



# Moving Forward Strategic Plan 2027

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Capital Markets Update  
8 November 2023



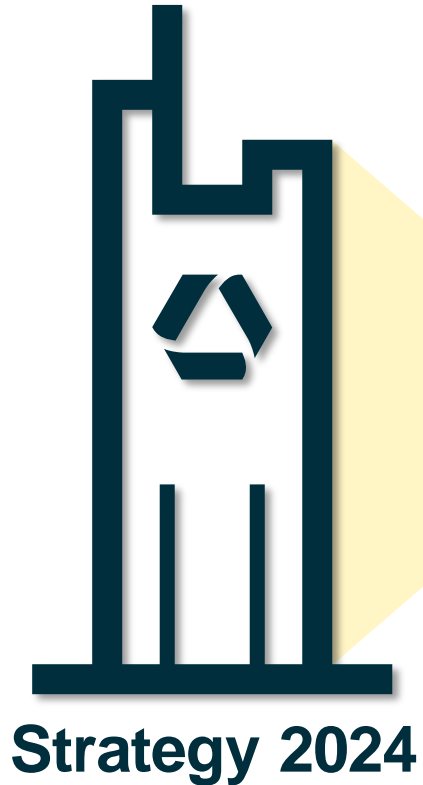
# Moving Forward



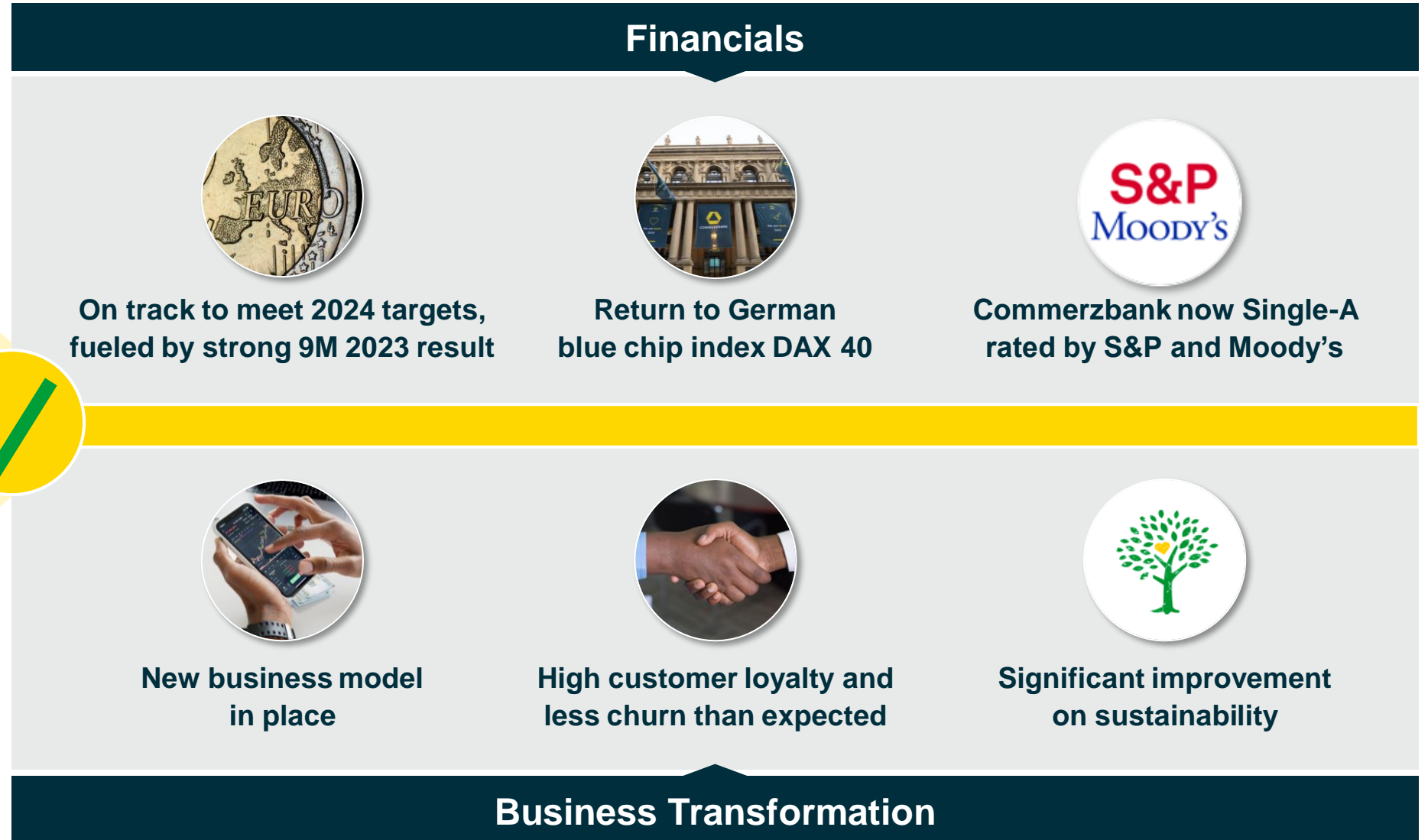
Manfred Knof  
Chief Executive Officer



# We have delivered on Strategy 2024



Strategy 2024



# New business model in place



## Private and Small Business Customers

## Corporate Clients

### Customer-centric

Two-brand strategy (Commerzbank & comdirect) to reflect different needs of ~11m customers

### Digital

Increasing acceptance of enhanced digital solutions, further steps in implementation

### Profitable

Lean branch network with 400 branches and advisory center at 12 locations

### Sustainable

Increasing sustainable product offerings and volume



Established client & sector coverage models, locations in 43 countries covering relevant trade corridors

Continuously increased online usage to 2/3 of corporate clients

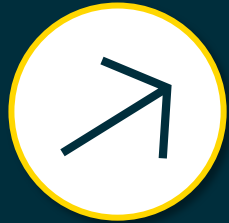
Value-oriented capital deployment with significantly improved RWA-efficiency

Strong support of clients in green transformation

# Targets 2024 within reach



2023e → Targets 2024



~7.5% → ≥7.3%

Net  
RoTE



~61% → 60%

CIR



~14.7% → 14.8%

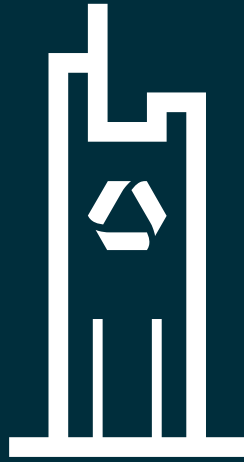
CET1 ratio



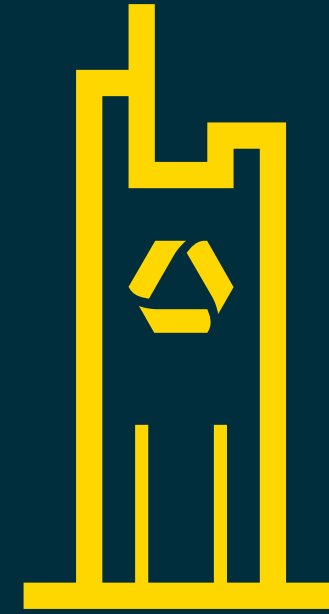
~9,700 → ~10,000

Gross  
FTE reduction

# Strategy update seamlessly follows previous plan



**2021-2024**  
**Strategy 2024**



**2024-2027**  
**Moving Forward**

Significant personnel reduction and restructuring of the bank  
Streamlining and simplification of the organisation  
Restoration of profitability and initiation of capital return

Customer focus with steady revenue growth  
Shaping the digital and sustainable transformation  
Earning cost of capital and increase capital return

# Targets 2027 – Commerzbank with double digit return



11.5%

Net RoTE



13.5%

CET1 ratio



55%

CIR



€3.4bn

Net result

**Attractive capital return plan to achieve and maintain CET1 ratio target**

# Strategic guidelines for Commerzbank moving forward



## Growth

- Improve **customer satisfaction** in all channels
- Increase revenues with focus on **fee income** in two complementary customer segments



## Excellence

- Increase **efficiency** through reduced complexity and enhanced digital processes
- Improve **CIR** and meet **cost of capital**



## Responsibility

- **Sustainability** as integral part of our strategy
- Prioritise **employee satisfaction** and encourage **diversity**



# PSBC serves ~11m customers with two-brand strategy



## Our holistic customer strategy

- Strong **direct banking capabilities** and excellent **remote advice** for all customers with focus on scale and efficiency
- **Individually tailored advisory model** with excellent, bespoke solutions and personal advice for **premium clients**

# Growing fee business in PSBC Germany



## Key customer needs

**State of the art banking** that handles financial needs easily and quickly

**Digital and modern banking** as well as **excellent brokerage** from anywhere at any time

**Holistic overview** of assets at any time and **fully ranged offering** of investment and loan products

## Strategic focus



Provide excellent **daily banking** experience and offer state-of-the-art **payments** solutions



Extend positioning of **comdirect** as primary digital bank and leading performance broker



Increase share of wallet in WM/PB by strengthening **asset management**, **digital** and **bespoke solutions**

## Financials (2023e → 2027)

**4% CAGR**

**Fee Income**

**~72% → 56%**

**CIR**

# PSBC initiatives build on large business potential



## Daily banking & payments

- Introducing a new **account** and **card offering** with updated pricing model
- Improving our payment offering for **point-of-sale** and eCommerce solutions
- Enhancing and further expanding our **mobile banking** offering



## comdirect

- Strengthen **primary digital bank** proposition by enhanced offering of banking products and mobile features
- Leverage **product range** (e.g. our ProTrader platform) with a consistent customer focus
- Expanding our market presence as a leading **online broker**



## Asset management & bespoke solutions

- Bundling of **AM activities** in one Center of Competence and offering a broader range of **AM products**
- Strongly increasing **AuM** by leveraging existing customer base, targeted partnerships, and selective bolt-on acquisitions
- Offering a holistic **advisory approach** and **digital reporting** for our customers

# CC with leading franchise in German Mittelstand



## German Corporate Clients

Small and medium-sized enterprises (Mittelstand, over €15m turnover), large customers with affinity for capital markets as well as public sector

~22k  
Client Groups

## International Clients

International Large Corporates with connectivity to Germany, Austria and Switzerland (DACH) and selected future-oriented sectors as well as leading German multinational companies

~1.7k  
Client Groups

## Institutionals

Global relationship management of all Financial Institutions (FIs) and selected Non-Bank Financial Institutions (NBFIs)

~2k  
Client Groups

## Client orientation is our strength and we are the bank for Germany



Long-standing **trustful client relationships** and **deep understanding** of German Mittelstand



**Comprehensive product portfolio** and combination of **personal advisory & digital banking services**



**Accompanying our corporate and institutional clients into the world** is part of **our DNA**



Support our clients in their **transformation toward sustainability**

# CC strategic focus build on strong client relationships



## Key client needs

**High quality standards and broad range of reliable solutions** for cash management and trade finance

**Reliable, long-term and close relationship & financing** – through the cycle of the company

**Excellent advisory & attractive digital offer**, further development of **ESG** related solutions

## Strategic focus



Strengthen **cash and trade** product offer by upgrading of IT applications



Grow **lending** business with focus on Germany and green infrastructure



**Capital markets** growth in strategic products with focus on advisory excellence & digitalisation of trading activities

## Financials (2023e → 2027)

**3% CAGR**

**Fee Income**

**~48% → 48%**

**CIR**

# CC with clear strategic initiatives



## Cash & Trade

- Consistent investments in **digitalisation** to safeguard our leading position
- Enhance our **online product** range and state-of-the-art services
- Implementation and modernisation of trade finance backend systems and further automation of processing to **enhance trade business** as well as further development of DLT solutions



## Lending

- **Profitable growth** & establishment as an MLA in the large-scale ECA business
- Increasing **domestic credit volume** (standard and structured) and ensuring capital efficiency through targeted securitisations
- Strengthen **green project financing** & invest in **renewable energy**



## Capital Markets

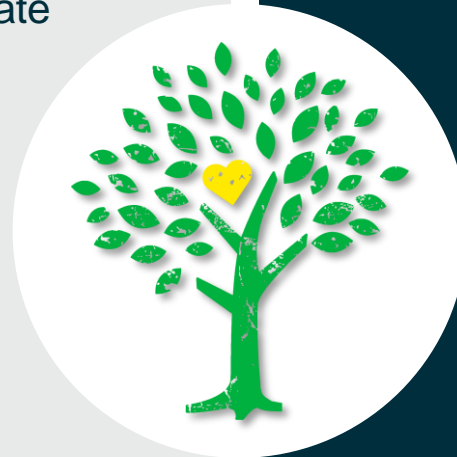
- Increase business on award winning **FX platform** (#5 in EMEA)
- Leveraging eFX platform for **additional** financial markets **asset classes** (e.g. rates, commodities)
- Grow **bonds** business by capitalizing on market opportunities (e.g. CHF Bonds, ESG)

# Consistent plan for sustainability going forward



## Key achievements

- ✓ Net-Zero target setting officially approved by SBTi
- ✓ Launch Impact Solutions Platform for Corporate Clients
- ✓ TNFD commitment as next step of biodiversity approach
- ✓ €300bn sustainable business volume target well on track
- ✓ Fourth own green bond with volume of €600 million issued



## Outlook

### Driving our ESG Strategy

Stringently pursue our Net-Zero commitment and exploit further ESG opportunities as well as challenges, such as biodiversity

### Empowering our customers

Continuously enhance our sustainable finance product portfolio with special focus on green infrastructure and ESG-Advisory activities

### Enhancing ESG data infrastructure

Set up of robust ESG data strategy for scalable business opportunities and constantly growing reporting requirements



# Financials



Bettina Orlopp  
Chief Financial Officer



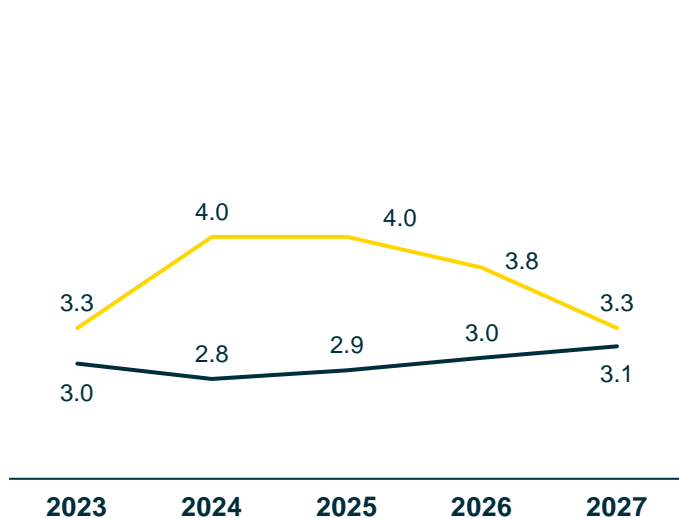


# Our assumptions for targets 2027



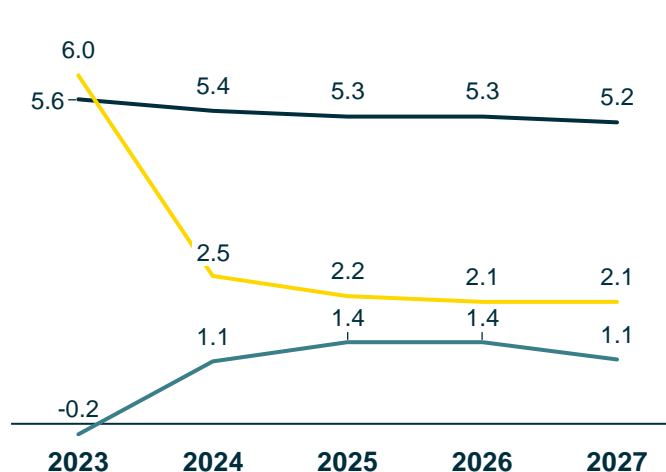
## Interest rates (Avg)

— 10y Swap rate Germany — ECB deposit rate



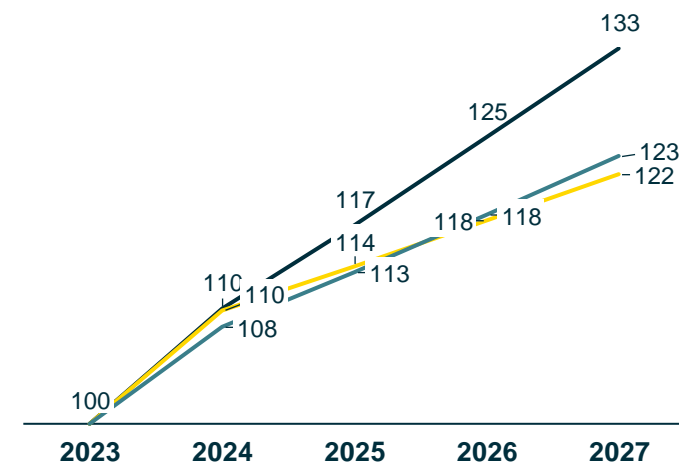
## German Economy (Avg)

— Unemployment rate — GDP  
— Inflation



## Stock markets scaled to 100

— DAX40 — EuroStoxx50 — S&P 500



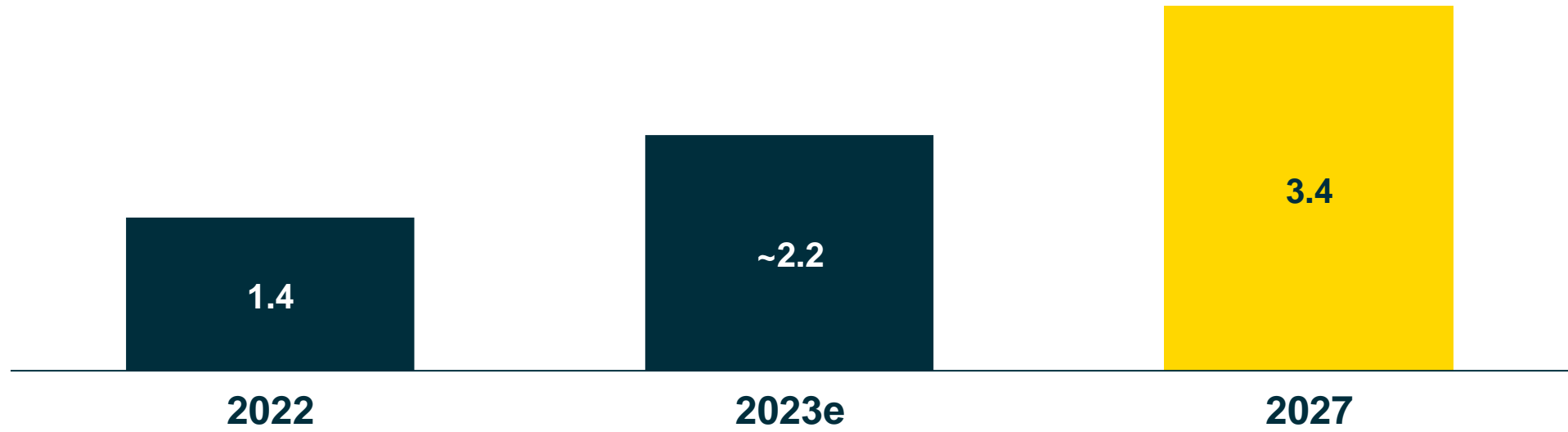
## Further assumptions

- Largely unchanged margins in German loan business
- ECB minimum reserve requirement unchanged at 1%
- No effect from introduction of digital Euro
- No additional geopolitical events with impact on business
- No burden from mBank's CHF loan portfolio in 2027
- Resilient German corporates and households leading to normalized risk result after 2024

# Aiming to increase net result by 55% until 2027



## Net result<sup>1</sup> (€bn)



## Net RoTE

4.9%

~7.5%

11.5%

## CIR

69%

~61%

55%

1) After minority interests and tax (2023: 36% due to CHF loan provisions, 2027: 27%)  
08 November 2023

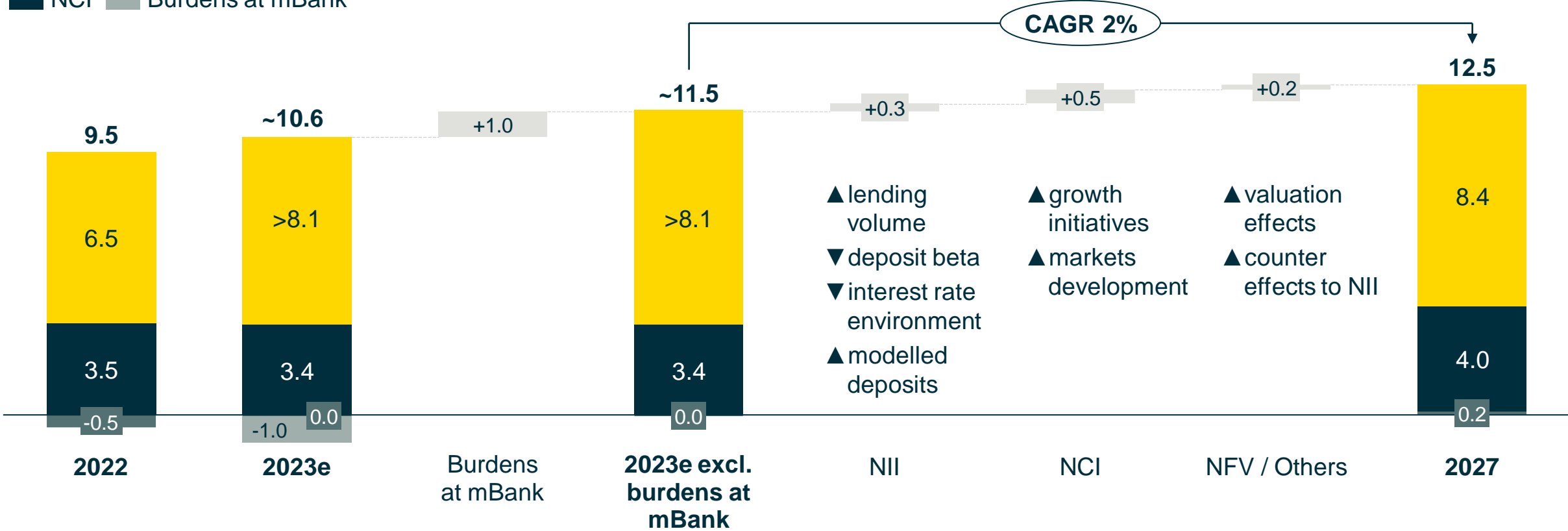
# Growing fee business and further increasing NII



## Revenues

(€bn)

- NII
- NFV / Other
- NCI
- Burdens at mBank

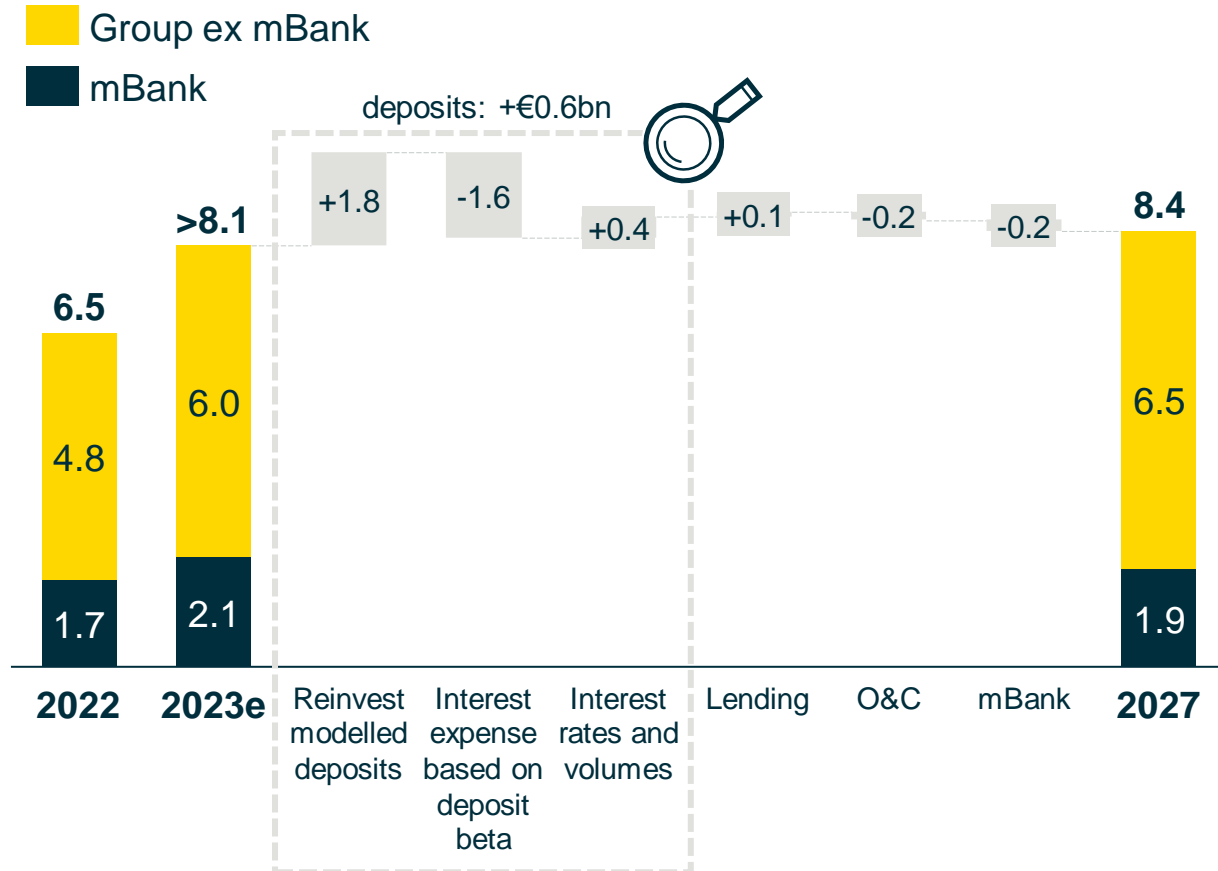


# Moderate increase of NII from already high level



## NII base scenario<sup>1</sup>

(€bn)



## Assumptions/drivers

- Average deposit beta in Germany  
2024: 37%, 2025: 39%, 2026: 42%, 2027: 43%
- Moderate increase in deposit volumes in PSBC Germany assumed (3% p.a.) leading to NII increase of €0.8bn
- In Corporate Clients -€0.1bn lower NII – higher NII from increased loan volumes at largely unchanged margins more than offset by lower contribution from deposits
- In Others and Consolidation -€0.2bn decrease expected (effect largely offset in NFV)
- NII of mBank is expected to decrease -€200m in 2024 (more than compensated by positive NFV development)

1) Based on Interest rate scenario Consensus Economics as of September 2023

# NII benefits from reinvestment of modelled deposits



## Change in NII of deposits – Group ex mBank

(€bn)

	24 vs 23	25 vs 24	26 vs 25	27 vs 26	Total 27 vs 23
Reinvest modelled deposits	0.5	0.5	0.5	0.3	1.8
Interest expense paid to customers based on deposit beta	-1.6	-0.2	-0.1	0.3	-1.6
Interest rate and volume effects on deposits	0.9	0.1	-0.2	-0.3	0.4
	<b>-0.3</b>	<b>0.3</b>	<b>0.2</b>	<b>0.3</b>	<b>0.6</b>



## Additional Information

### Sensitivities

- +/-1pp in Beta: ~€100m with rates at 4%
- +/-1pp in Beta: ~€75m with rates at 3%

## Scenarios

Scenario based on forward rates and unchanged deposit betas	-0.3	0.2	0.1	0.4	0.4
Scenario based on forward rates and 5pp lower deposit betas	0.2	0.2	0.1	0.3	0.8

## Forward rate and beta scenarios

- Forward rates from mid October
- Offsetting effects in lending and also the fair value result are expected but were not simulated

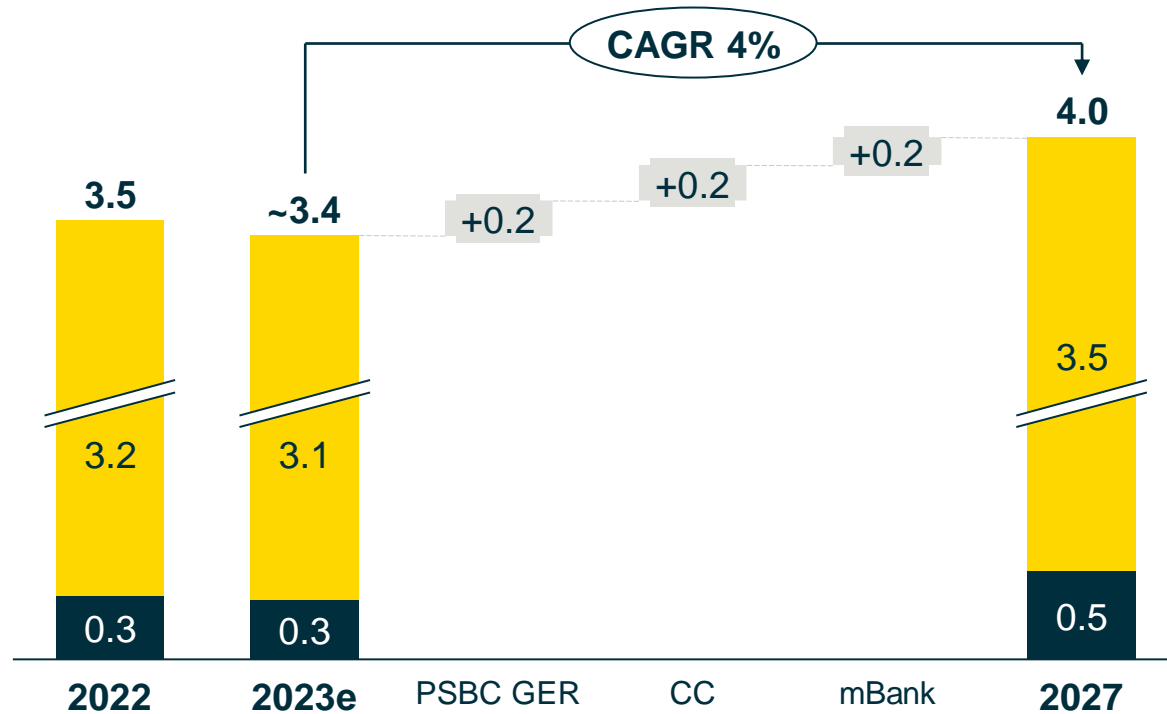
# Strong NCI growth based on strategic initiatives



## NCI

(€bn)

- Group ex mBank
- mBank



### PSBC GER initiatives

- Focused growth in asset and wealth management
- Innovation in payment solution and services

### CC initiatives

- Leverage capital markets platform for growth in financial markets products and bonds business
- Further increase Transaction banking, benefiting from lending growth initiatives

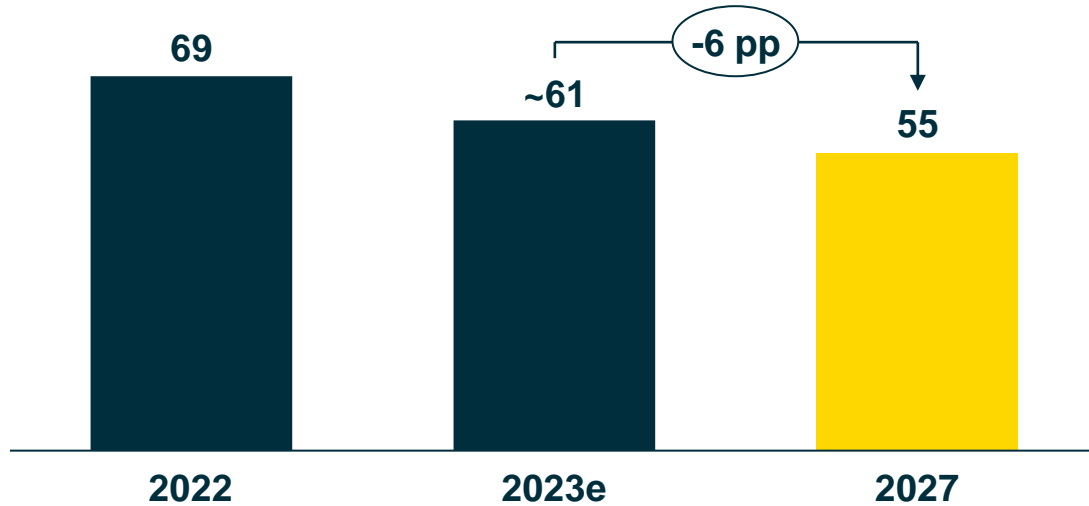
### mBank initiatives

- Growth mainly driven by further client acquisition, rising number of transactions, lending activity and broadening range of products and services, including investment offer

# 55% CIR target for 2027



## CIR target (%)



## Cost projection in base case

(€bn)

	2022	2023e	2027
Group ex mBank	5.6	~5.6	5.6
mBank	0.9	~0.8	1.2

## Active cost management

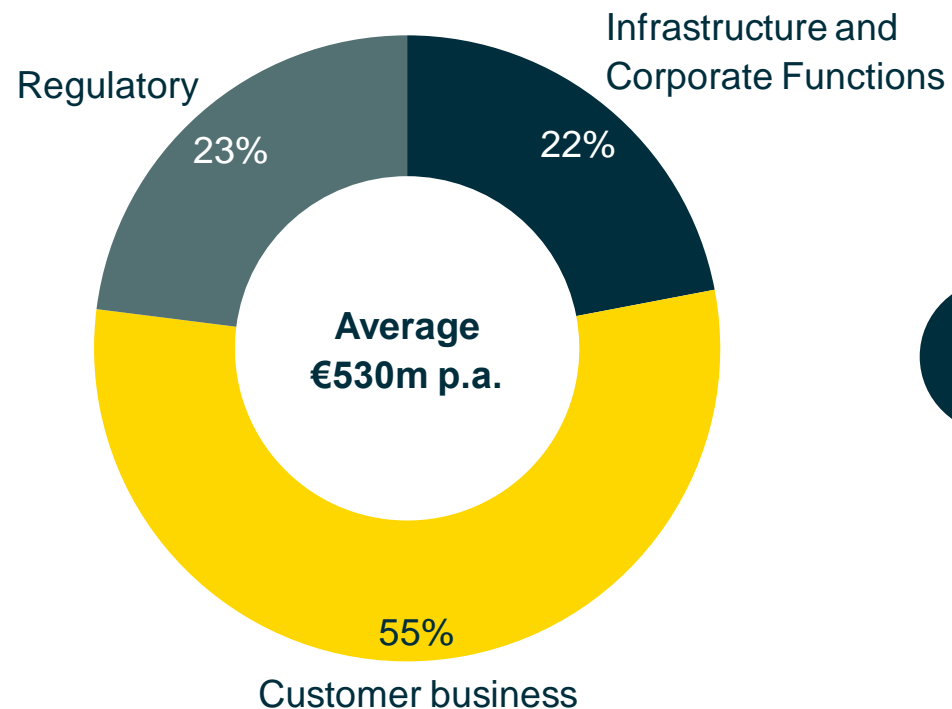
- Cost management compensating annual inflation of 2% – 2.5%
- Cost target to be adjusted depending on CIR trajectory
- Increase of cost efficiency to enable investments in client solutions and growth:
  - Complexity reduction with group wide initiative “Simply Easier” to streamline processes but also simplify products
  - IT modernisation and decommissioning of legacy systems
- Stable cost base expected for 2024 – lower costs from implementation of strategy 2024 offset by increase at mBank
- mBank’s costs reflect high inflation environment in Poland, increase of employment and upward path of amortisation as a result of already implemented projects and planned further investments



# Consistent investment volume every year



## Investment initiatives in Group ex mBank



### PSBC business investments

- Expansion of digital services: online and mobile
- Holistic tool for state-of-the-art advisory in Wealth Management and Private Banking
- Enhancement of digital loan and brokerage processes
- Development and optimisation of sustainable products

### CC business investments

- New Cash management and cash service systems and technologies
- New Trade Finance platform
- Enhancement of Capital Markets Platforms (“Live Trader”, Bond Platform)
- Further improvement of digital self-services and product offering

### Strategic infrastructure and corporate function investments

- Cyber and Security Excellence with Zero-Trust network security
- Business oriented simplification and modernisation of IT infrastructure

### Regulatory investments

- Compliance solutions, ESG requirements, BCBS 239
- Finance & Tax, new regulations, Instant Payment, ISO Migration

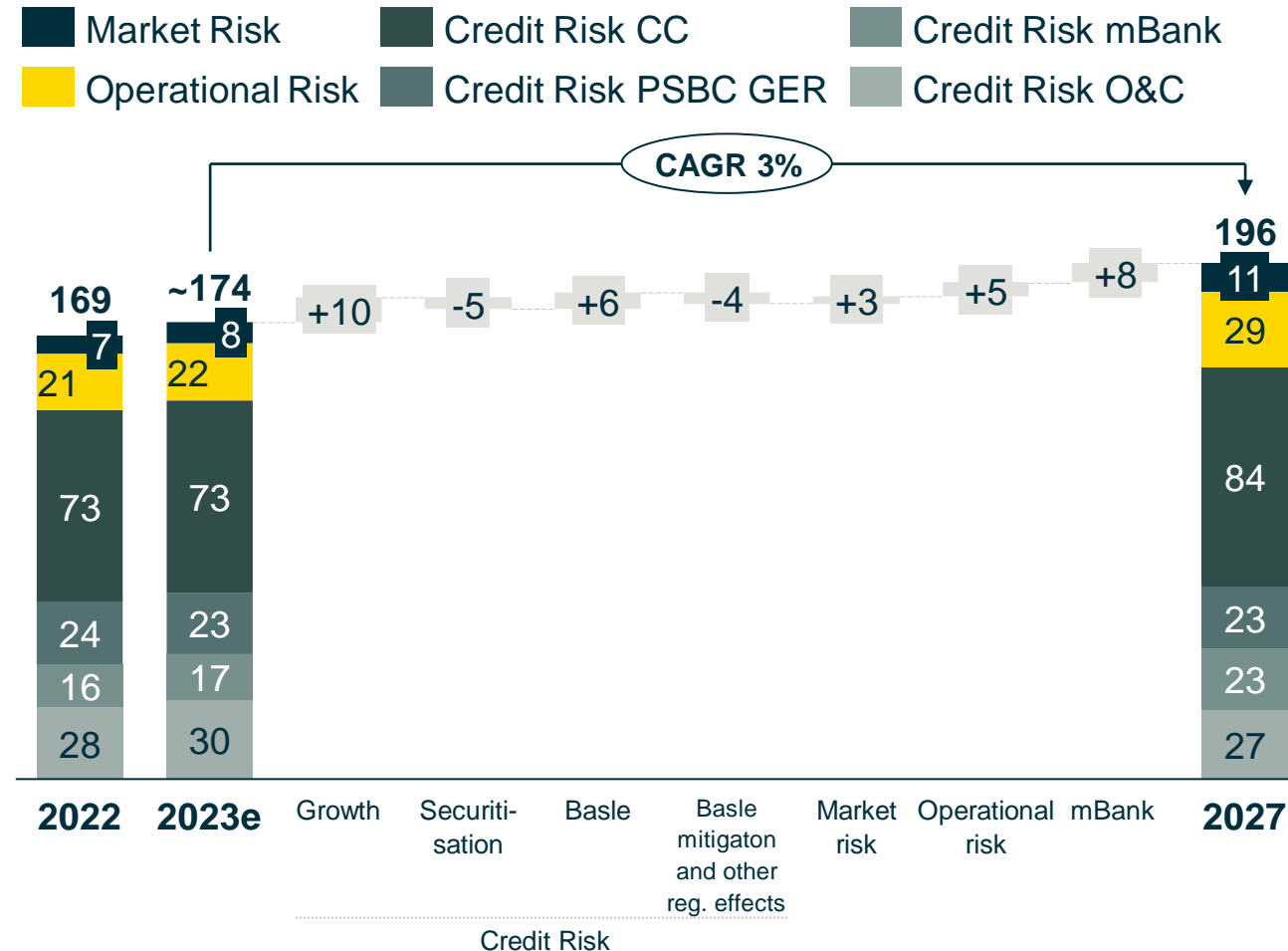


# RWA driven by growth and regulatory effects



## RWA development

(€bn)



### Credit Risk

- Average increase of ~€2.4bn RWA p.a. from business growth – partially offset by securitisation
- Regulatory and model effects incl. Basle ~€2.2bn after mitigation
- From Future of IRB model adjustments increase in CC (~€4.9bn) and PSBC (~€1.6bn) incl. buffer usage with partial reallocation from O&C

### Market Risk

- ~€2.7bn mainly FRTB effect after mitigation

### Operational Risk

- Increase in line with improved profitability

### mBank

- Expansion mainly credit-related (~€5.4bn) with a parallel impact from ~€1.3bn operational risk (due to losses associated with CHF litigations) and regulatory changes

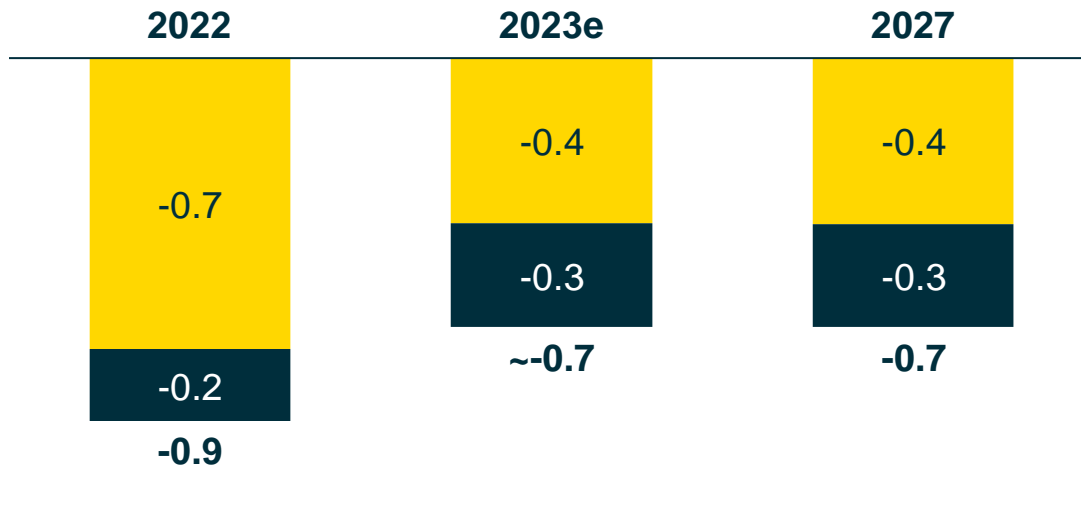
# Normalized risk result based on sound portfolio



## Risk result

(€bn)

■ Group ex mBank  
■ mBank



## Cost of risk on loans

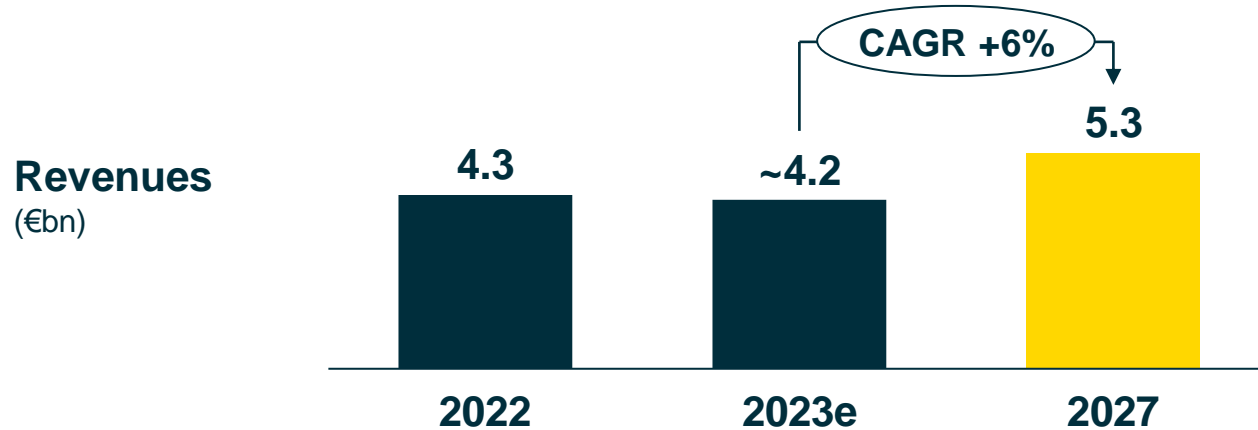


## Risk result based on German economic outlook

- Portfolio well diversified with 87% investment grade rating
- Only small Commercial Real Estate exposure, almost 100% in Germany with full or partial recourse
- Low NPE ratio of 1.0%
- Appropriate coverage ratios in all stages
- 2024 risk result expected to increase to ~€800m incl. TLA usage
- Normalized risk result assumed for 2027
- With favourable macroeconomic situation in Poland, mBank's risk result is expected at a normalized level



# PSBC Germany with significant growth in revenues



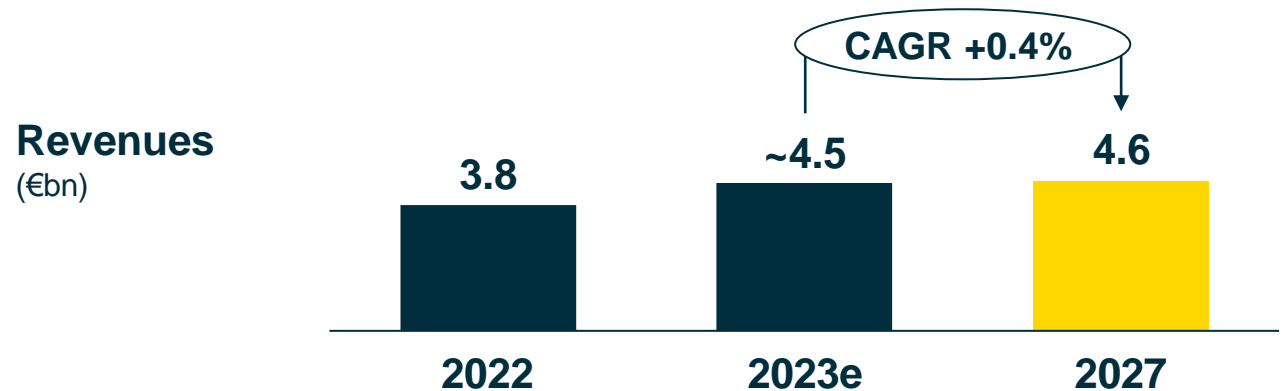
<b>RoCET</b>	27.4%	~24.6%	51.1%
<b>CIR</b>	70%	~72%	56%
<b>RWA (€bn)</b>	33	~31	34
<b>EoP (€bn)</b>			
Deposits	155	~158	178
Loans	125	~123	116



## Key drivers

- Deposits volume growth & modelled deposits
- Growth in securities volume (up to €50bn net new money by 2027) driven by strategic initiatives
- Declining loan volume due to the interest rate environment partly offset by optimized loan services
- New customers acquisition with value-added services and new technologies
- Increased efficiency from digitalisation

# CC – stable revenues thanks to strong client relationships



<b>RoCET</b>	10.6%	~19.9%	17.1% (19.5%) <sup>1</sup>
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<b>CIR</b>	60%	~48%	48%
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<b>RWA</b> (€bn)	82	~83	98 (86) <sup>1</sup>
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EoP (€bn)

<b>Deposits</b>	91	~91	90
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<b>Loans</b>	91	~95	109
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## Key drivers

- Reduced contributions from deposits due to lower rates and higher beta to be compensated by profitable growth in other product areas
- Increased lending volumes in Mittelstandsbank and growth in ESG related financing across all client groups
- Expansion of hedging offer and Trading platform as well as the offer of digitized FX and interest rate products
- Enhance our TF platform to ensure State-of-the-Art product offering
- Additional regulatory requirements will increase our capital base with negative impact on RoCET

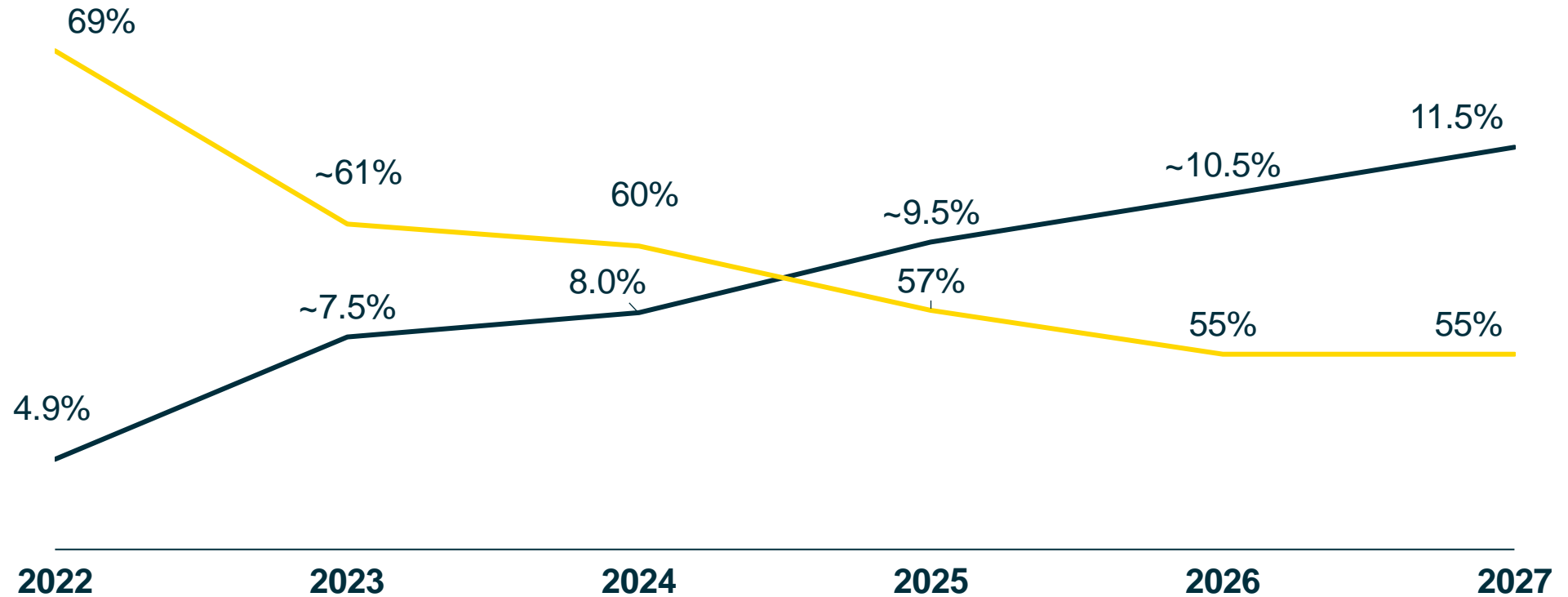
1) excluding regulatory RWA effects: Basle, FRTB, FoIRB

# Aiming for a net RoTE above 11% to earn cost of capital



CIR

Net RoTE



**CET1 ratio**

**14.1%**

**~14.7%**

**≤14%**

**13.5%**

# Clear capital return plan with prudent capital buffer



## Capital return 2022-24

Capital return 2022-2024 based on increasing pay-out ratios leading to a capital return of ~€3bn<sup>1</sup>

2022: 30% (€0.4bn)

2023: 50% (~€0.9bn)<sup>2</sup>

2024: 70% + X%

2024 return consists of share buy-back<sup>3</sup> applied for after H1 2024 results and dividend approved at AGM in 2025



## Capital return 2025-27

2025-2027 capital return with a pay-out ratio well above 50% but not more than the net result<sup>1</sup>; pay-out is depending on economic development and business opportunities

Return consists of share buy-back<sup>3</sup> and dividend approved at AGM of following year

Commerzbank aims for a steady development of the dividend with increasing results. Share buy-backs will be applied for remaining capital to be returned within the pay-out ratio



## CET1 ratio

Reaching and maintaining prudent CET1 ratio of 13.5%

CET1 ratio of at least 250bps above MDA after distribution prerequisite for dividend payment

Additional prerequisite for a share buy-back is a CET1 ratio of at least 13.5% after distribution<sup>3</sup>

1) Pay-out ratio based on net result after potential (fully discretionary) AT1 coupon payments

2) Subject to final net result 2023

3) Subject to approval of ECB and German Finance Agency

# Key financial highlights of the strategic plan



Steadily increasing net RoTE reaching 9.5% in 2025 and 11.5% in 2027

NII with tailwind from modelled deposits and further upside from potentially lower beta

NCI with CAGR of 4% based on well defined initiatives

CIR steadily improving towards 55% in 2027 – active cost management remains essential

Moderate RWA increase with CAGR of 3% including largely mitigated Basle impact of €6bn



# Execution



Manfred Knof  
Chief Executive Officer





# Execution is Key!



**Transformation progress of the strategy tracked by clear KPIs**



## Moving Forward



Commercial and **customer-focused** business model with clean balance sheet

Meet cost of capital with **RoTE > 11%**

Capital light **strategic initiatives** with focused execution

Efficient operations with **CIR of ~55%**

Targeting **CET1 ratio of 13.5%** by returning capital to shareholders



**COMMERZBANK**

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## Financial calendar 2024

15 February 2024

Q4 2023 results

30 April 2024

AGM

15 May 2024

Q1 2024 results

7 August 2024

Q2 2024 results

6 November 2024

Q3 2024 results

# Disclaimer



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