STRATEGY 2024

Annual Results Press Conference
11 February 2021
„We have put in place an ambitious strategy programme.“

Manfred Knof
CEO
STRATEGY 2024

CUSTOMER-ORIENTED.
DIGITAL.
SUSTAINABLE.
PROFITABLE.
STRATEGY 2024

- Return on tangible equity of around 7%
- Cost reduction by €1,4 billion
- Direct bank and individual advisory service
- Focus on Germany and the Mittelstand
We want to be sustainably profitable

We will concentrate on the changed needs of our customers while simultaneously focusing on maximum efficiency.
PSBC: highly efficient direct bank with a first-class offering of advisory services

Digital services for our 11 million customers
digital, mobile & via telephone

Advisory centres

Locations

450

No.1 for advisory quality and customer experience
CC: strategic partner of our customers – in Germany and in international business

Profitability before growth

- Individual advisory services & innovative direct-bank offering
- Focus on core products & customer requirements
- Streamlining the international presence & focus on business with German connectivity
- Close attention to the management of our risk-weighted assets
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„We intend to substantially improve the profitability of the Bank.“

Bettina Orlopp
CFO
Solid customer business and reduced expenses

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying revenues (€m)</td>
<td>8,615</td>
<td>8,447</td>
</tr>
<tr>
<td>Total expenses (€m)</td>
<td>6,766</td>
<td>6,672</td>
</tr>
</tbody>
</table>
Risk result shows impacts of the coronavirus crisis and includes Top Level Adjustment for 2021

Risk result 2020 (€m)

-1,748

-505

-456

-187

-601

2020

- Corona TLA
- Corona effects
- Single case
- Base

Around €960 million related to coronavirus

€505 million TLA booked for 2021

NPE ratio at a low level of 1.0% at year-end
Net result marks preparation for transformation

**Pre-provision result (€m)**
- 2019: 1,873
- 2020: 1,515

**Operating result (€m)**
- 2019: 1,253
- 2020: -233

**Net result (€m)**
- 2019: 585
- 2020: -2,870

**CET 1 ratio (%)**
- Q4 2019: 13.4
- Q4 2020: 13.2

**Restructuring charges booked**
- 2019: 1,873
- 2020: 1,515

**Goodwill write-off**
- 2019: 1,253
- 2020: -233

**Strong CET 1 ratio of 13.2%**
Private and Small-Business Customers with stable revenues

- 11 million private and small-business customers
- €12 billion new investments in securities business
- High new business volume in mortgage lending

<table>
<thead>
<tr>
<th>Private and Small-Business Customers (€m)</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>4,876</td>
<td>4,776</td>
</tr>
<tr>
<td>Underlying pre-provision result</td>
<td>1,055</td>
<td>979</td>
</tr>
<tr>
<td>Operating result</td>
<td>831</td>
<td>368</td>
</tr>
</tbody>
</table>
Revenues for the Corporate Clients segment due to pandemic slightly lower year-on-year

**Strong capital market business**

**Lower demand for loans and liquidity**

**Active portfolio management intensified**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Clients (€m)</td>
<td>3,274</td>
<td>3,120</td>
</tr>
<tr>
<td>Revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Underlying pre-provision result</td>
<td>764</td>
<td>718</td>
</tr>
<tr>
<td>Operating result</td>
<td>336</td>
<td>-458</td>
</tr>
</tbody>
</table>
Financial Outlook 2021

- Slightly lower revenues
- Cost reduction to around €6.5bn
- Risk result in the range of -€0.8bn to -€1.2bn
- CET 1 ratio above 12%
- Positive operating result
Targets 2024 based on prudent assumptions

Economic scenario

- Unchanged euro interest rate environment
- Persistent competitive pressure in Germany
- Accelerated adoption of digital banking
- Economic recovery in 2021

€1.4bn cost reductions
~10,000 gross FTE reductions
~7% group RoTE
up to €3bn potential for capital return¹

¹ Capital return is subject to successful restructuring and receiving the prior permission of the ECB
Every year lower cost – \( \frac{1}{3} \) of savings by 2022

Costs incl. compulsory contributions
(€bn) Change the bank IT cash spend

<table>
<thead>
<tr>
<th>Year</th>
<th>Costs incl. compulsory contributions (€bn)</th>
<th>Change the bank IT cash spend</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>
Gross FTE reduction of ~30% outside mBank

Internal FTE transition

- mBank
  - 2020: ~39,500
  - Reduction: ~-7,500
  - 2024: ~32,000

- Group excl. mBank
  - 2020: ~32,900
  - Reduction: ~-10,000
  - Nearshoring & replacement of external staff: ~2,300
  - 2024: ~25,200

- External staff
  - 2020: ~2,200
  - Reduction: ~-1,300
  - 2024: ~900
Moderate revenue growth

Revenues incl. mBank (€bn)

- Low-interest environment
- Focussing and customer churn
- Profitable customers and products
- Growth coming from mBank
Recovery of risk result until 2022

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

- **2020**: 68 bps
- **2021**: 0.8-1.2 bps
- **2022-2024**: ~0.7 bps

- **1.7**
- **-1.0/-60%**
- **30-45 bps**
- **~25 bps**
Clear turnaround visible in targets

Transition of operating result
(€bn)

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

CIR 82
Net RoTE -11.7

~7
Selected milestones until 2024

- **2021**
  - Arrangement with Works Council until 5 May
  - Reorganisation of Head Office
  - Start of branch adjustments

- **2022/2023**
  - Further branch adjustments
  - Expansion of direct bank capability
  - Streamlining international presence

- **End of 2023**
  - Headcount reduction mostly concluded

- **End of 2024**
  - Goals fully achieved
  - Return on tangible equity of around 7%
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