

IR Release

1 March 2022

Commerzbank raises targets for 2024

- Revenues to increase to €9.1bn and operating result to €3bn in 2024 – additional growth with potential rise in Euro interest rates
- Cost target for 2024 at €5.4bn
- Potential capital payout to shareholders of €3bn to €5bn
- Target for return on tangible equity (RoTE) for 2024 more than 7%
- Volume of sustainable financial products to increase to €207bn in 2022
- Third fund issued by CommerzVentures – volume of €300m
- Manfred Knof: “In view of the positive expectations, we aim to return more capital to our shareholders than previously planned.”

Regarding the war in Ukraine and Commerzbank’s exposure in Russia:

Commerzbank is deeply concerned about Russia’s attack on a sovereign European country and feels for the people in Ukraine.

It is closely monitoring further developments in Russia and Ukraine and will continuously adapt its business strategy and risk assessment to the current situation.

Commerzbank’s exposure in Russia and Ukraine is manageable and has already been significantly reduced in the past. At €1.3bn, the Russian net exposure corresponds to around 0.4% of Commerzbank’s total exposure. On top of this exposure, the Bank has around €0.6bn Russia related exposure which consists mostly of pre-export financing of commodities. The net exposure in Ukraine is less than €0.1bn. The Bank is complying fully with political decisions and sanctions.

Commerzbank employs around 135 people in Russia, where it mainly supports German SMEs and international companies with relations to Germany. Commerzbank has one employee in Ukraine.

So far, the Bank has not factored in any impact of the volatile situation to its financial planning.

At its Capital Markets Day on Tuesday, Commerzbank announced improved medium-term financial targets associated with its “Strategy 2024”. In view of the expected positive development in its customer business and the rising interest rates in Poland, the Bank has increased its revenue target for the 2024 financial year by around €400 million to €9.1 billion. In 2024, the Bank aims for an operating result of €3 billion; it had initially planned for an increase to €2.7 billion. With this, Commerzbank sees the potential to return more capital to its shareholders than previously planned. In total, the Bank intends to distribute €3 billion to €5 billion to shareholders through dividends and potential share buybacks until the 2024 financial year. For 2024, the Bank now expects a return on tangible equity of more than 7% for 2024.

“The good progress of our transformation and our strong customer business provide us with a tailwind. In view of the positive expectations for the coming years, we aim to return more capital to our shareholders than previously planned. We intend to offer our investors attractive returns and to distribute capital in a reliable manner. This is a cornerstone of our strategy,” said Manfred Knof, Chief Executive Officer of Commerzbank.

The total revenues of about €9.1 billion now expected for the 2024 financial year are €600 million higher than the figure for 2021. At the presentation of its “Strategy 2024” one year ago, the Bank had expected revenues of €8.7 billion for 2024. The increased target is mainly due to additional revenues at mBank as a consequence of growth and the higher interest rates in Poland. For its Private and Small-Business Customers segment in Germany and its Corporate Clients segment, the Bank plans for further moderate growth. Possible interest rate hikes by the European Central Bank are not included in the revenue expectations. If rate increases occur, substantial additional revenues would be possible.

The higher revenues at mBank in Poland are offset to some extent by additional costs from inflation. Consequently, Commerzbank has slightly adapted its cost target for 2024, from €5.3 billion to €5.4 billion. In the 2021 financial year, the costs at the Group were €6.7 billion. As the increased cost target will be more than compensated by higher revenues, Commerzbank now expects a cost income ratio of 60% for 2024; the previous target was 61%. The new target for the operating result is €3 billion in 2024 which is €300 million more than previously planned. In 2021, the Bank generated an operating result of almost €1.2 billion.

“We expect to continue with the positive momentum seen last year and are lifting our targets for 2024. We now expect higher revenues as well as a higher operating result than we aimed for at the beginning of our ‘Strategy 2024’. As the effects of possible increases of Euro interest rates are not included in our targets, we see further upside potential,” said Bettina Orlopp, Chief Financial Officer.

With its “Strategy 2024”, Commerzbank is developing into *the* digital advisory bank for Germany, which stands for customer-centricity, digitalisation, sustainability, and profitability. On the path to

achieving this goal, it will reach further milestones in 2022. From autumn onwards, the central advisory centres are scheduled to start operations at all 12 planned locations and customers will gain access to personal advice at these sites. The optimisation of the branch network will be concluded by the Bank, with the number of branches reduced by around a further 100 to reach the target size of 450. The personal service for premium customers with high advisory needs will be further expanded by offering new products in asset and wealth management. “We are aligning our resources to areas relevant to our customers and are united in our aim to positively surprise customers with our products and services – digitally and personally,” said Thomas Schaufler, Member of the Board of Managing Directors responsible for the Private and Small-Business Customers segment. “A clear customer focus will be key to reaching our profitability goals.”

The Bank has also set clear targets for efficiency gains in its Corporate Clients segment. It confirms its goal of reducing its proportion of business with low RWA efficiency to 22% by 2024. In 2021, it had already reduced the proportion more strongly than planned by 5 percentage points to 29%. In addition, the Bank will continually expand its digital product offering through to 2024. This year, Commerzbank will enlarge its direct bank offering for further corporate clients, introduce the new coverage model for its SME clients, and continue with the streamlining of its international network. The objective is to have closed 10 of the 15 locations scheduled for closure by the end of the year. “We are and will remain the Bank for Germany’s Mittelstand and are deeply rooted in the German regions. We are also the leading financier of Germany’s foreign trade and are located internationally where our clients need us,” said Michael Kotzbauer, Member of the Board of Managing Directors responsible for the Business Segment Corporate Clients. “We are a highly innovative, strategic partner for our clients and will actively accompany them into the future.”

Further potential for the financial performance of the Bank is provided by CommerzVentures. As of 1 April 2022, Commerzbank will launch its third venture capital fund since 2014. This fund will have a volume of €300 million which means it is €50 million larger by volume than the first two funds together. In past years, CommerzVentures has made positive contributions to the revenues of the Bank. The investment focus of the third fund will once again be on companies from the fintech and insurtech environment. Newly included will be start-ups focussing on crypto-technology and decentralised finance, on blockchain-based decentralised applications for the financial sector, as well as technology companies at the interface between financial services and sustainability solutions known as “climate fintechs”.

The Bank intends to further accelerate the pace when it comes to sustainability. The volume of sustainable financial products is to increase to €207 billion in 2022, after it had risen to €194 billion in 2021. The commitment is to channel €300 billion into sustainable products by 2025. The core element of the sustainability strategy is the net-zero target. By 2050 CO₂ emissions of the entire loan and investment portfolio are to be reduced to net zero. The management of the CO₂ intensity is currently being launched with using the methodology of the “science-based targets initiative”. Commerzbank has begun to set ambitious targets to reduce the CO₂ footprint of its customer

portfolios and is the first German bank to do so. It has already determined targets for two CO₂-intensive industries by 2030: the emissions related to the electricity generation loan portfolio will be reduced by more than 75% and those of the automotive manufacturers portfolio by more than 45%. A further milestone will be reached in the third quarter of 2022 when the Bank will set concrete reduction targets for all the relevant industries in its loan and investment portfolios.

About Commerzbank

Commerzbank is the leading bank for the German Mittelstand and a strong partner for around 28,000 corporate client groups and around 11 million private and small-business customers in Germany. The Bank's two Business Segments – Private and Small-Business Customers and Corporate Clients – offer a comprehensive portfolio of financial services. Commerzbank transacts approximately 30 per cent of Germany's foreign trade and is present internationally in almost 40 countries in the corporate clients' business. The Bank focusses on the German Mittelstand, large corporates, and institutional clients. As part of its international business, Commerzbank supports clients with German connectivity and companies operating in selected future-oriented industries. Following the integration of Comdirect, private and small-business customers benefit from the services offered by one of Germany's most advanced online banks combined with personal advisory support on site. Its Polish subsidiary mBank S.A. is an innovative digital bank that serves approximately 5.5 million private and corporate customers, predominantly in Poland, but also in the Czech Republic and Slovakia. In 2021, Commerzbank generated gross revenues of some €8.5 billion with around 46,500 employees.

Disclaimer

This release contains forward-looking statements. Forward-looking statements are statements that are not historical facts. In this release, these statements concern inter alia the expected future business of Commerzbank, efficiency gains and expected synergies, expected growth prospects and other opportunities for an increase in value of Commerzbank as well as expected future financial results, restructuring costs and other financial developments and information. These forward-looking statements are based on the management's current plans, expectations, estimates and projections. They are subject to a number of assumptions and involve known and unknown risks, uncertainties and other factors that may cause actual results and developments to differ materially from any future results and developments expressed or implied by such forward-looking statements. Such factors include the conditions in the financial markets in Germany, in Europe, in the USA and other regions from which Commerzbank derives a substantial portion of its revenues and in which Commerzbank holds a substantial portion of its assets, the development of asset prices and market volatility, especially due to the ongoing European debt crisis, potential defaults of borrowers or trading counterparties, the implementation of its strategic initiatives to improve its business model, the reliability of its risk management policies, procedures and methods, risks arising as a result of regulatory change and other risks. Forward-looking statements therefore speak only as of the date they are made. Commerzbank has no obligation to update or release any revisions to the forward-looking statements contained in this release to reflect events or circumstances after the date of this release.