



Press briefing

Fundamental realignment of Eurohypo's CRE business model



Eschborn, 11.05.09

Fundamental realignment of the CRE business model is the only option

- The business model in recent years has focused excessively on growth and opted for an overly complex business structure.
- These flaws have been clearly revealed in the financial and real estate crisis and have hit earnings hard.
- Real estate markets continue to be heavily buffeted by the financial and economic crisis.
- Adjusting the size of the CRE business relative to the size of the Commerzbank Group will be necessary: the CRE portfolio will have shrunk from EUR 79 billion to EUR 60 billion by the end of 2012.

To guarantee the future and long-term success of Eurohypo, the business model must be fundamentally adjusted

Realignment will safeguard Eurohypo's long-term future

Eurohypo will continue to be a reliable and highly customer-focused partner for professional real estate investors.

- Return on equity over the medium term to at least exceed capital costs throughout the economic cycle.
- Risk costs over the medium term to be below 30 basis points throughout the economic cycle
- Overall structure to be adjusted to the changed scale of expected business and improved risk management

The CRE business model will focus on long-term stable earnings with low risk to ensure sustained success and maintain market leadership in target countries.

Focusing on the core expertise in commercial real estate financing

1	Markets	Focus on 10 core markets
2	Clients	Focus on professional real estate investors and developers
3	New business	Increasing / confirming minimum ticket thresholds and introducing upper limits for new business
4	Asset classes	Concentrate on 5 asset classes
5	Products	Focus on commercial real estate financing

Markets: Focusing on 10 core markets based on market attractiveness and market position:

Eurohypo will remain an international real estate financier

The goal is to be active only in countries where Eurohypo can generate risk-adjusted returns in the long run

Selection criteria

- Strength of Eurohypo's market position in each market; no blanket exposure in Europe
- Relative attractiveness of the market (profitability, size, growth) and market position
- Reduction in complexity
- Legal security and low currency risk
- Pfandbrief eligibility

	Further development
	Germany
	France
	Italy*
	Poland
	Portugal
	Spain
	UK
	USA
	Russia*
	Turkey*

* No new business until further notice

Clients: Focusing on professional real estate investors and developers

Further development

Professional real estate customers (developers and investors)

Customer exposure \geq 15 million

Relinquish

German residential developers (“Bauträger”)

Customer exposure $<$ 15 million

- Target customers with long-term financing needs of at least EUR 15 million regularly need professional financing solutions in the targeted size
- No direct impact on existing customers
 - We will continue to meet all our contractual obligations; trusted contact partners will continue to be available
- German residential developers (“Bauträger”) no longer a target business for Eurohypo
 - This business is highly fragmented and demanding on resources
 - This will have no influence on commercial construction finance, which will be continued

New business: Increasing / confirming minimum ticket thresholds and introducing upper limits for new business

Business in Germany	Business abroad
Increase individual tickets > EUR 10 million	Confirm individual tickets > EUR 20 million
Exception: after initial business > EUR 10 million, secondary business > EUR 5 million possible	–
Avoid concentration risks by introducing more conservative upper limits	Avoid concentration risks by introducing more conservative upper limits

1,000 target customers will ensure strong market position

Asset classes: concentrate on 5 asset classes allows risk-adjusted returns

Further development	Relinquish
Offices	Commercial building land
Residential real estate (Germany only)	Residential real estate, building land
Trade (including SCs*)	Other management real estate
Logistics	Other commercial activities
Hotels	Industry

- Abandoned asset classes already with marginal exposure
- Higher risks with abandoned asset classes result in lower profitability

* Shopping centres (SCs)

Products: Concentrating on profitable commercial real estate products

Further development	Relinquish
<p>Portfolio financing</p> <p>Development financing</p> <p>Financing-related derivatives (ICM)</p>	<p>Corporate Loans</p> <p>Global Advisory</p> <p>Financing of German residential developers ("Bauträger")</p>

- Concentration on profitable products in commercial real estate finance
- Corporate loans are not a core competence of Eurohypo and resulted in large writedowns in the past
- Global Advisory makes a marginal contribution to earnings – relinquishing will result in a significant reduction in complexity

Adjusting to the new business model will reduce the size of the organisation

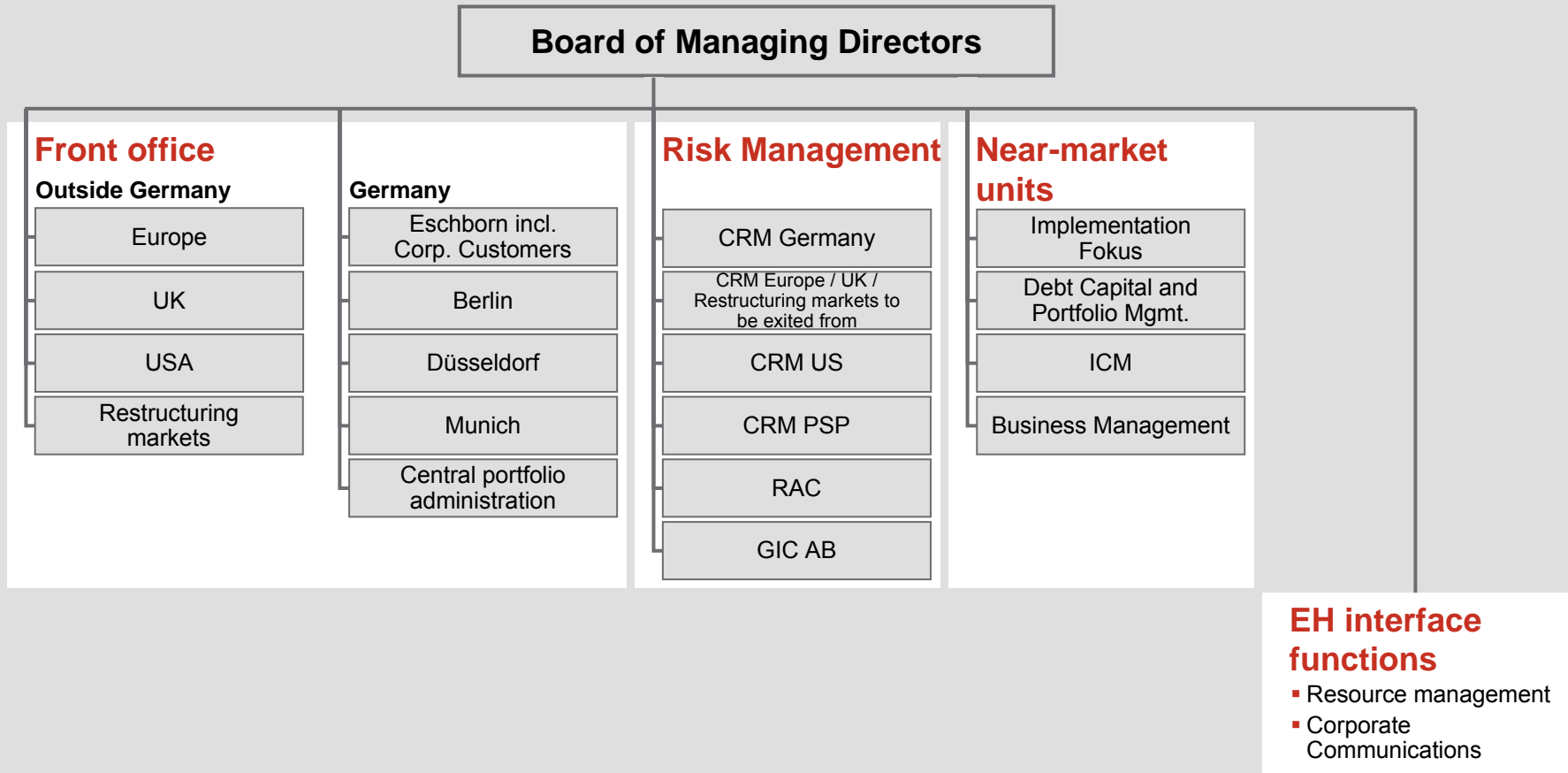
SUBJECT TO COMMITTEE APPROVAL

1	Organisation	<ul style="list-style-type: none"> Streamline organisational and management structure
2	Front office	<ul style="list-style-type: none"> Future Markets: Europe, UK, USA and restructuring markets Centralised portfolio administration in Germany
3	Risk Management	<ul style="list-style-type: none"> Centralise CRM Germany Optimise the credit process
4	Near-market segments	<ul style="list-style-type: none"> Introduce a new division for the implementation of the realignment Incorporate cross-market business management Merger of Debt Capital Markets and Credit Portfolio Management

Future organisational structure of Eurohypo CRE

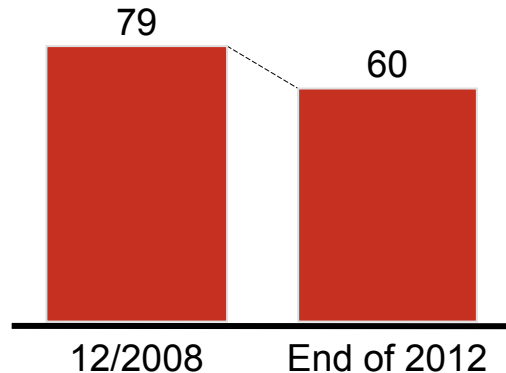
Eurohypo CRE as a whole

SUBJECT TO COMMITTEE APPROVAL



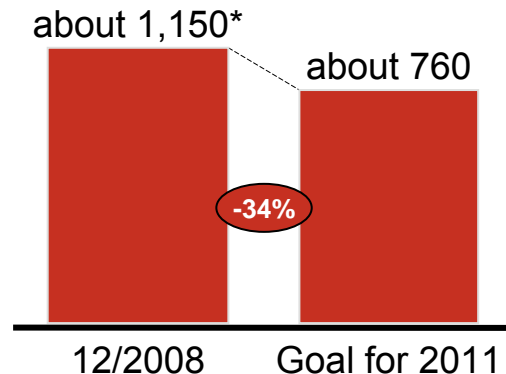
Besides reducing complexity and stabilising earnings, adjusting the CRE business model will lead to job reductions

CRE assets in EUR billion



- Adjustment of portfolios relative to size of Commerzbank Group
- Future business model will be based on a strong core and meet portfolio and profitability requirements
- Reduction in headcount pursuant to smaller (volume/number) CRE portfolios

CRE employees total



- Resizing the organisation and streamlining its processes will reduce its headcount by about 34% worldwide in all CRE segments/departments
- Social acceptability takes priority; redundancies for operational reasons will be avoided wherever possible

* Taking account of the transfer of a number of CCs/units to CoBa

New business planned for 2009 in single-digit billions – specific implementation will depend on market environment

- To be a leading provider to clients in our target markets, we will need new business in an amount relevant to market size
- Targeted selection of "lighthouse deals" to employ new business to maximum effect
- Our goal is to maintain a strong market position in our core markets

Realignment of real estate financing will ensure Eurohypo's long-term success

- By carrying out this fundamental realignment of the CRE business model, we aim to fix the flaws in our business exposed during the crisis in the financial and real estate markets and ensure the long-term success of the Bank
- We will therefore focus only on those markets and financing solutions which generate stable returns at a reasonable risk-level
- At the same time, we will reduce the size of our organisational structure in line with the new business model and subsequent reduction in complexity
- Our medium-term aim is to achieve a return on equity that exceeds capital costs throughout the economic cycle

Eurohypo will continue be one of the leading provider of real estate financing