Strategy 2024

Capital Markets Day
11 February 2021

All figures in this presentation are subject to rounding.
<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manfred Knof</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>Michael Kotzbauer</td>
<td>Board Member for Corporate Clients</td>
</tr>
<tr>
<td>Sabine Schmittroth</td>
<td>Board Member for Private and Small Business Customers</td>
</tr>
<tr>
<td>Jörg Hessenmüller</td>
<td>Chief Operating Officer</td>
</tr>
<tr>
<td>Marcus Chromik</td>
<td>Chief Risk Officer</td>
</tr>
<tr>
<td>Bettina Orlopp</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>Manfred Knof</td>
<td>Chief Executive Officer</td>
</tr>
</tbody>
</table>
Strategy 2024

Manfred Knof
Chief Executive Officer
Initial analysis: strong franchise with high value potential

**STRENGTHS**

- Trusted client relationships
- Strong digital competencies
- Rock solid balance sheet

**CHALLENGES**

- Low profitability
- Weak execution record
- Lack of performance culture
Clear priorities to pave the way for sustainable success

- Ambitious restructuring plan
- Stringent & rapid execution
- Transformation of organisation & business model
Ambitious targets for 2024 require strict execution

- €1.4bn: Cost reductions
- ~10,000: Gross FTE reduction
- ~7%: Group RoTE
- up to €3bn: Potential for capital return

1) See capital sensitivity study in CFO section, share buy backs are subject to receiving the prior permission of the ECB

11 February 2021
### Strategy aims at core clients, digitisation and efficiency

<table>
<thead>
<tr>
<th>Private &amp; Small Business Customers</th>
<th>Corporate Clients</th>
<th>Operations &amp; Head Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital daily banking</td>
<td>Focus on German clients and clients with German connectivity</td>
<td>Increase efficiency in Operations and Head Office</td>
</tr>
<tr>
<td>Reduce branch network</td>
<td>Optimise products and international locations</td>
<td>Improve IT efficiency and time-to-market</td>
</tr>
<tr>
<td>Advisory focus on premium clients</td>
<td>Improve RWA efficiency</td>
<td>Strong transformation office</td>
</tr>
</tbody>
</table>
New strategy built on four cornerstones

Customer-centric

1. Leading franchises focused on the needs of our core clients in PSBC and CC

Sustainable

3. Strong focus on sustainability and commitment to the Paris Climate Agreement

Digital

2. Superior scalable digital banking model based on a modern IT architecture

Profitable

4. Significant transformation to deliver attractive returns for our shareholders

11 February 2021

Capital Markets Day
Corporate Clients

Michael Kotzbauer
Board Member for CC
Market leading position, but insufficient RWA efficiency

**STRENGTHS**

- Market leader in the German Mittelstand segment
- Consistently high level of client satisfaction
- Proven ability to achieve high RWA efficiency in the SME segment
- Top partner in cash management and foreign trade

**CHALLENGES**

- Shrinking revenues and a high cost base due to significant complexity
- Costly and undifferentiated coverage
- Overall RWA portfolio efficiency below peers
- Extensive product suite with insufficient customer usage
Broad range of levers to improve profitability

1. Focusing on **German corporate clients** and clients with **connectivity to Germany**

2. Establishing a **needs-based coverage model** with a **cutting-edge digital banking proposition**

3. Reducing **international footprint** with significant nearshoring and highly efficient lean branches

4. Focusing, improving and digitising the **product offering**

5. Driving **profitabilisation** through Customer Sales Analytics and Smart Pricing

6. Pursuing active **RWA management** through portfolio optimisation
German corporates are at the core of our strategy

**International clients**

In the future, we will only serve international clients with connectivity to Germany and/or activity in lead sectors with significant future potential (i.e., mobility, sustainability, communications, life sciences / chemicals, capital goods).

**Institutionals**

To serve our top clients with trade products and market placement capabilities, we build on our network of correspondent banks and selected non-bank financial institutions, which we will further optimise.

We will offer our German corporate clients a differentiated coverage model as well as a product portfolio tailored to their needs.
# Cost-efficient and differentiated coverage model

<table>
<thead>
<tr>
<th>Relationship managers</th>
<th>Specialists</th>
<th>How we create value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal coverage</td>
<td>Mittelstand (SME)</td>
<td><strong>Revenue</strong> +€110m</td>
</tr>
<tr>
<td></td>
<td>Large corporates</td>
<td><strong>Revenue</strong></td>
</tr>
<tr>
<td></td>
<td>Product specialists</td>
<td><strong>Cost</strong> -€100m</td>
</tr>
<tr>
<td>International corporates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institutionals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Digital banking proposition</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Upgraded personal coverage** with an efficient manufacturing approach for 19,000 clients and targeted wallet growth with 3,000 high-value clients.
- **Expansion of the dual coverage model** with sector-based corporate finance specialists and local relationship managers to 400 large German and international clients.
- **Reduction of product specialists for low-value clients** as well as convergence towards benchmark load ratios, reducing >30% of FTE (from >1,300 FTE in 2020 to >850 FTE in 2024).
- **Higher load ratios for 7,000 clients** enabled through digital straight-through processing and a product portfolio simplified by around 90%.
### Reduced international footprint

#### Rationale

- 25% of top clients’ revenues with international products
- Unchanged coverage of major trade corridors
- Improvement of the low yielding international RWA portfolio

#### Key initiatives

<table>
<thead>
<tr>
<th>Intention to reduce the international footprint by exiting 15 locations (branches / subsidiaries and representative offices)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optimisation of European locations by converting 5 branches into lean branches with a FTE-efficient middle- and back-office setup</td>
</tr>
<tr>
<td>Optimisation of non-European locations by significant nearshoring of middle- and back-office activities with transfer of &gt;220 FTE to cost-efficient regional hubs</td>
</tr>
<tr>
<td>Selective revenue growth by (re-)allocating RWA, e.g., in lead sectors with significant future potential</td>
</tr>
</tbody>
</table>
## Improved product offering

### Rationale

- **Maintaining competitiveness and meeting client needs**
- **Reduction** of the offering for products with **limited demand**
- **Top clients with 3x the number of products compared to the client long-tail – potential for cross-sell**

### Key initiatives

<table>
<thead>
<tr>
<th>Products</th>
<th><strong>Cooperation model</strong> for Equity Sales &amp; Trading as well as Equity Research</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Discontinuation</strong> of Credit Solutions within Corporate Clients</td>
</tr>
<tr>
<td></td>
<td><strong>Establishment of a MidCap Corporate Finance Advisory</strong> focusing on Capital Structuring, Succession Planning and ECM</td>
</tr>
<tr>
<td></td>
<td><strong>Streamlining and targeted digitisation</strong> of the entire product portfolio along client needs to reduce complexity</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Product infrastructure</th>
<th><strong>Consolidation of booking and trading applications</strong>, including horizontal integration of booking applications towards <strong>1-stack architecture</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Full digitisation</strong> of the trading setup resulting in a <strong>50% reduction of trading FTE</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Increase in efficiency through the digitisation and automation of trade finance processing</strong></td>
</tr>
</tbody>
</table>
### Increased profitability with data analytics & rightsizing

<table>
<thead>
<tr>
<th>Revenue growth</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Repricing</strong> of the portfolio using <strong>Customer Sales Analytics</strong> and <strong>Smart Pricing</strong></td>
</tr>
<tr>
<td><strong>Increase in cross-sell</strong> through <strong>digital lead generation</strong> and <strong>data-powered coverage</strong></td>
</tr>
<tr>
<td>Implementation of a strict <strong>monitoring and steering cadence</strong> to ensure execution</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Optimisation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Continuing the reduction</strong> of the <strong>correspondent banking network</strong> from &gt;1,600 to ~1,300 banks</td>
</tr>
<tr>
<td><strong>Streamlining</strong> of the staff organisation within Corporate Clients by significantly reducing FTE</td>
</tr>
</tbody>
</table>
Active RWA management

**Rationale**
- Optimisation of the low RWA portfolio efficiency
- Addressing significant variation in RWA efficiency
- Establishment of capabilities for active RWA management
- Improvement of the capital leeway for revenue growth

**RWA efficiency**

<table>
<thead>
<tr>
<th>Current distribution of RWA</th>
<th>Key initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;3% 34%</td>
<td>Continuous review of the portfolio with RWA-E below 3% to generate profitabilisation or exit</td>
</tr>
<tr>
<td>3-5% 33%</td>
<td>Securitisation</td>
</tr>
<tr>
<td>&gt;5% 33%</td>
<td>CVA hedging and collateral management</td>
</tr>
</tbody>
</table>

**Key initiatives**

- Continuous review of the portfolio with RWA-E below 3% to generate profitabilisation or exit
- Securitisation
- CVA hedging and collateral management
Targeted RWA release in Corporate Clients until 2024

Development of RWA in Corporate Clients 2020 vs. 2024

(€bn) Credit Risk Market Risk Operational Risk

<table>
<thead>
<tr>
<th>2020</th>
<th>Regulatory and model effects 2021-24</th>
<th>Total after regulatory and model effects 2021-24</th>
<th>Closure / sale of locations</th>
<th>Exit of products</th>
<th>RWA management</th>
<th>Economic recovery</th>
<th>Re-investments</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>90</td>
<td>7</td>
<td>100</td>
<td>-4</td>
<td>-1</td>
<td>-3</td>
<td>-8</td>
<td>8</td>
<td>84</td>
</tr>
<tr>
<td>7</td>
<td>2</td>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>7</td>
<td>12</td>
</tr>
<tr>
<td>8</td>
<td>1</td>
<td>15</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>75</td>
<td></td>
<td>77</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>65</td>
</tr>
</tbody>
</table>

Divestments

Credit Risk
Market Risk
Operational Risk

11 February 2021
Capital Markets Day
Significant cost reduction until 2024

Revenues Corporate Clients
(€bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Locations</th>
<th>RWA management</th>
<th>Coverage</th>
<th>Products &amp; data analytics</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>-0.1</td>
<td>-0.2</td>
<td>0.1</td>
<td></td>
<td>3.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.1</td>
</tr>
</tbody>
</table>

Costs Corporate Clients
(€bn, incl. €0.3bn reduction of back-office cost allocations)

<table>
<thead>
<tr>
<th>Year</th>
<th>Locations</th>
<th>Coverage</th>
<th>Products &amp; data analytics</th>
<th>Back-office efficiencies &amp; process digitisation</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>-0.1</td>
<td>-0.1</td>
<td>-0.1</td>
<td>-0.2</td>
<td>2.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.2</td>
</tr>
</tbody>
</table>

1) Differences due to rounding
RoCET of ~9% in 2024

2024

Revenues: €3.0bn
Costs: €1.9bn
RWA: €84bn
FTE: 2.5k
CIR: 62%
RoCET before tax: ~9%

Difference to 2020

- Revenues: -€0.1bn
- Costs: -€0.6bn
- RWA: -€6bn
- FTE: -900
- CIR: -18pp
- RoCET before tax: +13pp
Clear milestones defined

2021
- Complete >30% of FTE reductions
- Roll out a sector-focused advisory for an additional 150 clients
- Further develop Customer Sales Analytics and Smart Pricing
- Increase securitisation volumes
- Realise 32% of risk exposure with RWA-E <3%
- Activate 10% of digital banking users

2022 & 2023
- Complete >85% of FTE reductions
- Fully establish a digital banking proposition
- Intend to complete the exit / sale of 15 locations, and finalise nearshoring and lean branches (subject to regulatory approval)
- Introduce a cooperation model for Equity Sales & Trading as well as Equity Research and introduce a new MidCap Corporate Finance Advisory
- Reduce booking applications from 5 to 3

2024
- All MSB clients transferred to new coverage model
- International footprint streamlined
- Full impact from profitabilisation and headcount reduction measures realised
- Infrastructure further consolidated – number of applications reduced by up to 40%
- 22% of risk exposure with RWA-E <3% realised
- 100% of digital banking users activated
Private and Small Business Customers

Sabine Schmittroth
Board Member for PSBC
Strong market position at weak cost income ratio

**STRENGTHS**

- Continuing business and customer growth ahead of market
- Strong market position with profitable wealthy customers
- Acknowledged expertise in direct banking & personal advice

**CHALLENGES**

- Profitability unsatisfactory – CIR at 85% (PSBC Germany)
- Expensive parallel development of digital banking model
- Insufficiently utilised potential from 11m German customer base
Levers based on radical change of business model

1. **Cost savings** – Strongly modified sales approach with substantially lower cost-to-serve – we **close** >50% of branches and **reduce costs materially by ~20%**

2. **Unique blend** – Leverage comdirect to create scalable **digital banking model** combined with superior personal advisory expertise

3. **“Premium” client focus** – Individually **tailored customer care model** with excellent advisory solutions for most valuable premium clients

4. **Churn mitigation** – Range of **value driven mitigation measures** address impact of branch closures and modified sales model
Strongly modified sales model – focus on profitability

- **Services for all customers**
  - **Mobile / Online**
    - “Mobile First” for all requests
    - Self-service process
      - ~10% to ~90%
      - All service requests and sales transactions with outstanding customer experience
  - **Advisory center**
    - 24/7 Remote advice
    - Share of customers
      - ~25% to ~90%
      - Remote advisory by highly qualified experts
  - **Advisory points**
    - Quick advice & self-service
    - # of advisory points
      - ~1,000 to ~450
      - Easy and quick advisory & sales for non-complex products without appointment

- **Exclusively for premium clients**
  - **Premium branch**
    - Best-in-Class branches for premium clients
    - # of branches
      - ~220 to ~220
      - Multiple award-winning advisory and highly qualified specialists

- **Cost-to-Serve**

- **Revenue**

---

11 February 2021

Capital Markets Day
Closure of >50% of branches by end of 2022

Number of branches
(End of period) ■ thereof premium branches

<table>
<thead>
<tr>
<th>Year</th>
<th>~1,000</th>
<th>~800</th>
<th>~600</th>
<th>~450</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>~220</td>
<td>~220</td>
<td>~220</td>
<td>~220</td>
</tr>
</tbody>
</table>

-55%

Achievement 2020
- ~200 branches remain closed (closing Corona-related)

Transformation & optimisation 2021-2022
- ~450 advisory points, thereof ~220 branches for premium clients
- Advisory points are key mitigant for churn
- Permanent review of number of advisory points
- ~€45m costs for renovation and optimisation of branch network
€0.7bn cost savings by 2024

Costs PSBC Germany excl. mBank \(^1\)
(€bn, incl. €0.2bn reduction of back-office cost allocations)

<table>
<thead>
<tr>
<th>Year</th>
<th>Personnel expenses</th>
<th>Admin. costs branch reduction</th>
<th>Other admin. costs</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>3.2</td>
<td>-0.4</td>
<td>-0.1</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>-0.3</td>
<td>2.4</td>
</tr>
</tbody>
</table>

1) Differences due to rounding

I Net reduction of ~3,500 FTE
due to significant reduction of branches as well as modified sales model & synergies from comdirect integration

II Closing of net ~550 branches
due to expansion in direct customer care

III Savings of administrative costs
e.g. IT-costs, marketing expenses, postal charges and other optimisation

FTE ~10,800

~3,500

~7,300
Leverage comdirect across the entire franchise

THE BEST BANK
Provide excellent customer experiences with strong direct banking capability

- Excellent digital products and processes offered to 11 million customers
- comdirect catalyst to extend digital product range significantly faster
- Highly above-average share of wealthy and highly digital affine clients
- Unique expertise throughout the entire securities and brokerage value chain
- Earnings potential from diverting customers from deposits to securities
Focus on growth with premium clients

Market growth of wealthy households
CAGR 2020-2024

- Active approach to develop existing clients into premium clients
- Market penetration through modified sales model

Increase high-margin assets
CAGR 2020-2024

- Increased use of analytics & big data
- Acquisition of assets from wealthy and business clients

Unique client proposition

- Investment in marketing activities to promote unique client proposition for private and business clients
Losing customer relationships and related income…

… due to modified sales model based on proximity, branch use, advisory needs and digital skills

… due to changes in pricing model

…will be limited by data-driven customer communication

- Individual support including fast lane hotline
- Promotion of digital offering with active support at advisory points
- Active communication of third party cash supply
- Use of early warning indicators based on data driven analysis

- More customisable and flexible product range
- Communicative support via all channels
- Specific treatment for customers affected by combined effects

Estimated total transformation churn effect: ~€0.3bn revenues
Only limited net revenue growth assumed

Revenues PSBC Germany excl. mBank
(€bn)

2020 Deposits Churn NCI NII Others 2024
3.8 -0.3 -0.3 0.3 0.1 3.9

Net commission income
- Securities business benefits from comdirect’s brokerage expertise and positive market outlook
- Payment business with modular pricing

Net interest income (loan business)
- Consumer loans expand through more third-party sales
- Mortgage finance growth in premium segment in particular
- Individual loans with focus on premium Small Business Customers

RWA 28 2020
+7 2024
35

11 February 2021
Improve CIR from 85% to 62%

2024 excl. mBank

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Costs</th>
<th>RWA</th>
<th>FTE</th>
<th>CIR</th>
<th>RoCET before tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>€3.9bn</td>
<td>€2.4bn</td>
<td>€35bn</td>
<td>7.3k</td>
<td>62%</td>
<td>~31%</td>
</tr>
</tbody>
</table>

Difference to 2020

| +€0.1bn       | -€0.7bn | +€7bn  | -3.5k| -23pp| +23pp |

11 February 2021
Strict execution: progress will be visible every year

2021

- Start remote advice pilot for private customers
- ~200 branches permanently closed
- Further development of mobile / online channels in direction of direct banking capability
- Start exclusive fast lane for premium clients

2022 & 2023

- Additional ~150 branches closed
- Final completion remote advisory center
- Mobile / online offers fully digitised – direct banking capability achieved
- Final completion comdirect integration

2024

- New sales model fully in place
- Active digital banking users: 73% (+7pp vs. 2020)
- Loan and securities volumes (GER): >€390bn (+€100bn vs. 2020)
- Mobile / online channels as well as self-service fully established
Operations & Head Office

Jörg Hessenmüller
Chief Operating Officer
New delivery model with more potential to be lifted

**STRENGTHS**

- New organisational model introduced (Campus 2.0 / Delivery Organisation)
- Already significant efficiency gains realised
- State-of-the-art platform for compliance and risk management

**CHALLENGES**

- Structures and processes in Head Office & Operations not yet comprehensively optimised
- Modernisation of IT infrastructure not yet at target level
- Still too dependent on expensive external support
Large efficiency potential but also investment needs

1. **Efficiency**
   Efficiency gains and cost reduction

   - **€700m**
     cost reductions 2024 vs. 2020

   - **Head Office**
     Downsizing & adapting functions, e.g. finance, risk, communications and HR

   - **Operations**
     Consolidating and streamlining processes including E2E digitisation & automation

   - **Delivery Organisation**
     Increasing efficiency of IT run and change

2. **Build new bank**
   Backbone for new strategy

   - **€1.7bn**
     total Change-the-Bank budget 2021-2024

   - **Delivery Organisation**
     • Transforming the business model
     • Modernising IT platform and services
     • Providing superior customer experience

11 February 2021
~20% cost savings from efficiency gains

### Direct cost reduction (€m)

<table>
<thead>
<tr>
<th>Component</th>
<th>2020</th>
<th>2024</th>
<th>Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupancy</td>
<td>600</td>
<td>500</td>
<td>-100</td>
</tr>
<tr>
<td>Operations</td>
<td>800</td>
<td>700</td>
<td>-100</td>
</tr>
<tr>
<td>Head Office</td>
<td>700</td>
<td>600</td>
<td>-100</td>
</tr>
<tr>
<td>Delivery Organisation</td>
<td>1,600</td>
<td>1,200</td>
<td>-400</td>
</tr>
</tbody>
</table>

### FTE reduction (net)

<table>
<thead>
<tr>
<th>Component</th>
<th>2020</th>
<th>2024</th>
<th>Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations (incl. Transfers)</td>
<td>~9,000</td>
<td>~6,800</td>
<td>~2,200</td>
</tr>
<tr>
<td>Head Office</td>
<td>~4,200</td>
<td>~3,500</td>
<td>~600</td>
</tr>
<tr>
<td>Delivery Organisation</td>
<td>~5,500</td>
<td>~5,200</td>
<td>~300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>~18,700</td>
<td>~15,500</td>
<td>~3,200</td>
</tr>
</tbody>
</table>
Efficiency gains of €300m in Operations & Head Office

- Downsize head office to adapt to new business model
- Transfer administrative processes from sales to operations achieving more economies of scale
- Digitise E2E and automate processes
- Streamline organisational structure to reduce complexity
- Leverage sourcing-potential to realise further cost synergies
- Resize domestic and foreign branch network in line with office space reduction plus usage of remote working models

€100m
occupancy cost reductions

€200m
cost reduction 2024 vs. 2020

~2,900
FTE reduction 2021-2024
Delivery Organisation adds €400m to cost savings

- Reduce change budget following successful transformation and implementation of technological enablers
- Decrease FTE at high cost locations by ~1,000 (-20%)
- Increase FTE in nearshore locations by ~700 (+100%) and internalise technology and IT competencies
- Reduce external staff by ~60% (equals ~1,300 FTE) to lower external dependencies and costs
Higher change budget 2021/22 driven by necessary transformation:

- Significant investments until 2024
- Modernisation of technological basis and strengthening of capabilities, capacity and stability
- Decent share of one-off investments (e.g. comdirect integration) or permanently change of IT delivery model
- Close monitoring of implementation complexity

Investment in technological foundation until 2024 leads to lower future development expenses (esp. API, CI/CD, Cloud)

1) CI/CD = Continuous Integration / Continuous Deployment
Change of Commerzbank’s technological foundation

Best of two business models – scalable and efficient platforms and personal offerings

Building of a primarily digitised business model E2E in PSBC

Establishing one, uniform European IT platform as an international house bank for German Mittelstand

Moving to a much more digitised CC business model aligned with current and future customer needs

Digitisation & smart automation of further mass processes in operations, risk and other, e.g. KYC efficiencies and smart ratings

Implementation of regulatory requirements, especially in risk, compliance, and transaction banking

Implementation of tech enablers like cloud, extension APIs with high dependence to other initiatives

Explore and monetise new technologies and business models

Deep dive

Deep dive

11 February 2021
### Implementation of tech enablers key for strategy

#### Architectural success components

<table>
<thead>
<tr>
<th>Application infrastructure</th>
<th>Security architecture</th>
<th>Software Development process</th>
<th>Architectural coupling</th>
<th>Data architecture</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As-Is</strong></td>
<td><strong>On Premise-based</strong></td>
<td><strong>Manually driven</strong></td>
<td><strong>Monolithic</strong></td>
<td><strong>Batch-driven</strong></td>
</tr>
<tr>
<td><strong>- On Premise-based</strong></td>
<td><strong>- On Premise and</strong></td>
<td>integration, tests and</td>
<td><strong>- Modular</strong></td>
<td><strong>- (end-of-day</strong></td>
</tr>
<tr>
<td><strong>- Partly based on</strong></td>
<td><strong>Perimeter-focused</strong></td>
<td>deployments (designed for few</td>
<td><strong>- applications</strong></td>
<td><strong>processing)</strong></td>
</tr>
<tr>
<td><strong>- non-standardised,</strong></td>
<td><strong>- Expert-driven</strong></td>
<td>releases)</td>
<td><strong>- Tightly coupled</strong></td>
<td><strong>- Complex &amp;</strong></td>
</tr>
<tr>
<td><strong>- outdated software</strong></td>
<td><strong>- security</strong></td>
<td></td>
<td><strong>- interfaces</strong></td>
<td><strong>- highly</strong></td>
</tr>
<tr>
<td><strong>infrastructure</strong></td>
<td><strong>implementation</strong></td>
<td></td>
<td><strong>- Point-2-Point</strong></td>
<td><strong>interdependent</strong></td>
</tr>
<tr>
<td><strong>Target</strong></td>
<td><strong>Cloud- and</strong></td>
<td><strong>Highly automated</strong></td>
<td><strong>- Modular</strong></td>
<td><strong>- data</strong></td>
</tr>
<tr>
<td><strong>- 85% of Apps on</strong></td>
<td><strong>Zero-Trust-based</strong></td>
<td>SW integration, tests and</td>
<td><strong>- applications</strong></td>
<td><strong>provisioning</strong></td>
</tr>
<tr>
<td><strong>- cloud technology</strong></td>
<td><strong>- Increasingly</strong></td>
<td>deployments (CI/CD¹, built for</td>
<td><strong>- Loosely coupled</strong></td>
<td><strong>landscape with</strong></td>
</tr>
<tr>
<td><strong>- Partly based on</strong></td>
<td><strong>- supported by</strong></td>
<td>frequent releases)</td>
<td><strong>- interfaces</strong></td>
<td><strong>clear</strong></td>
</tr>
<tr>
<td><strong>- non-standardised,</strong></td>
<td><strong>- automated</strong></td>
<td></td>
<td><strong>- (e.g. APIs, Apache Kafka)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>- outdated software</strong></td>
<td><strong>mechanisms</strong></td>
<td></td>
<td><strong>- objective: 300</strong></td>
<td><strong>responsibilities</strong></td>
</tr>
<tr>
<td><strong>infrastructure</strong></td>
<td></td>
<td></td>
<td><strong>APIs available</strong></td>
<td></td>
</tr>
<tr>
<td><strong>- Fully based on</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>- standardised,</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>- up-to-date software</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>infrastructure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1) CI/CD = Continuous Integration / Continuous Deployment
Targeted innovations as important building block

Open Banking
Creation of technological foundations for participation in Ecosystems and connectivity to external distribution channels

Distributed Ledger
Systematic expansion of DLT-based products & services, esp. in wholesale banking

Data
Use of data and artificial intelligence to continuously optimise customer offering and risk management

Digital Payments
Further participation in German #dk and European Payment Initiative for further development of payment transaction

Digital Identity
Research on the DLT-based topic “self-sovereign digital identities” with BMWi funding (Federal Ministry of Economics)

Fintechs
Innovation through strategic cooperation & investments in technology-driven start-ups
Ambitious roadmap to achieve objectives by 2024

2021
- Enforce efficiency measures (paperless bank…) & FTE reduction
- Start execution of organisational target structure and scaling nearshoring
- Create basis for occupancy cost reduction

2022 & 2023
- Realise additional sourcing and nearshoring projects
- Implement large share of cost savings in Head Office as well as occupancy cost reductions
- Transform IT architecture
- Realise major part of efficiency gains / FTE-Savings

2024
- Full impact from E2E digitisation / process & functional optimisation realised – net 3,200 FTE reduced
- Internal IT nearshoring capacity increased to 26%, external staff reduced by ~1,300
- Maximised space compression (savings of ~€100m achieved)
- IT Transformation goals achieved (300 APIs, 85% Apps on cloud…)

11 February 2021
Group Risk Management

Marcus Chromik
Chief Risk Officer
Strong risk profile

- AAA rated by rating agencies
- Unemployment rate of 4.7% vs. 7.5% EU average
- Low national debt ratio of 70.0% vs 93.9% EU average
- German residential properties with strong development since financial crisis
- GDP shows Germany’s stronger resilience to Corona pandemic

German economy strongest in EU

Commerzbank with resilient loan book

- Operating mainly in attractive German economy
- Focus on stable client segments with low risks, resulting in fortress balance sheet
- NPE ratio of 1.0% – significant better than average of European banks
- Internal ratings show ~85% of exposure to investment grade clients
- ~75% of loan book allocated in core Europe
Well prepared for 2021 due to TLA booking in 2020

Risk result
(€m)

-1,748

Corona TLA

-505

Corona effects

-456

Base

-788

2020

- Overall TLA increased to -€505m to cover expected impacts considering forward looking information

- TLA is based on in-depth portfolio analysis considering ECB’s December scenario which assumes a 3% increase in German GDP in 2021

- Expected increase in insolvencies due to 2nd lockdown and discontinuation of the obligation to file for insolvency
Limited exposure to affected sectors – covered by TLA

**Top Level Adjustment (€m)**

- **Travel**
  - 0.9% of EaD
  - Tour operators and hotels severely affected by Corona crisis
  - Due to shutdown of airlines / airports suppliers will also be severely affected
  - Cruise ship financings mostly ECA covered

- **Retail**
  - 1.6% of EaD
  - Overall stable sector with profiteers and losers
  - Food retailing and mail ordering benefit from the crises
  - Stationary sales (especially textile industry and furniture specialists) are facing losses

- **Automotive / Mechanical Engineering**
  - 4.4% of EaD
  - Automotive: affected by general drop in demand, recovery to pre-crisis level not before 2023 expected
  - Automotive supplier: smaller suppliers more affected due to lower capitalisation / substance
  - Mechanical Engineering: outlook for top clients predominantly positive, larger challenges expected for smaller clients

---

11 February 2021
Limited stage migration throughout 2020

Exposure
(€m, excl. mBank)

<table>
<thead>
<tr>
<th></th>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
<th>TLA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 2019</td>
<td>358</td>
<td>338</td>
<td>18</td>
<td>3</td>
</tr>
<tr>
<td>Q1 2020</td>
<td>372</td>
<td>352</td>
<td>17</td>
<td>3</td>
</tr>
<tr>
<td>Q2 2020</td>
<td>397</td>
<td>376</td>
<td>18</td>
<td>4</td>
</tr>
<tr>
<td>Q3 2020</td>
<td>391</td>
<td>369</td>
<td>19</td>
<td>4</td>
</tr>
<tr>
<td>Q4 2020</td>
<td>371</td>
<td>348</td>
<td>20</td>
<td>4</td>
</tr>
</tbody>
</table>

Risk provisions
(€m, excl. mBank)

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,707</td>
<td>2,762</td>
</tr>
<tr>
<td></td>
<td>1,109</td>
<td>1,611</td>
</tr>
<tr>
<td></td>
<td>324</td>
<td>375</td>
</tr>
<tr>
<td></td>
<td>274</td>
<td>271</td>
</tr>
</tbody>
</table>

- TLA will cover Corona related stage migrations which are anticipated today and will materialise in 2021
- Increased risk provisions in stage 3 driven by a large single case and a few Corona-related defaults
- From 2022 onwards we expect a normalisation
No significant impact of deferrals

Loan deferrals since start of crisis until 31 Dec.
(€bn, Germany) 30 Jun. 2020 31 Dec. 2020

<table>
<thead>
<tr>
<th></th>
<th>30 Jun. 2020</th>
<th>31 Dec. 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage</td>
<td>1.9</td>
<td>1.7</td>
</tr>
<tr>
<td>Investment</td>
<td>1.1</td>
<td>1.0</td>
</tr>
<tr>
<td>Consumer Loan</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Corporates</td>
<td>0.2</td>
<td>0.2</td>
</tr>
</tbody>
</table>

- Represents <1% of Group loan portfolio
- Marginal impact on our private clients loan portfolio – reflects robust credit quality
- Most deferrals ended as scheduled in Q3 – more than 97% of customers have so far resumed their payments
- Until now limited negative effect from 2nd lockdown and reinstatement of insolvency law – still exemptions to insolvency law for companies receiving direct Corona state aid
Risk result expected at normalised levels from 2022

Risk result 2019-2024
(€bn, CoRL in bps)

- 2019: Low level, first signs of economic slowdown
- 2020: Corona effects: -€940m in 2020
- 2021: Still Corona effects
- 2022-2024: Normalised levels

CoRL:
- 2019: 24bps
- 2020: 68bps
- 2021: 30-45bps
- 2022-2024: ~25bps

Still Corona effects indicate a slight improvement in 2021, with levels expected to normalise by 2022-2024.
Financials

Bettina Orlopp
Chief Financial Officer
Targets 2024 based on prudent assumptions

### Economic scenario

<table>
<thead>
<tr>
<th>Unchanged Euro interest rate environment in planning period</th>
<th>Economic recovery in 2021</th>
<th>COVID-19 accelerated adoption of digital banking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post pandemic normalisation of economic and regulatory environment</td>
<td></td>
<td>Persistent competitive pressure in German banking market</td>
</tr>
</tbody>
</table>

- **€1.4bn** Cost reductions
- **~10,000** Gross FTE reduction
- **~7%** Group RoTE
- **up to €3bn** Potential for capital return

---

1) See capital sensitivity study in CFO section, share buy backs are subject to receiving the prior permission of the ECB

11 February 2021
€1.4bn net cost savings identified and validated

Cost reduction by segment\(^1\)

(€bn) Personnel costs  Admin costs  Compulsory contributions

<table>
<thead>
<tr>
<th>Year</th>
<th>PSBC Germany</th>
<th>CC</th>
<th>O&amp;C</th>
<th>mBank</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>3.5</td>
<td>-0.7</td>
<td>-0.6</td>
<td>-0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>2024</td>
<td>2.1</td>
<td>2.9</td>
<td></td>
<td></td>
<td>5.3</td>
</tr>
</tbody>
</table>

€1.6bn gross cost savings

1) Differences due to rounding

Capital Markets Day
Every year lower cost – more than ⅓ of savings by 2022

Costs incl. compulsory contributions
(€bn) Change-the-Bank IT cash spent

<table>
<thead>
<tr>
<th>Year</th>
<th>Costs incl. compulsory contributions (€bn)</th>
<th>Change-the-Bank IT cash spent (€bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>6.7</td>
<td>0.4</td>
</tr>
<tr>
<td>2021</td>
<td>6.5</td>
<td>0.6</td>
</tr>
<tr>
<td>2022</td>
<td>6.2</td>
<td>0.6</td>
</tr>
<tr>
<td>2023</td>
<td>5.8</td>
<td>0.3</td>
</tr>
<tr>
<td>2024</td>
<td>5.3</td>
<td>0.2</td>
</tr>
</tbody>
</table>

Increased IT investments in 2021/2022 for transformation
Gross FTE reduction of ~30% outside mBank

Internal FTE transition
- Commerzbank Group excl. mBank
- mBank

2020
- Commerzbank Group excl. mBank: ~39,500
- mBank: ~6,600
- Total: ~32,900

~7,500

Reduction
- Commerzbank Group excl. mBank: ~-10,000
- mBank: ~2,300
- Total: ~-7,500

Nearshoring & replacement of external staff
- Commerzbank Group excl. mBank: ~25,200
- mBank: ~6,800
- Total: ~32,000

2024
- Commerzbank Group excl. mBank: ~32,000
- mBank: ~6,800
- Total: ~39,500

External staff (excl. subsidiaries)
- ~2,200
- ~-1,300 / ~-60%
- ~900
€1.8bn restructuring charges booked until 2021

- Booking of all **restructuring charges** will be completed by end of 2021
- €1.6bn restructuring charges for gross reduction of ~10,000 FTE vs. 2020
- €0.2bn real estate related restructuring charges for reduction of branch network, foreign locations and reduced central functions
Moderate revenue growth

Revenues 2020 vs. 2024 incl. mBank
(€bn) NII NCI Others

Drivers NII
- Drag from rates and customer churn
+ Loan growth PSBC
+ Margin management

Drivers NCI
+ Additional business with core clients in PSBC & CC
+ Growth of securities business in PSBC
+ Targeted pricing measures
Recovery of risk result until 2022

Risk result 2020-2024
(€bn, CoRL in bps)

- 2020: 1.7
  - 68bps

- 2021: 0.8-1.2
  - 30-45bps

- 2022-2024:
  - ~0.7
  - ~25bps

1.7 -1.0 / -60%

11 February 2021 Capital Markets Day
Clear turnaround visible in targets

Transition of operating result
(€bn)

2020
-0.2
Cost reduction
1.4
Revenue growth
0.5
Normalisation of risk result
1.0
2024
2.7

CIR
(%, incl. compulsory contributions)
82

Net RoTE
(%, w/o capital mgmt.)
-11.7

11 February 2021
RWA reallocation to increase profitability

Development of RWA 2020 vs. 2024

(€bn)  
- Credit Risk CC  - Credit Risk PSBC  - Credit Risk O&C  - Regulatory changes  - Operational Risk  - Market Risk

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Risk</th>
<th>Operational Risk</th>
<th>Regulation net$</th>
<th>Optimisation CC</th>
<th>Growth PSBC Germany</th>
<th>Growth mBank</th>
<th>O&amp;C</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>75</td>
<td>40</td>
<td>18</td>
<td>33</td>
<td>12</td>
<td>12</td>
<td>18</td>
<td>179</td>
</tr>
<tr>
<td>2024</td>
<td>65</td>
<td>57</td>
<td>28</td>
<td>28</td>
<td>18</td>
<td>18</td>
<td>16</td>
<td>183</td>
</tr>
</tbody>
</table>

Differences due to rounding 1) Regulation net: ~ €8bn Market Risk, ~ €2bn Operational Risk, ~ €2bn Credit Risk CC, ~ €1bn Credit Risk PSBC, ~ €6bn Credit Risk O&C

11 February 2021
Resulting CET1 ratio far above MDA

Development of CET1 ratio 2020 vs. 2024 (%)

Targeted corridor 200-250 bps above MDA
Significant potential for capital return

Potential capital return to shareholders until 2024

- ~5bn
- ~3bn
- ~2bn
- No capital return/dividend

RoTE

CET1 ratio

2024

14.6%
13.5%
12.5%
11.5%

7.0%
7.3%
7.8%
8.4%

No capital return/dividend

1) Share buy backs are subject to receiving the prior permission of the ECB

11 February 2021
Transformation Management

Manfred Knof
Chief Executive Officer
Clear governance for strict execution

Create a new performance culture

Transformation management led by CEO

Rigorous strategy steering through:

- Bi-weekly **Strategy SteerCo** with full board participation
- Dedicated **cost reduction tracking committee** led by CFO
- **Performance dialogue** on revenues and RWA efficiency
Fast implementation of FTE reduction program

**Timeline**

- April / May 2021
  Negotiation of framework agreement until AGM
- YE 2021
  Closing of agreement with workers’ council
- YE 2023
  Execution of >80% of FTE reductions
- YE 2024
  Full execution of FTE reductions and full realisation of cost effects

**Guidelines**

- Fair treatment of affected staff
- Voluntary leave programs as basis for socially responsible reduction program
- Setup of qualification company and validation of compulsory redundancies as ultima ratio planned
## Operational KPIs 2024 underline transformation progress

<table>
<thead>
<tr>
<th>Private &amp; Small Business Customers</th>
<th>Corporate Clients</th>
<th>Operations &amp; Head Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>~450 domestic locations (~350)</td>
<td>15 intl. locations exited 26% (+12pp) of IT capacity in nearshoring locations</td>
<td></td>
</tr>
<tr>
<td>~73% (+7pp) active digital banking users</td>
<td>100% digital banking users activated</td>
<td>85% (+53pp) decentralised applications on cloud technology</td>
</tr>
<tr>
<td>&gt;€390bn (+100bn) loan and securities volumes (Germany)</td>
<td>22% (-12pp) of risk exposure with RWA efficiency &lt;3%</td>
<td>~1,300 external staff reduced</td>
</tr>
<tr>
<td>~3,200 net FTE reduced 1</td>
<td>~900 net FTE reduced</td>
<td>~3,400 net FTE reduced 4</td>
</tr>
</tbody>
</table>

1) Adjusted by mBank FTE increase (differences due to rounding) 2) Closure and sale of branches, subsidiaries and representative offices; subject to regulator 3) Operational RWA 12 months average 4) Incl. 200 FTE reductions in O&C

( ) indicates difference to 2020
**Significant delivery already visible in 2021**

<table>
<thead>
<tr>
<th>Private &amp; Small Business Customers</th>
<th>Corporate Clients</th>
<th>Operations &amp; Head Office</th>
</tr>
</thead>
<tbody>
<tr>
<td><del>600 domestic locations (</del>-200)</td>
<td>3 intl. locations exited²</td>
<td>20% of IT capacity in nearshoring locations (+6pp)</td>
</tr>
<tr>
<td>~67% active digital banking users (+1pp)</td>
<td>10% digital banking users activated</td>
<td>50% decentralised applications on cloud technology (+18pp)</td>
</tr>
<tr>
<td>&gt;€310bn (+20bn) loan and securities volumes (Germany)</td>
<td>32% (-2pp) of risk exposure with RWA efficiency &lt;3%³</td>
<td>Reduction of external staff to start in 2022 due to CtB initiatives</td>
</tr>
<tr>
<td>~1,100 net FTE reduced¹</td>
<td>~300 net FTE reduced</td>
<td>~100 net FTE reduced</td>
</tr>
</tbody>
</table>

( ) indicates difference to 2020

1) Adjusted by mBank FTE increase (differences due to rounding) 2) Closure and sale of branches, subsidiaries and representative offices; subject to regulator 3) Operational RWA 12 months average

11 February 2021

Capital Markets Day
Three major key takeaways of our new strategy

1. Clear and ambitious plan with full commitment to related targets

2. Complete focus on customers, digitalisation, sustainability and profitability

3. Disciplined execution and delivery in every single year
For more information, please contact our IR team

Christoph Wortig
Head of Investor Relations
P: +49 69 136 52668
M: christoph.wortig@commerzbank.com

Ansgar Herkert
Head of IR Communications
P: +49 69 136 44083
M: ansgar.herkert@commerzbank.com

Investors and Financial Analysts

Michael H. Klein
P: +49 69 136 24522
M: michael.klein@commerzbank.com

Jutta Madjlessi
P: +49 69 136 28696
M: jutta.madjlessi@commerzbank.com

Dirk Bartsch
Head of Strategic IR / Rating Agency Relations / ESG
P: +49 69 136 22799
M: dirk.bartsch@commerzbank.com

Mail: ir@commerzbank.com / www.ir.commerzbank.com

Financial calendar 2021

- 5 May: Annual General Meeting
- 12 May: Q1 2021 results
- 4 August: Q2 2021 results
- 4 November: Q3 2021 results
Disclaimer

This presentation contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include, inter alia, statements about Commerzbank’s beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates, projections and targets as they are currently available to the management of Commerzbank. Forward-looking statements therefore speak only as of the date they are made, and Commerzbank undertakes no obligation to update any of them in light of new information or future events. By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, among others, the conditions in the financial markets in Germany, in Europe, in the United States and elsewhere from which Commerzbank derives a substantial portion of its revenues and in which it hold a substantial portion of its assets, the development of asset prices and market volatility, potential defaults of borrowers or trading counterparties, the implementation of its strategic initiatives and the reliability of its risk management policies.

In addition, this presentation contains financial and other information which has been derived from publicly available information disclosed by persons other than Commerzbank (“external data”). In particular, external data has been derived from industry and customer-related data and other calculations taken or derived from industry reports published by third parties, market research reports and commercial publications. Commercial publications generally state that the information they contain has originated from sources assumed to be reliable, but that the accuracy and completeness of such information is not guaranteed and that the calculations contained therein are based on a series of assumptions. The external data has not been independently verified by Commerzbank. Therefore, Commerzbank cannot assume any responsibility for the accuracy of the external data taken or derived from public sources.

Copies of this document are available upon request or can be downloaded from https://www.commerzbank.de/en/hauptnavigation/aktionaere/investor_relations.html