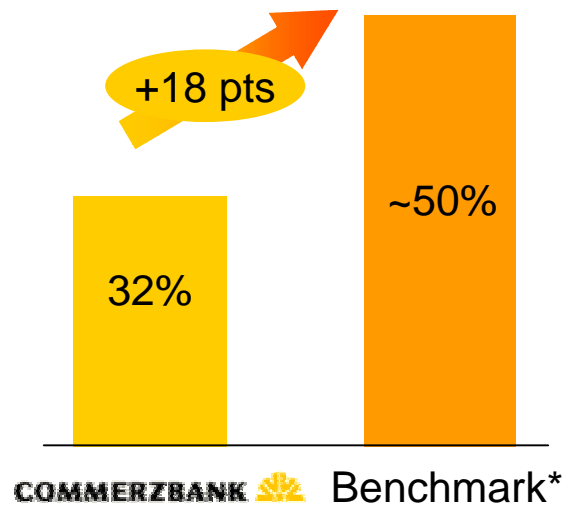


We are making our operations smoother and more efficient

1.

Operational
excellence

Sales time per adviser



Leaner and more efficient branch business

- Branches with exclusive sales focus – branches of the future
- Branches processes streamlined by removal of administrative processes and by automation

Leaner and more efficient processes

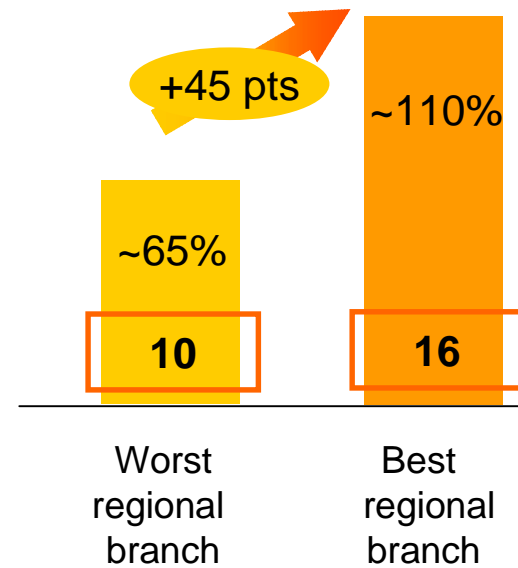
- End-to-end process optimization in credit business

* Market analysis/research
Source:Commerzbank ZPK Business Development

We are boosting our sales potential

2.
Boosting sales potential

Securities revenue targets achieved p.r.t



Distribution management

- Distribution management at all levels through steering and controlling of activities and weekly distribution meetings for all employees

Qualifications for selling products

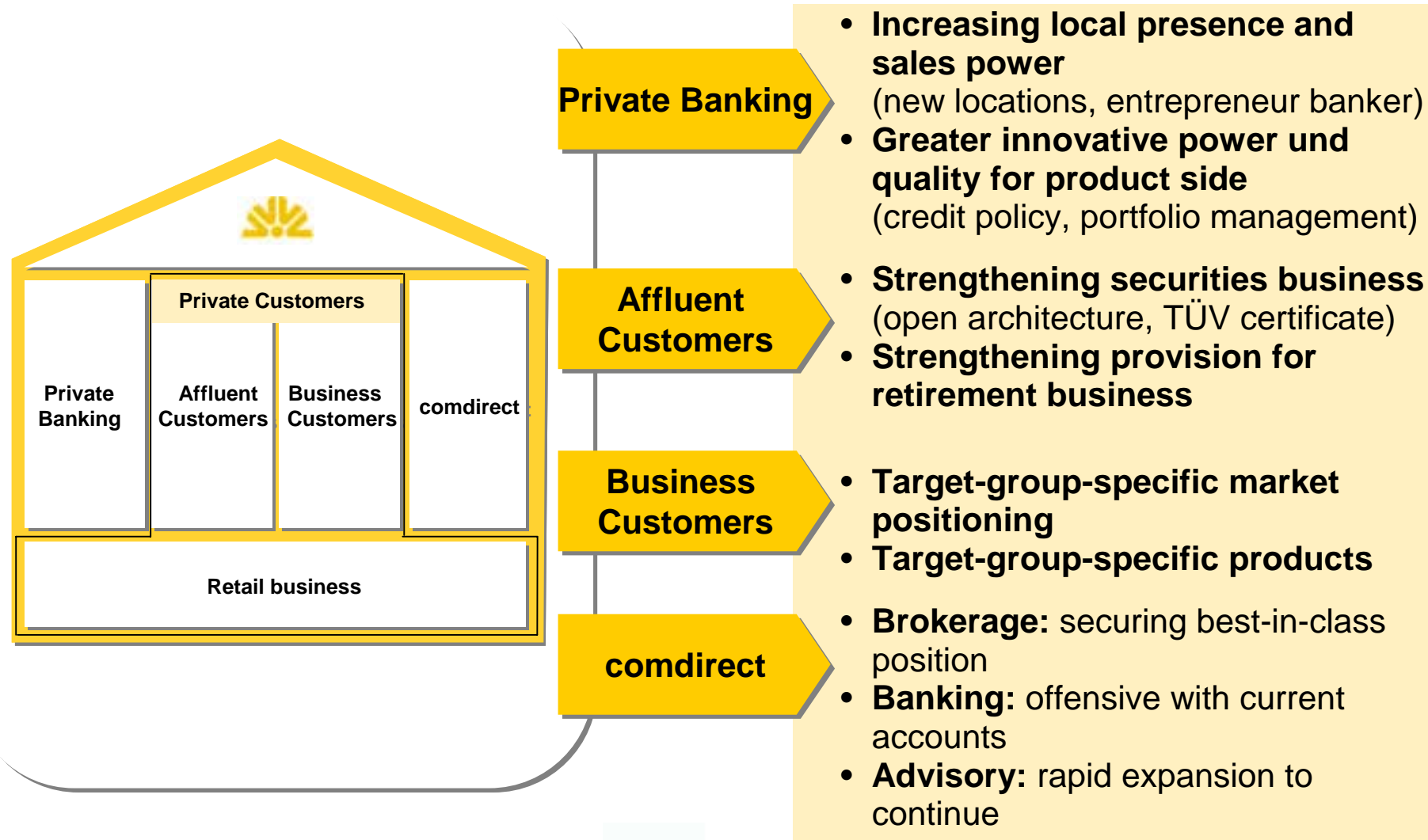
- Extensive measures to improve product, advisory and sales qualifications of staff

Active appointments/
full-time staff per week

* Market analysis/research
Source:Commerzbank ZPK Business Development

Growth driven by customer segment specific initiatives

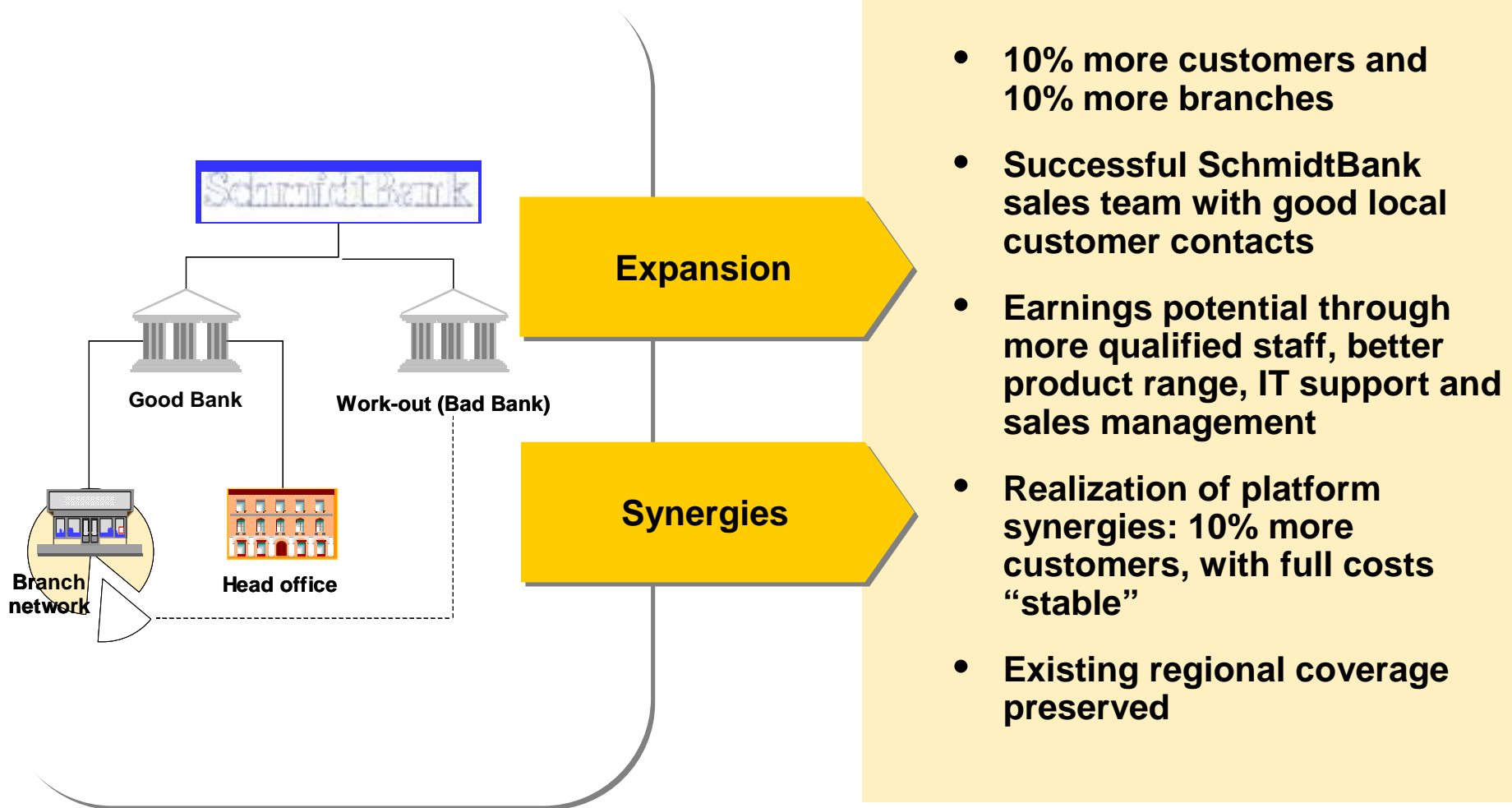
3.
Customer segment specific growth initiatives



Integration of SchmidtBank branch business has strengthened Commerzbank's retail activities

4.

Opportunistic acquisitions



Summary

Strong basis built...

- Turnaround measures successfully implemented
- Cost of capital earned in difficult market environment
- SchmidtBank acquisition successfully completed
- Extension of Private Banking
- Development of successful and superior business model for business customers

...for profitable growth

- Excellence and
 - selective optimization of business model
 - investment in staff qualifications
- Special growth initiatives for segments
 - Private Banking
 - Affluent Customers
 - Business Customers
 - comdirect
- Continuing strict cost management



**We intend to become
Germany's best retail bank**