COMMERZBANK

Moving Forward
Strategic Plan 2027

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The bank at your side

Transcript

Manfred Knof, CEO

Good morning everybody.

When I started as CEO of Commerzbank almost three years ago the bank was not in good shape.

Today, I am pleased to call the turnaround of Commerzbank a success story. We have delivered on Strategy 2024 and now we are moving forward to earn cost of capital.

Let me highlight the major achievements so far:

We are very well on track to meet or exceed our financial targets for 2024. This morning Bettina presented the very good financial performance of the first three quarters 2023 with an almost doubled net result.

The significantly improved profitability also paved the way for the return into the DAX index. This was definitely a major event for our staff and for many of our clients.

Also the rating agencies acknowledge our financial performance with a single A rating of both, S&P and Moody´s.

Besides strong support from rates, the improved financials are the result of our successful business transformation. Our new and much leaner business set up is in place. I will come to the key cornerstones in a minute.

I would like to highlight that the transformation required massive efforts of all our staff and without the painful but necessary restructuring our cost base would have been hit hard by inflation.

We knew that this transformation means significant change for customers. And so far, we can be satisfied with the high customer loyalty and the very low customer and revenue churn. From originally 300 million Euro revenue churn in the plan for 2024, up until now, less than one third has materialised. But we will not rest on this and work hard day by day to justify the trust of our customers.

Last but not least, sustainability and our goal to become net zero by 2050 has become an integral part of our business with significant achievements already.

Let's take a closer look at our new business model.

In our German business with private and small business customers it is about scale in the mass market and individual solutions for wealthy clients.

We took the clear and important decision to follow a two-brand strategy to reflect the different needs of our 11 million customers.

Fulfilling these needs requires excellent digital solutions. We have made strong improvements in our digital offering and are well aware that this is an ongoing task and requires further investments.

The digital solutions complement our streamlined branch-based business. For the important things in life we offer our clients personal advice in one of our 400 branches in Germany. Everything else can be done at our advisory centre as personal remote channel. With this we have found the right set up for modern banking in Germany.

This is a strong foundation for future revenues although it might require still some time until all customers got used to it.

In Corporate Clients connectivity to Germany, Austria, and Switzerland is the guiding principle for our business set-up. The focus is clearly on the needs of corporate Germany and the Mittelstand. With a well-established client and sector coverage model and a presence in 43 countries covering all relevant trade corridors we will further strengthen our leading position in Germany.

As with private customers digital offerings play a crucial role for future business success. Already two thirds of our corporate clients use the online channels for their banking operations. This highlights the importance of further IT investments to ensure competitive offerings and a superior customer experience.

The transformation in our Corporate Clients division comes with strong focus on value-oriented capital deployment. RWA efficiency of the corporates portfolio, measured by revenues over RWA, has increased significantly from an average of 4.4 % in 2020 to currently 7.7 %. The return profile of each client relationship is and will remain on top of the divisional management agenda.

Regarding sustainability as integral part of the business model, key is a steadily increasing product offering for private customers and strong support of corporate clients in their green transformation.

With the new business model in place and the steady delivery in the transformation of the bank our targets for 2024 are within reach.

Regarding return on tangible equity, we expect 7.5% already for 2023 reaching our target one year earlier than originally planned.

Our cost income ratio this year is expected at 61%, very close to our target of 60% for 2024. This is amongst others thanks to the successful gross FTE reduction. By the end of this year we will have achieved 97% of the planned reduction.

And regarding CET1 ratio we forecast 14.7% at the end of this year, already reflecting our intended pay-out ratio of 50% for 2023. The 14.7% should also mark a peak-level in our CET1 ratio as we increase capital return to shareholders going forward.

This leads me to our key priorities for the upcoming years towards 2027.

Our business focus is very much on excellent products and services that drive revenues in our client-segments.

Key enablers for such growth are the digital and the sustainable transformation. We will further invest into digital products and services, and we will develop value adding client strategies towards net zero.

Thanks to strong client business and revenues, together with ongoing high cost-discipline, we will earn our cost of capital and significantly increase pay-outs to shareholders.

This is reflected in our set of targets for 2027.

We target a net return on tangible equity of 11.5 %. We will steer the business towards a cost income ratio of 55%. Both figures come with a net income target of 3.4 billion euros and a CET1 ratio of 13.5%.

This clear path towards earning cost of capital comes with a significant increase in capital return by means of dividends and share buy backs. They are, of course, subject to approval by ECB and the German Finance Agency.

This set of targets is the result of a thorough planning process and the joint commitment of the whole board of managing directors.

Our common goal is to steadily deliver on our path to 2027 and further increase the attractivity of Commerzbank for investors. Our robust commercial business model with significantly increasing results and pay-outs demonstrates our value potential.

In order to lift the value of Commerzbank we have committed ourselves to clear strategic guidelines moving forward.

Firstly, it is about growing our business and revenues in both segments: PSBC and Corporate Clients.

Always striving for the best solution for our clients is mandatory. This will lead to increasing customer satisfaction in all channels: online, mobile, phone and in our branches.

And with unconditional client focus and a distinct set of strategic business initiatives we will strengthen our fee income and revenues.

Secondly, it is about excellence in products, services, and processes.

The bank is still too complex in its operations. We need to tackle this especially by investments into digitalisation.

This will lead to increasing efficiency within the organisation.

High efficiency and increasing revenues will improve our cost income ratio. Our steering approach however is strict: If planned revenues fall short, we will tackle the cost base again to reach our target of 55% for cost income ratio.

Our ultimate target of course is to earn more than 11% return on tangible equity and meet cost of capital.

Thirdly, it is about responsibility.

Sustainability is an integral part of our business model and our strategy but responsibility goes beyond sustainability.

One of our most important responsibilities is to our employees. The transformation of the bank has left its mark. Many valued colleagues have left the bank and the mood was clouded and, in some cases, still is.

We have to increase employee satisfaction and employer attractivity. I am convinced that the positive business outlook for Commerzbank will support this.

It is my strong belief that only a highly motivated team that shares a common set of goals will ultimately make a difference – no matter which culture, gender or age bracket our team-members belong to.

Now let's have a closer look to the plans in our client segments.

PSBC Germany serves around 11 million customers out of Commerzbank and comdirect. They are split into four customer groups with different needs and business potential.

Private Customers largely reflect retail banking with a strong focus on convenient daily banking and account services. Scale and the usage of digital and remote services is one of the most important business levers in this customer group.

Comdirect is our digital and direct bank for self-directed customers. With its excellent brokerage product portfolio for beginners as well as professionals, comdirect has become a leading digital and direct bank in Germany.

Small Business Customers demand a seamless combination of banking for their private and professional needs.

Wealth Management and Private Banking customers with Assets under Management of at least 100 thousand euros request individual lending and investment solutions. Here we see significant growth potential for Commerzbank. We tackle this customer group with our highly qualified experts and relationship managers in the branches.

The holistic approach to these customer groups will remain unchanged and forms the basis for our strategic focus going forward. At the end of the day it comes back to scale, digital convenience, and efficiency in retail banking while growth is the name of the game in Private Banking and Wealth Management.

This is reflected in the three main strategic fields of action for PSBC in Germany.

First: Provide excellent daily banking experience and offer state-of-the-art payment solutions.

Second: Extend the positioning of comdirect as primary digital bank and leading performance broker.

Third: Increase share of wallet in Wealth Management and Private Banking by strengthening Asset Management, digital and bespoke solutions.

With the business initiatives in these focus areas, we target an annual growth rate of 4% in fee income for PSBC in Germany.

With ongoing efficiency gains and rising revenues, we aim for a cost income ratio of 56%, a significant improvement from today.

Now, let’s have a more detailed look into the focus areas and the respective initiatives.

In daily banking, we will develop new account and card offerings which come with an updated pricing model. We strictly focus on products with value added, that generate additional fees.

Regarding payments we will offer innovative point-of-sale solutions for our small business customers and extend our value chain in the payment ecosystem.

And the steady enhancement of our mobile banking offering is an ongoing effort to meet the increasing expectations of our customers.

Excellent digital user experience is also at the forefront of comdirect’s strategy. Thus, we will further strengthen our positioning as primary digital bank for self-directed customers.

Furthermore, we will expand the product range of comdirect. This includes but is not limited to upgrades of our successful ProTrader platform.

This will also support our continuous efforts to expand our position as leading online broker.

The largest contribution to additional revenues in the segment stems from capital-light asset management and bespoke solutions for wealthy clients.

We will bundle all asset management activities in one centre of competence and aim to significantly grow assets. This includes exploiting the partially untapped potential for private financial matters of our corporate and business clients.

Another important lever for this growth are additional product-offerings such as Yellowfin. We are also looking at targeted partnership opportunities and selective bolt-on acquisitions in the field of asset management.

Growth from the holistic advisory approach and digital reporting will complement our initiatives.

With this set of initiatives, we are very confident to deliver on the targeted annual growth of 4% in fee income in PSBC Germany.

In our Corporate Clients division we serve clients in three different pillars.

German Corporate Clients with our leading franchise in the German Mittelstand form the first and largest pillar.

International Clients with connectivity to Germany, Austria, and Switzerland and our business with institutionals represent the second and the third pillar.

All three pillars benefit from our strong client orientation.

Our deep roots in the German Mittelstand and our leading position in trade finance form a rock-solid basis for the further development of the business.

The strong client relationships are the key asset in the division and the result of a consistently high client focus.

Client-needs determine our strategy. Excellence in cash management and trade finance is a must. Reliability as the banking partner of choice, in good times and in bad times, is a real differentiator for Commerzbank. And the increasing demand for digital and sustainability solutions requires investments and expertise at the same time.

Hence, the strategic focus is straight forward.

First: Strengthen the Cash and Trade product offer by upgrading of our IT applications

Second: Grow lending business with focus on Germany and green infrastructure

Third: Capital markets growth in strategic products with focus on advisory excellence and digitalisation of trading activities.

Based on these focus areas we target an annual growth rate in fee income of 3% and a stable cost income ratio of 48%. Coming from an exceptionally strong year 2023 we thereby fully compensate the expected decline in NII from deposits.

Let me shed some more light on the strategic initiatives in corporate clients.

In Cash Management we will significantly invest into digitalisation and our IT applications. With upgraded and new systems we safeguard our leading market position. We are, for instance, talking about new SWIFT services, digital end-to-end processes and automated fraud prevention.

In Trade Finance we are in the leading position for German exports with a 30% market share in letters-of-credit. Besides investments into our backend systems we will further strengthen our top position in trade finance by enhanced client solutions. This includes digital front ends as well as the further roll-out of already proven DLT solutions.

In lending we see significant growth opportunities.

We aim to become lead arranger in large ticket ECA transactions.

In domestic lending it is our target to grow in structured and standard products. This includes working capital financing, bilateral and syndicated loans, as well as green project financing.

By strengthening our renewable energy teams and processes we will benefit from the increasing loan demand in this field. The growth of investments into renewable energy is expected to be three times higher than in the last 5 years.

Of course, capital efficiency in the loan book remains a top priority also under the Basle regime and will be supported by securitisations.

Regarding capital markets products we will further increase our successful FX business and optimise pricing.

The FX platform will also be leveraged for other asset classes such as rates and commodities. It will serve as a one-stop-shop and provide us with additional flow business.

In the bonds business we actively tackle market opportunities, for example Swiss franc issuances and ESG advisory.

This leads me to our plan for sustainability.

We have achieved a lot in the last three years. Let me highlight the probably most important topic: net-zero.

Our target to become net-zero by 2050 has been drilled down to the different industries in our portfolio by applying the SBTi methodology. We have established a robust framework to steer the green transformation that has received the approval from SBTi.

This is what drives our ESG strategy and sets the green agenda for our client business.

With a continuous enhancement of our green product portfolio and strong advisory skills we work with our clients to support their green transformation.

Every client that commits to adequate carbon emission reduction can count on Commerzbank as their reliable banking partner on this challenging journey.

We will monitor the progress on a regular basis and set up the respective reporting structure, internally and externally.

And now, Bettina will walk you through the financials. Over to you.

Thank you, Manfred, and good morning. I will now provide you with the financial plan of our strategy.

Let's start with our key assumptions which I want to make fully transparent as they are an important basis for our financial planning.

The economic scenario is based on independent data from Consensus Economics as of September 2023.

For Euro interest rates we assume that they will be initially stable at current levels and then decline towards 2027, reaching a level just above 3%.

For the German economy we expect slow growth, moderate inflation and a low unemployment rate.

Regarding securities, we plan with increasing stock markets which supports our securities business in PSBC.

We have incorporated already announced regulatory burdens like the go-live of Basle in 2025. We have, however, not assumed any significant additional burdens from geopolitical events, and no change in the minimum reserve policy. We further expect that the burdens from mBank's Swiss Franc mortgages will be resolved before 2027 with remaining burdens mostly occurring in 2024.

Given this macroeconomic scenario, and based on our business initiatives, we aim to increase our net result to around 3.4 billion in 2027. This is a strong increase of more than 50% compared to the expected result for this year.

We will improve the cost-income-ratio to 55% and increase the Net RoTE to 11.5%. Bringing the Net RoTE well above 10% has been our top priority for the strategy as this is the foundation for long-term profitability and shareholder return.

The biggest drivers of increasing profitability in our strategy are revenue growth initiatives, mainly in the fee generating business.

Loan growth and improving returns from the modelled deposits will offset the drag from lower rates and higher deposit betas.

In connection with lower rates we should see improvements in the fair value result that is currently offsetting some of the gains in interest income from higher rates.

Overall, we plan with 2% annual underlying revenue growth reaching around 12.5 billion in 2027.

On the next slides I will give you more details on the revenue drivers starting with net interest income.

For 2023 we expect NII of more than 8.1 billion; 25% higher than in 2022. This is a very healthy level reflecting a more normal interest rate environment after years of negative rates.

We assume that the increase in path-through-rates will be mostly completed by the end of 2024. We project another strong increase from an average beta of 25% in 2023 to 37% in 2024. For the following years, we forecast only small increases from this already high level, reaching 43% in 2027.

Despite the higher betas deposits will remain the main source of NII growth in the next years, adding around 600 million until 2027.

In the Private and Small Business Customers segment we have seen deposit growth in the last quarters. We expect this to continue based on the high savings rate in Germany, and the effects of inflation, that tend to increase deposit volumes over time. For Corporate Clients we assume flat deposit volumes.

The picture is different in the loan business. Lending will contribute 100 million to interest income on a net basis. While we expect growth in Corporate Clients based on increased investment needs, we see lower demand for mortgages in PSBC.

PSBC will significantly increase NII by 800 million. The benefit of volume growth and the reinvestment of modelled deposits at higher rates will be much stronger than the drag from a higher deposit beta, and lower mortgage demand.

In contrast, NII will be 100 million lower in Corporate Clients as loan growth cannot fully compensate the higher beta. As most of the deposits are not modelled we have largely seen the revenue growth from higher rates already this year.

Also Others and Consolidation benefitted a lot this year. Due to rising rates we had seen higher NII that was offset in the fair value result. As rates come down this will reverse with NII expected to decrease by 200 million, again largely offset in the fair value result.

mBank will exhibit a similar effect to Others and Consolidation. As rates decrease NII drops. However, the fair value result should more than offset the drop leading to a net increase in revenues.

On the next slide are the details how the NII from deposits develops over time. This transparency is intended to give you a very clear understanding of our plan assumptions and the underlying mechanics.

On slide 20 we have detailed the change in the net interest income from deposits. The reference point is the 2023 NII. Starting from this basis in the table we have the change year after year. In 2024 deposits are expected to contribute 300 million less to NII.

The expected strong increase in the average deposit beta from 25% in 2023 to 37% in 2024 cannot be fully offset by reinvestments of modelled deposits, higher average rates, and volume growth. In 2025 we will again reach the level of 2023 as the reinvestment of modelled deposits further improves NII. This continues until 2027.

Looking at the individual drivers: The modelled deposits contribute positively every year. This will continue beyond 2027 as longer-term investments mature and are reinvested at higher rates.

In 2024 to 2026 the reinvestment of the modelled deposits will contribute around 500 million each year. In 2027 this is expected to decrease to around 300 million as rates are lower affecting deposits reinvested at shorter tenors.

The interest expense paid to customers reflects the beta development. The 12 percentage point higher beta in 2024 is the main driver of the 1.6 billion increase in the cost of deposits. In subsequent years the beta causes a much smaller drag. In 2027 interest expense paid to customers is declining, as rates are forecast to fall, more than compensating the projected small increase in the beta.

The change in short-term rates not only affects the interest paid to customer but also the interest earned on deposits invested short-term. This will bring in additional 900 million in 2024, as rates are significantly higher than in 2023. In the following years this is slowly reversing as rates are forecasted to decline over time.

Taking all effects together, NII in 2024 is expected to be around 7.6 billion, 500 million lower than in 2023; with minus 300 million from deposits and minus 200 million from mBank.

After the dip in 2024, we see growing NII in the coming years with the income from deposits again reaching the 2023 level in 2025.

In addition to our base case we have prepared two scenarios on the bottom part of slide 20.

We have based our plan on Consensus data from September. More recent forward rates indicate lower short-term rates but higher long-term rates. We have therefore simulated the effect of the forward rates on deposits. There is no material impact in 2024. But in subsequent years this would lead to lower NII. In 2027 NII from deposits would be 200 million lower in this scenario.

In a second scenario we have not only used the forward rates but also assumed that the deposit beta does not follow our prudent trajectory of increasing by 12 percentage points in 2024. Instead, we have simulated an increase by 7 percentage points in 2024, and then unchanged increases in the following years. In this case NII would be higher by 500 million in 2024 – maintaining the 2023 level. In 2027 NII would be 200 million higher compared to our base scenario.

Overall, deposits have driven revenues in the last years. With the ongoing benefits from modelled deposits they will continue to do so in the coming years.

On the next slide I will cover the contribution from the fee business.

All business areas have defined strategic initiatives to grow commission income. Manfred has introduced them already. We expect a balanced contribution from all business areas of around 200 million each resulting in an annual growth of 4%. Based on our plan the increase should come steadily, year after year, as the initiatives bear fruit.

The targets are ambitious but we have clearly defined initiatives that build on our strong franchise. We are therefore confident to reach them.

This concludes the revenue outlook and I will now focus on the cost base on the next slides.

We steer the cost base to meet our cost-income-ratio target. We aim for a cost-income-ratio of 55% in 2027.

Based on our revenue projection this allows for a cost base of 6.8 billion.

For the group excluding mBank cost will come down in 2024 due to lower compulsory contributions and cost reductions from Strategy 2024. They will be only partly offset by wage increases and investments. In the following years we expect slight increases in cost mainly due to investments. By 2027 we should then be back at the 2023 level.

To ensure this we have defined cost measures that can compensate annual inflation of 2 to 2.5%.

The aim is to increase the efficiency of our operations while investing in client solutions and growth. The measures can be grouped in two categories: complexity reduction, and IT modernisation in combination with the decommissioning of legacy systems.

mBank is also steered with a cost-income-ratio target. But we have a stronger dynamic – with rising compulsory contributions, higher inflation, and targeted staff increases. Therefore, costs are going up each year. At the same time we also see a good revenue dynamic and already have an excellent cost-income-ratio at mBank when excluding the burdens from Swiss Franc mortgages. The plan is to maintain the cost-income-ratio at a healthy level.

On the next slide I will cover the investment plans in more detail.

It is obvious that we have an ongoing need to invest in our business model. We therefore plan for an efficient, continuous investment volume of around 530 million each year. More than half will be dedicated to the customer business supporting revenues. The projects are fully aligned with the business initiatives Manfred has outlined.

The remainder is roughly equally split between investments in infrastructure and necessary spending to fulfil regulatory requirements.

Moving to capital resources we expect average annual RWA growth of 3% over the next years. There are three main drivers.

Firstly, lending growth, mainly in Corporate Clients and at mBank, will add around 15 billion RWA. As already in the last years Corporate Clients will partially offset their RWA increase with capital accretive securitisations.

Secondly, regulatory effects, mainly the switch to Basle and the go-live of FRTB in 2025. The implementation of Basle will increase Credit RWA by around 6 billion. This will be offset by around 4 billion from mitigating effects. FRTB will have a net effect of around 3 billion RWA in market risk.

And thirdly, increased profitability which leads to 5 billion higher operational risk RWA in the standardised approach.

There will also be some reallocation of RWA from Others and Consolidation, mainly to Corporate Clients. In Others and Consolidation we have temporarily booked RWA that anticipate the impact of changes in our risk models, that are currently being implemented – the so called Future of IRB exercise. Once the changes go live the RWA are calculated for the actual risk positions and thereby re-allocated to the segments.

To finish the drivers of the operating performance let’s move to the risk result. For 2023 we anticipate a risk result of less than 700 million or 25 basis points cost of risk.

Based on the short-term economic outlook we expect a somewhat higher risk result of around 800 million in 2024. This includes the usage of the top-level-adjustment which we currently assume will be carried-over to next year.

In line with our more positive economic outlook for subsequent years we assume a normalised risk result. This is based on the healthy structure of our loan book which is well diversified. We intend to maintain our risk appetite.

In the next two slides I will give the key financials of Private and Small Business Customers in Germany, and Corporate Clients.

In 2023 PSBC should reach a return on CET1 capital of nearly 25% on expected revenues of around 4.2 billion. This is a bit lower than in 2022 which had large one-off benefits from mortgage prepayments boosting revenues.

In the next years, based on the growth initiatives and optimisation of the existing business, PSBC Germany plans to grow revenues by 6% annually. Growth will come from better interest income and commission income.

Interest income will be supported by the continuous reinvestment of modelled deposits at higher rates and targeted growth in deposit volumes. Loan volumes are expected to decline due to lower demand for mortgages at higher interest rates. Around 2/3 of revenue growth is expected from NII.

In fee income the main revenue driver is the securities business where we target to attract around 50 billion net new assets under management. This growth is driven by our strategic initiatives.

As we plan to keep the cost base roughly on the level of 2023 the cost-income-ratio should improve to around 56% in 2027.

Risk weighted assets are expected to grow only by around 10% as our revenue initiatives are focused on fee income. We therefore expect a significant improvement of the return on CET1 to more than 50%.

In contrast to PSBC Germany, Corporate Clients is not benefitting from large roll-overs of modelled deposits. We also do not expect net deposit volume growth. We therefore face lower contributions from the deposit business in 2027.

While loan growth is currently low Corporate Clients has significant lending opportunities with Mittelstand customers and in ESG related financing. This should allow Corporate Clients to grow loan volumes by around 3.5% annually until 2027, offsetting the drag from deposits.

With a roughly 200 million higher NCI and a 100 million lower NII the increase in total revenues is around 0.4% annually. Given largely unchanged costs this leads to a stable cost-income-ratio of 48%.

With loan growth and regulatory RWA inflation, including the reallocation from Others and Consolidation, we expect average annual RWA growth of 4%. When excluding the regulatory driven increase in RWA they grow by only 1% after securitisations.

The lower return of 17% must be seen in the same light. Excluding regulatory RWA inflation the return is nearly stable.

Taking a longer-term perspective the development of Corporate Clients is very positive. Using 2022 as the starting point revenues grow by 3.9% annually. The cost-income-ratio and the return also improve markedly. However, 2023 was such an exceptional year for Corporate Clients with an outsized jump in profitability from the deposit business. This level of profitability needs to be consolidated in the next years by replacing the gradually lower contribution from deposits with new business.

This brings me to the yearly development of our key ratios on slide 28.

Based on the initiatives outlined we aim for a steady improvement of our operational leverage, bringing down the cost-income-ratio year after year, to reach a healthy level of around 55%.

Correspondingly we target a steady increase of the net RoTE reaching around 11.5% in 2027.

Throughout the period we aim for a healthy capital return to shareholders. Starting with a CET1 ratio of around 14.7% we plan to gradually reach our target level of 13.5% by 2027 the latest.

We have already published our capital return plan in late September.

To recap:

We plan to return 3 billion to shareholders for the period 2022 to 2024 assuming that we reach our 2024 net income target. This implies a pay-out ratio above 70% for 2024.

In subsequent years we will continue to pay out well above 50% but no more than the full net result after AT1 coupon payments of each financial year.

To reach the target return for each year we plan for a pay-out that consists of a steady dividend and, subject to approval by the ECB and the German Finance Agency, a share buy-back.

Let me finish with 5 key financial highlights of our strategy:

We will steadily increase our net RoTE reaching around 9.5% in 2025 and 11.5% in 2027.

Our interest income benefits from a supporting tailwind from modelled deposits and there is a further upside from potentially lower beta.

We will grow our fee income by 4% annually based on well-defined initiatives.

We will steadily improve our cost-income-ratio to 55%.

And RWA including the Basle impact will grow only moderately by 3% on an annualized basis.

Thank you very much for your attention. Manfred will now conclude the presentation.

Thank you, Bettina. As Bettina has laid out, this is an ambitious but very realistic plan.

Already in the last three years we have proven our commitment to the strict execution of our plans.

And we will build on this going forward when it comes to financial steering of the bank.

But we will add two very important dimensions. Customer and employee satisfaction are key drivers for future success.

Both will be part of management targets and closely monitored.

With our proven transformation management system we will make our strategy “Moving Forward” a success.

Let me conclude with the five key messages of our plan for 2027:

First: We are running a commercial bank with a customer-focused business model and a clean balance sheet.

Second: We will earn more than 11% return on tangible equity and meet cost of capital.

Third: We have a clear set of strategic initiatives to increase capital-light fee income.

Fourth: Efficiency and cost discipline remain high priorities to reach our targeted cost income ratio of 55%.

Fifth: We target a prudent CET1 ratio of 13.5% by returning capital to shareholders.

And now, Bettina and I are happy to take your questions.

The spoken word shall be binding.

Disclaimer

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