

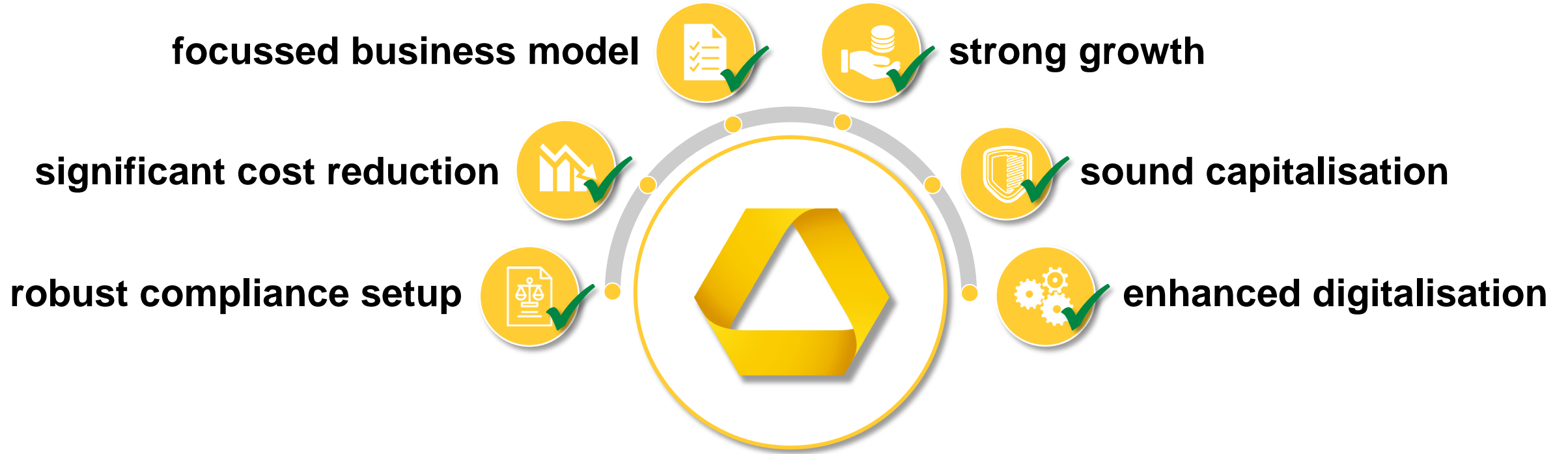


Commerzbank 5.0

Strategy Update



Commerzbank 4.0 has substantially delivered



Achievements of Commerzbank 4.0



Strong growth in our core segments PSBC and CC

Private and Small Business Customers



Customers (GER)

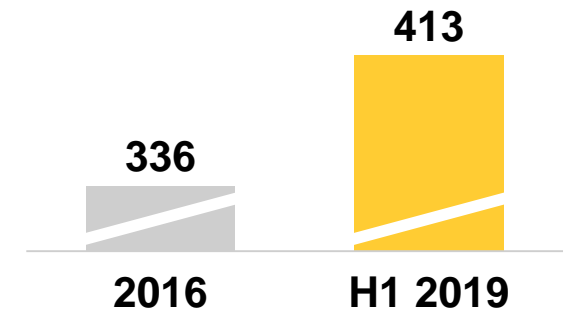
(since 10/2016)



+1.3m
net new customers

Assets under Control (GER)

(in €bn eop)



Corporate Clients



Customers

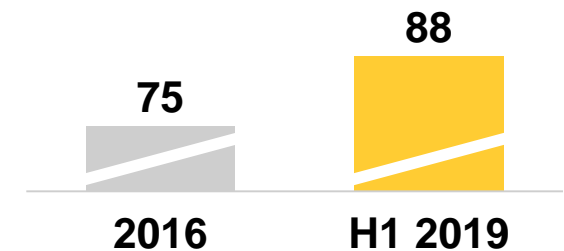
(since 01/2016)



+11.4k
net new customers

Loan Volume Corporates

(in €bn eop)

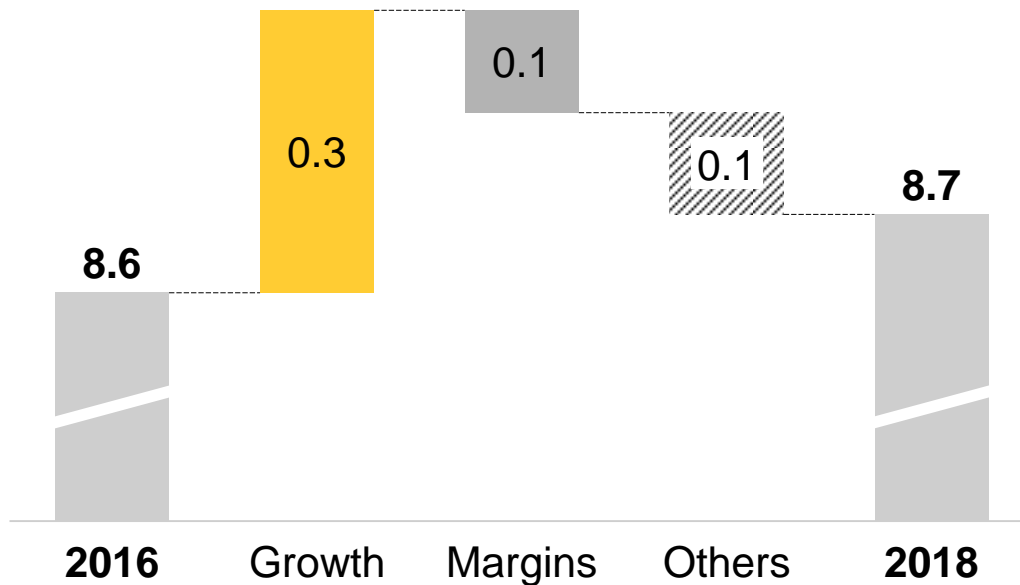




Tangible results from growth and cost management

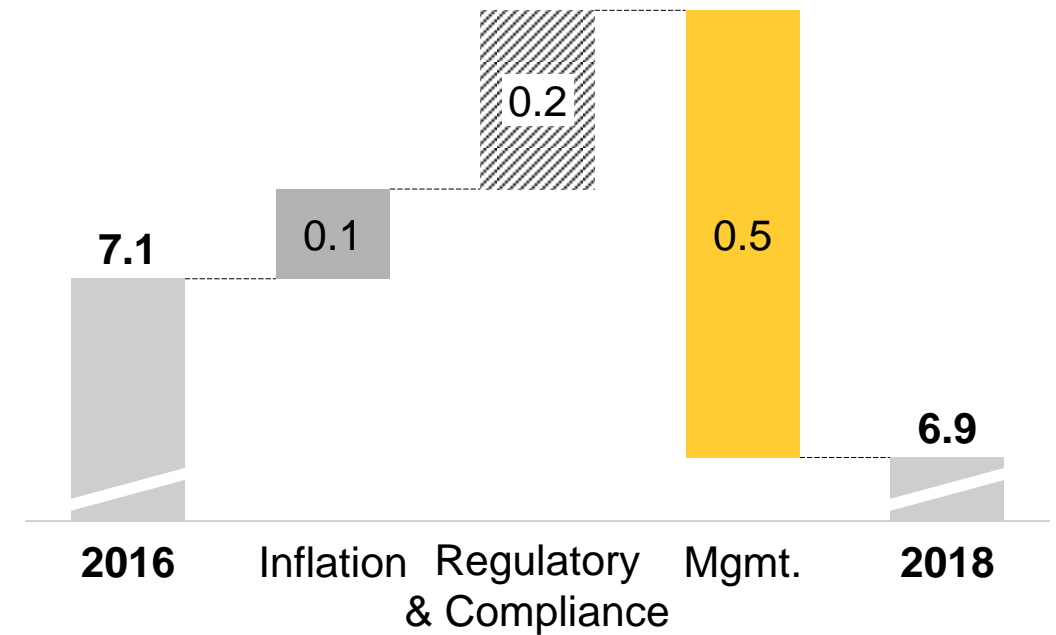
Growth in clean revenues

(in €bn)



Successful cost management

(in €bn)





Taking on the increased challenges

Even **lower rates** for
even longer

Ever rising regulatory
requirements



**Late macroeconomic
cycle**

**Margin pressure in
highly competitive market**

**Accelerated move to digital
and mobile channels**



Basic ingredients of Commerzbank 4.0 are the right ones

Key insights Commerzbank 4.0

Commerzbank 5.0

Growth in German market is feasible



Balance with capital requirements

Revenues are a challenge



Leverage profitability of client relationships

Successful cost management



Further savings require **additional investments**

Digitalisation is crucial **success factor**



Investments necessary to accelerate the pace

Positive customer feedback



Further **extend customer relationships**



Commerzbank 5.0 – the next strategic step

PSBC



Mobile & Personal

Corporate Clients



Profitability & Growth

IT & Operations



Capability & Efficiency

Digital – Personal – Responsible



PSBC 5.0 – Mobile & Personal



1 Client Profitability

2 Growth

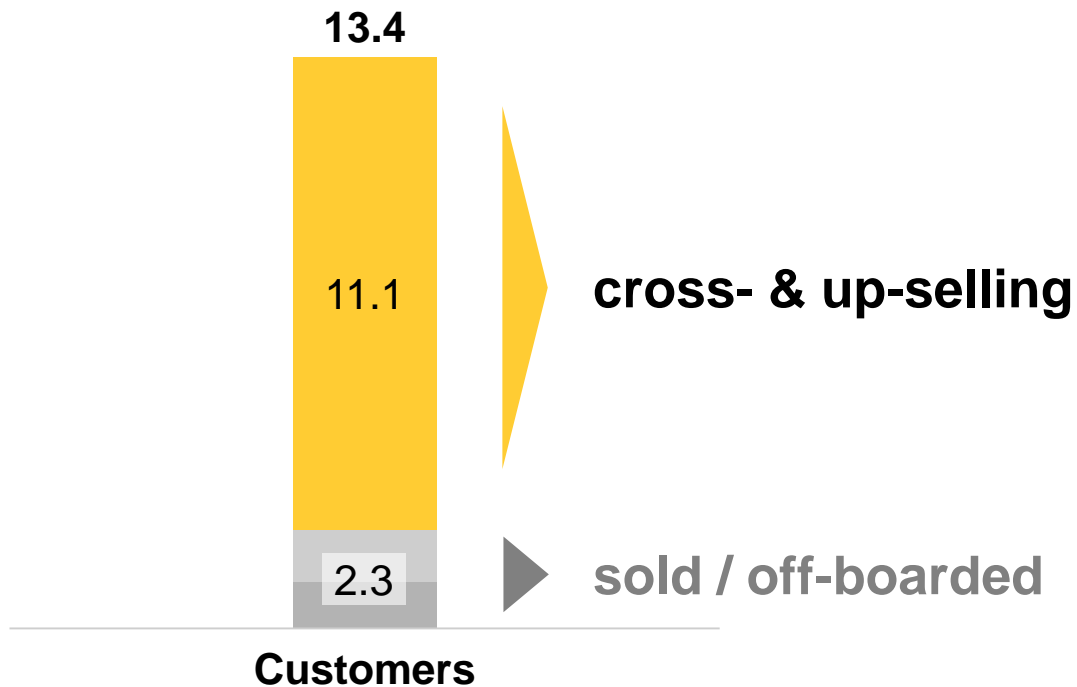
3 Efficiency



Utilise the potential of high quality customer base

Customer base PSBC Germany

(in m, as of H1 2019) ■ Current customers ■ Inactive accounts ■ ebase



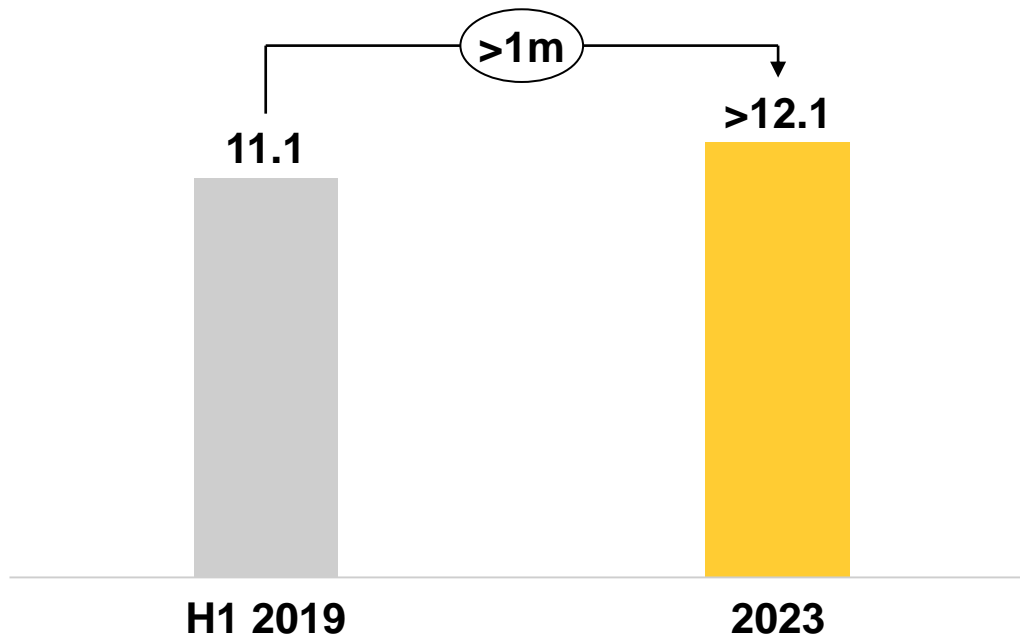
- › Utilisation of the mobile potential of our customer base is first strategic priority
- › Data and algorithms allow for individual offerings to increase cross- and up-selling
- › Innovative pricing – client behaviour becomes decisive factor: “Fair Use Policy”



PSBC 5.0 continues our successful growth story

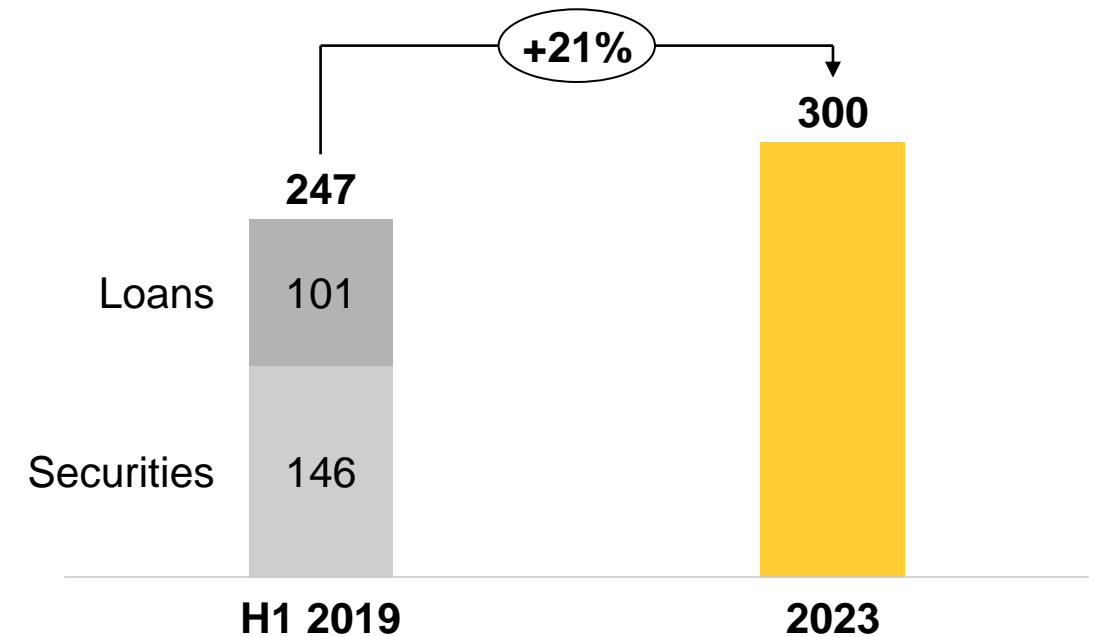
Technology and data drive cost-efficient customer acquisition

(Customers in m, PSBC Germany excl. ebase and inactive accounts)



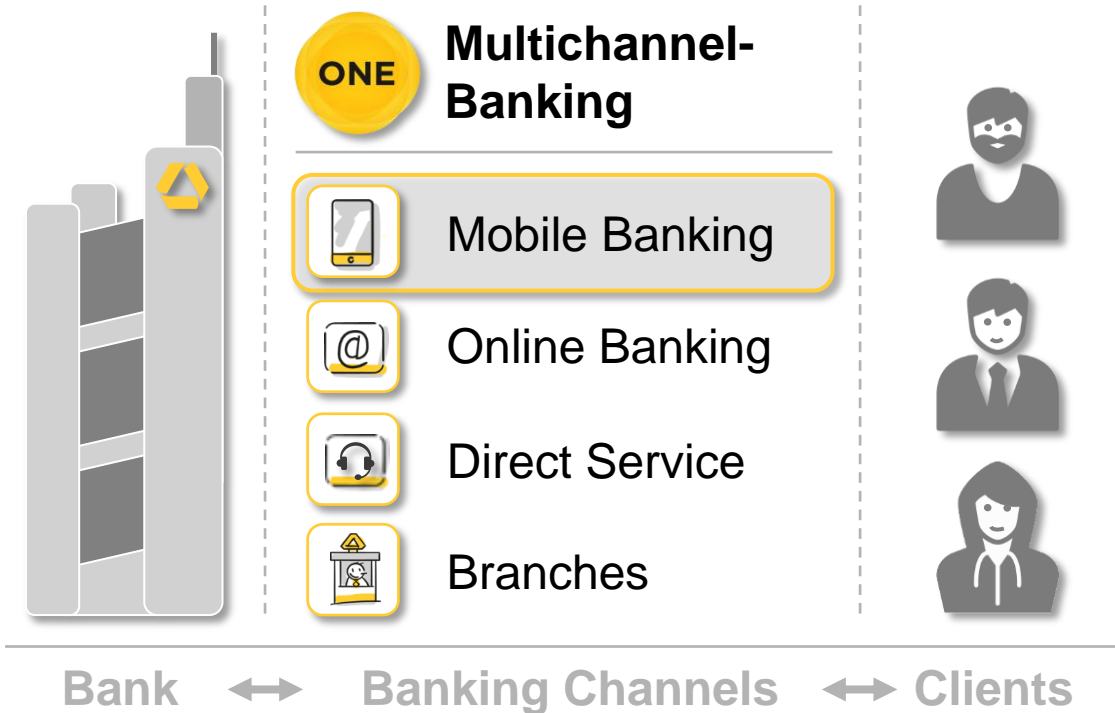
Targeted growth in loans & securities reflects priority on existing client base

(Loan & Securities Volume in €bn, PSBC Germany excl. ebase)





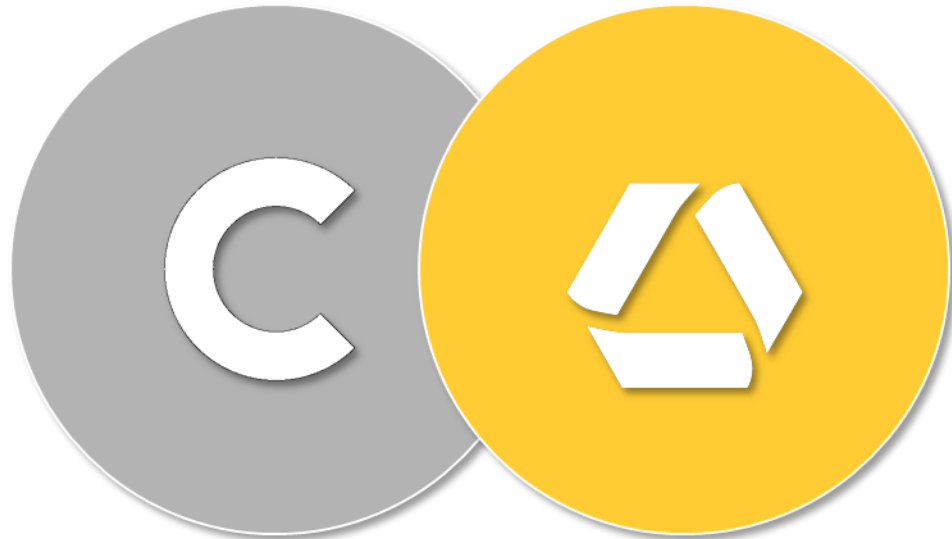
PSBC 5.0 strategy drives higher efficiency



- › Growing client preference for self-services, mobile banking and digital services
- › New efficient client coverage model with centralised client relationship management
- › Closure of ~200 branches – we remain nationwide and personal with 800 branches



comdirect to be merged with Commerzbank AG



- › “Mobile first” leads to convergence of business models
- › Efficiencies from avoiding duplicate investments and redundancies
- › Leverage unique brokerage platform and digital capabilities of comdirect



Corporate Clients 5.0 – Profitability & Growth



1 Mittelstand

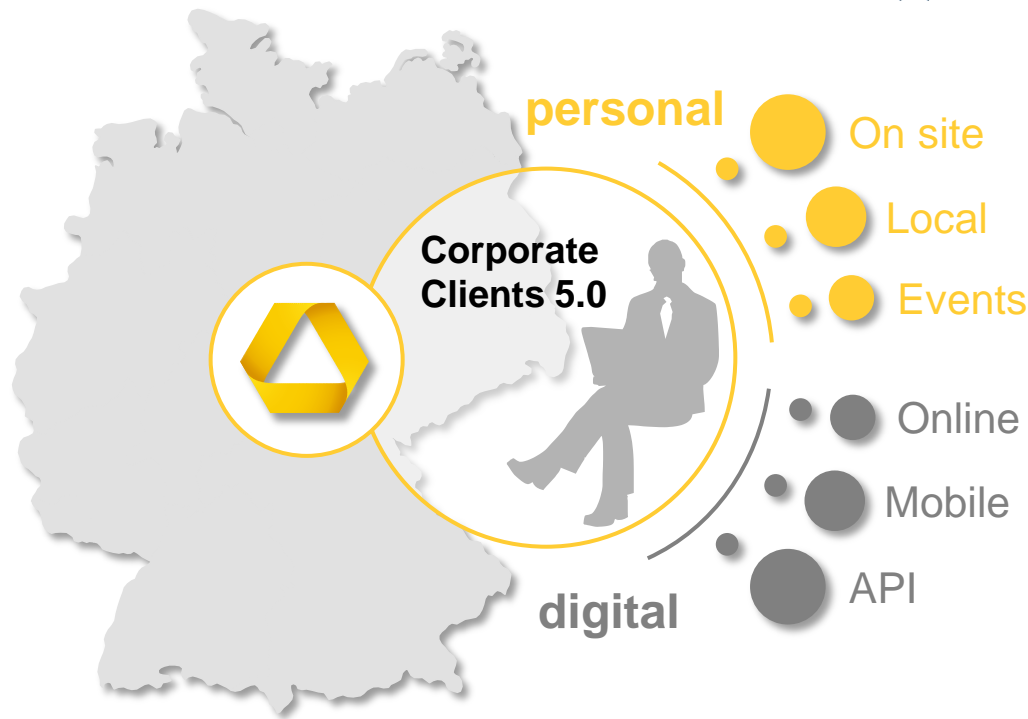
2 Sector Expertise

3 Efficiency



Increase share of wallet with German Mittelstand

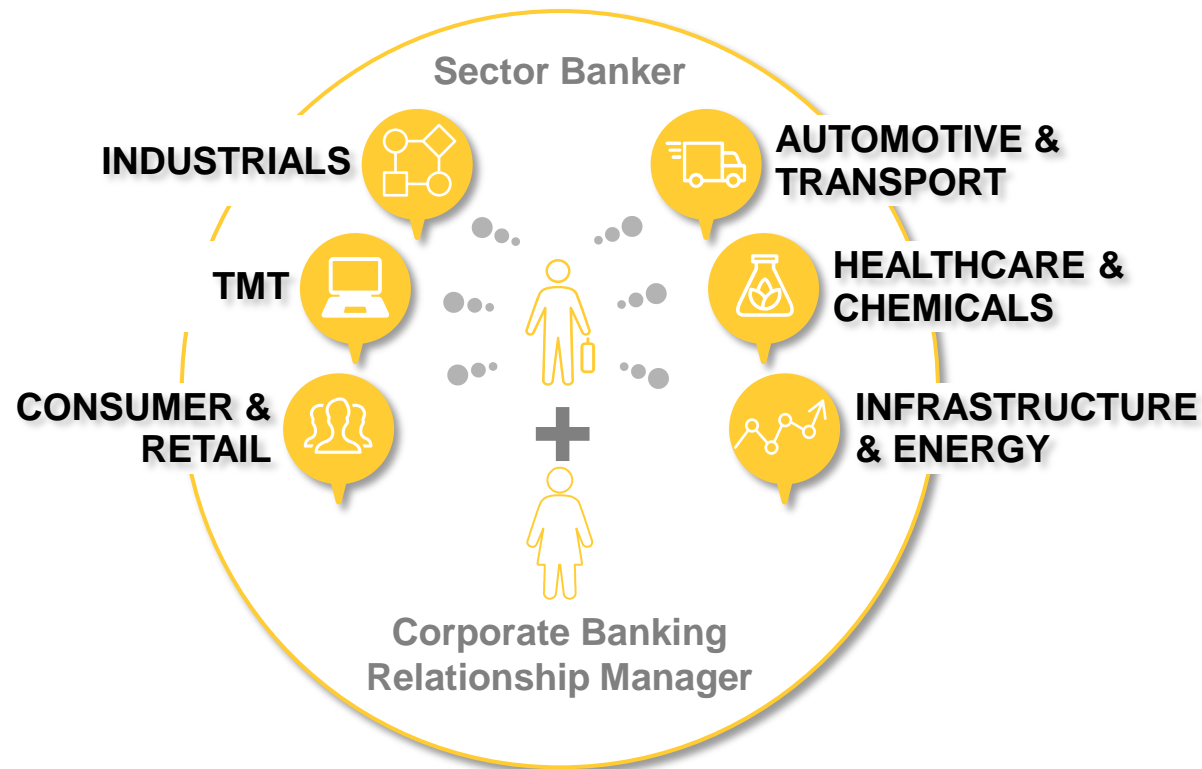
No.1 Mittelstandsbank in Germany



- › Enhancing leading position in Germany with additional ~150 front office FTEs
- › Increased effectiveness of corporates business with additional FTEs in support functions
- › Deepen client relationships with smaller Mittelstand customers



Comprehensive roll-out of well regarded sector approach



- › Roll-out of sector approach from ~100 to >500 German and European large corporates
- › Strengthening European footprint to intensify business with Mittelstand and large corporates
- › Focus on markets and sectors where we have proven experience and knowledge



High capital efficiency and cost discipline

**Capital
efficiency as
guiding principle**



- › Further growth conditional on capital discipline
- › Clear return-thresholds for new business
- › Review of existing portfolios

**Maintain high
level of cost
discipline**



- › Platform consolidation in international locations
- › Increase standardisation among segment units
- › Further reduction of complexity



IT & Operations 5.0 – Capability & Efficiency



- 1 Campus 2.0
- 2 IT Architecture
- 3 Efficiency



Campus 2.0 – our integrated digital delivery model

Campus 2.0 combines business and IT in agile teams

- › Delivery organisation substantially increases customer benefits by enhancing digital output quantity
- › Faster “time-to-market” – significantly accelerated software development
- › More efficient use of resources – New Technology Foundation as basis of Campus 2.0



Big Data



Cloud



API



CI/CD¹⁾

1) CI/CD = Continuous Integration / Continuous Deployment



Delivery model backed by modernised IT architecture

Comprehensive IT architecture measures



Implementation of mobile first approach



Modernisation of security architecture



Transformation of mainframe



Increase degree of standardisation



Shutdown of redundant systems



cost reduction



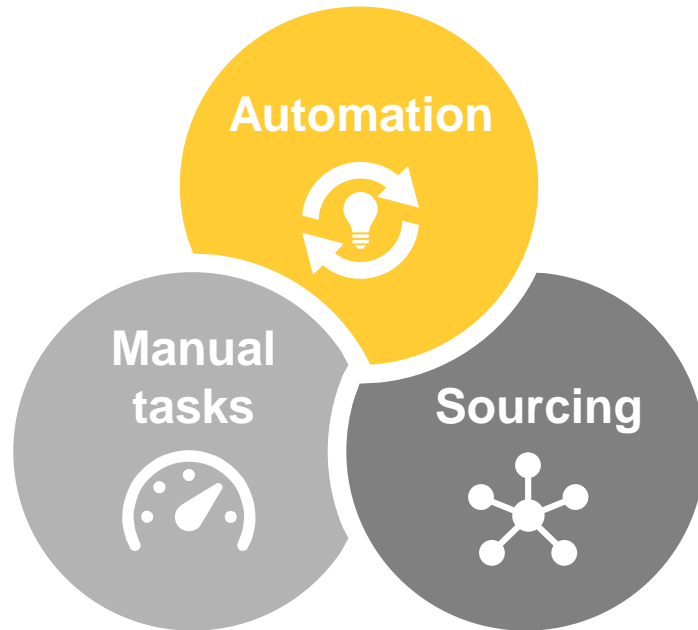
cost avoidance



high security standards



Operational focus on greater efficiency



Further digitalisation and automation of processes



Smart management of remaining manual tasks



Ongoing evaluation and execution of sourcing-options



Commerzbank 5.0 delivers significant cost savings

A decorative graphic on the left side of the slide, featuring a grey curved line with four yellow circular markers. A yellow recycling symbol is positioned to the left of the second and third markers.

€1bn gross and €600m net cost reduction 2023 vs. 2019e

Gross reduction of ~4,300 FTEs – ~2,300 FTEs on net basis

~€1.6bn cost-to-achieve: €750m IT & €850m restructuring

Implementation of dedicated cost management unit



Sell mBank to advance investments and growth



- › Clear decision to focus PSBC on core German business
- › Unlock of high value potential of domestic franchise
- › Self-financing of Commerzbank 5.0 through sales proceeds and RWA relief



Commerzbank 5.0: digital – personal – responsible

PSBC



Mobile & Personal

Corporate Clients



Profitability & Growth

IT & Operations



Capability & Efficiency

Growth in customers & assets and rising revenues until 2023

Cost efficiencies of €1bn and net cost reduction of €600m until 2023

Cost-to-achieve of €1.6bn for strategic program Commerzbank 5.0

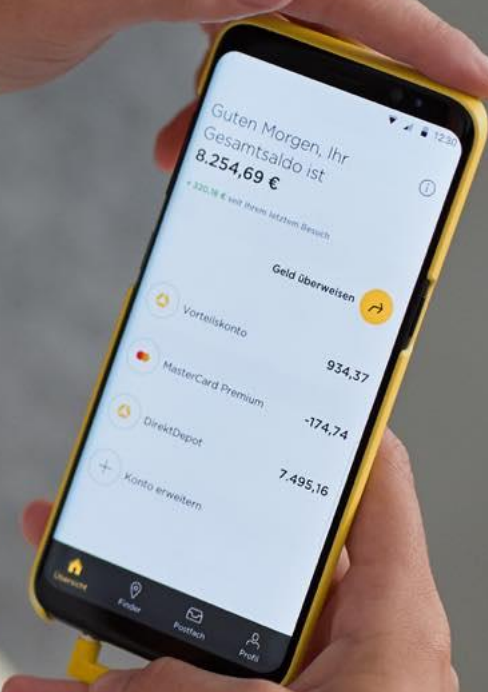
12-13% CET1 target range and objective of continuous dividend distribution

>4% RoTE in 2023 with upside potential for >5%



Commerzbank 5.0

**digital - personal
responsible**



Commerzbank 5.0

Financials

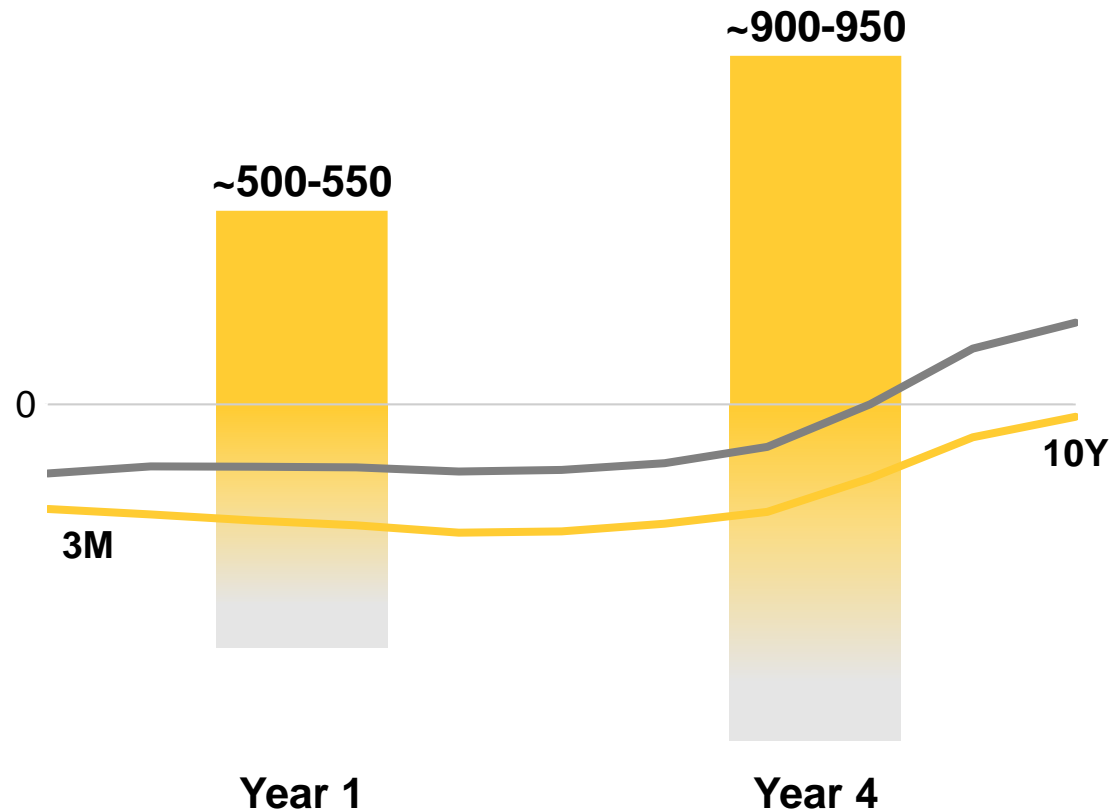


Commerzbank 5.0 tackles burden from negative rates

Scenario impact 100bps parallel shift on NII

(Impact in €m, Yield curves = Euro swap curve in %)

— Yield curve as of October 2016 — Yield curve as of September 2019



- › Further pressure from ECB deposit facility at -0.5% and QE – Tiering “only” mitigating factor
- › High volume single deposits under review regarding pricing and fees
- › We no longer expect higher underlying revenues 2019 vs. 2018



Despite headwinds, we aim for rising revenues until 2023

+ Supportive measures

- › **Growth in customers and loan & securities volume** in PSBC
- › **Pricing measures and cross- & up-selling** of existing high-quality customer base
- › Enhanced **share of wallet** with **Mittelstand**
- › Comprehensive **roll-out of sector expertise**

- Burdening headwinds

- › **Even lower** for **even longer** rate environment
- › Continuing **pressure on margins**
- › **Macroeconomic slow-down** and effects of **trade wars**
- › **Regulatory requirements**, e.g. MiFID II

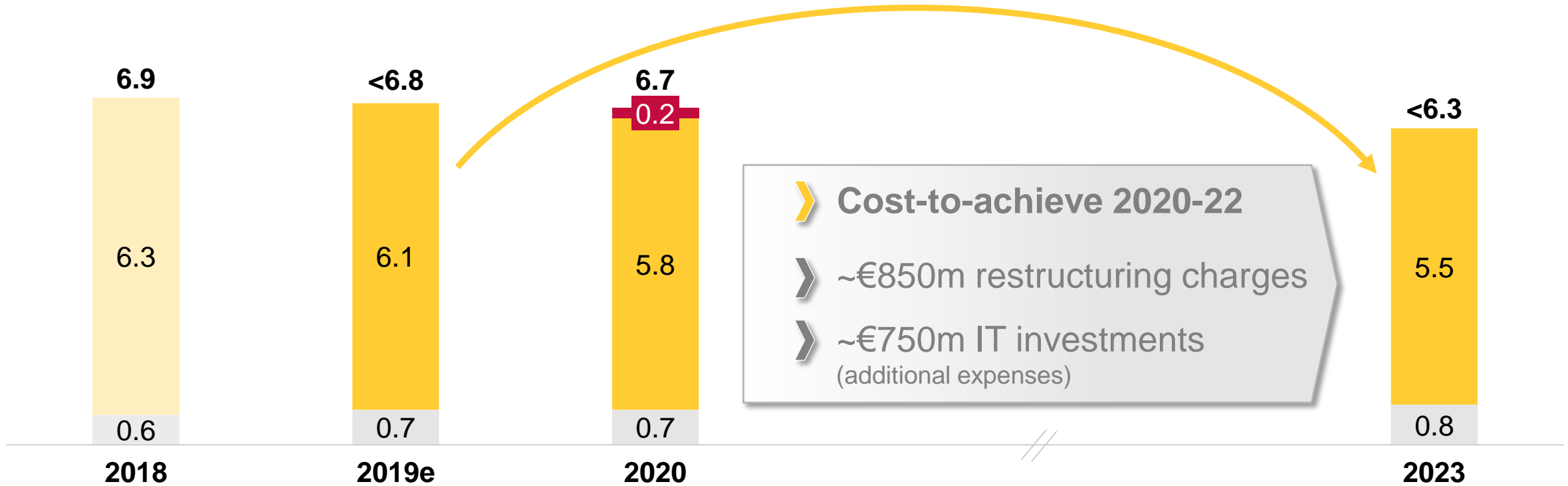


Commerzbank 5.0 will deliver €600m net cost savings

Operating expenses 2018 – 2023

(in €bn, incl. levies) ■ Commerzbank excl. mBank ■ mBank ■ Increased regulatory costs and delay of efficiencies from IT delivery model

€600m net cost savings Commerzbank excl. mBank

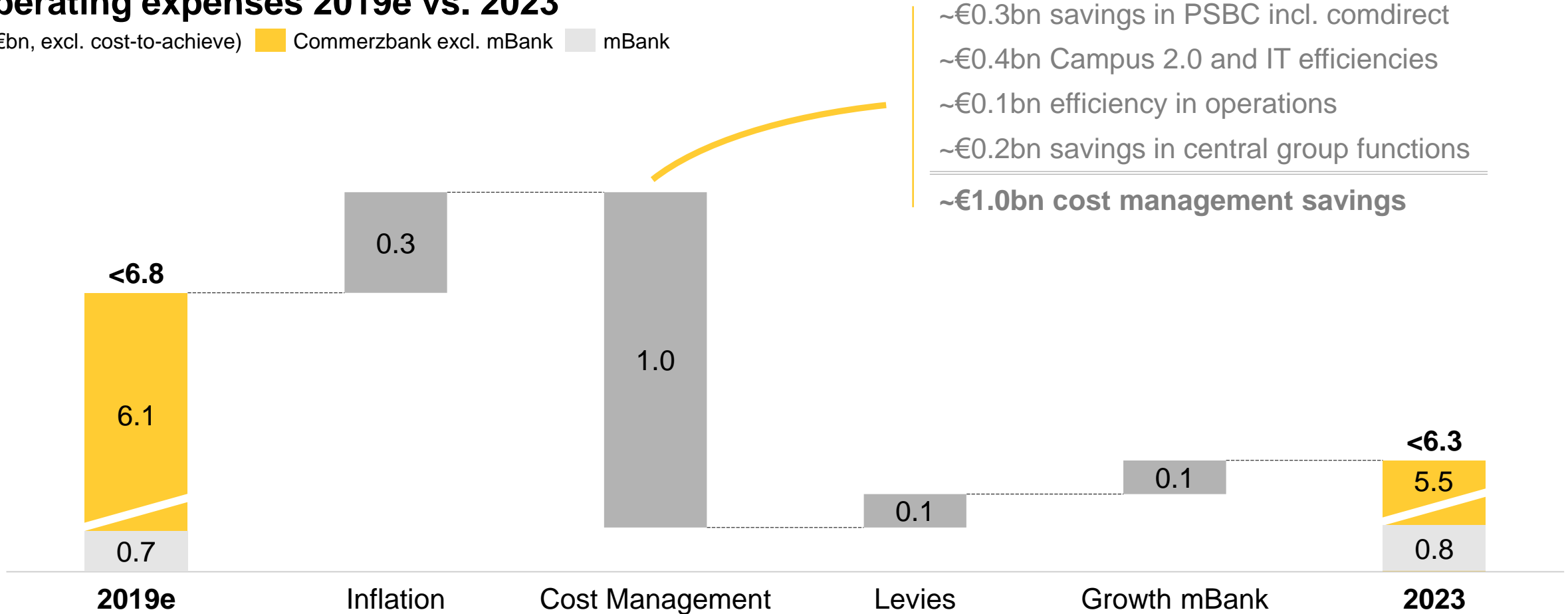




€600m net savings improve CIR excl. mBank by ~8%pts

Operating expenses 2019e vs. 2023

(in €bn, excl. cost-to-achieve) ■ Commerzbank excl. mBank ■ mBank





Detailed action plan to reach €1bn gross cost savings

PSBC incl. comdirect

€0.3bn



- › New client coverage model – closure of ~200 branches
- › Further savings through digitalisation
- › Efficiencies from merger with comdirect

Campus 2.0 and IT

€0.4bn



- › Increased cost-efficient nearshore capacity
- › Further reduction of Run-the-Bank costs through platform consolidation
- › Enhanced collaboration model with joint Change and Run responsibility

Efficiency in operations

€0.1bn



- › Further digitalisation of client and internal processes
- › Efficiency increase through smart automation and process streamlining
- › Cost reduction through associated headcount reductions

Central group functions

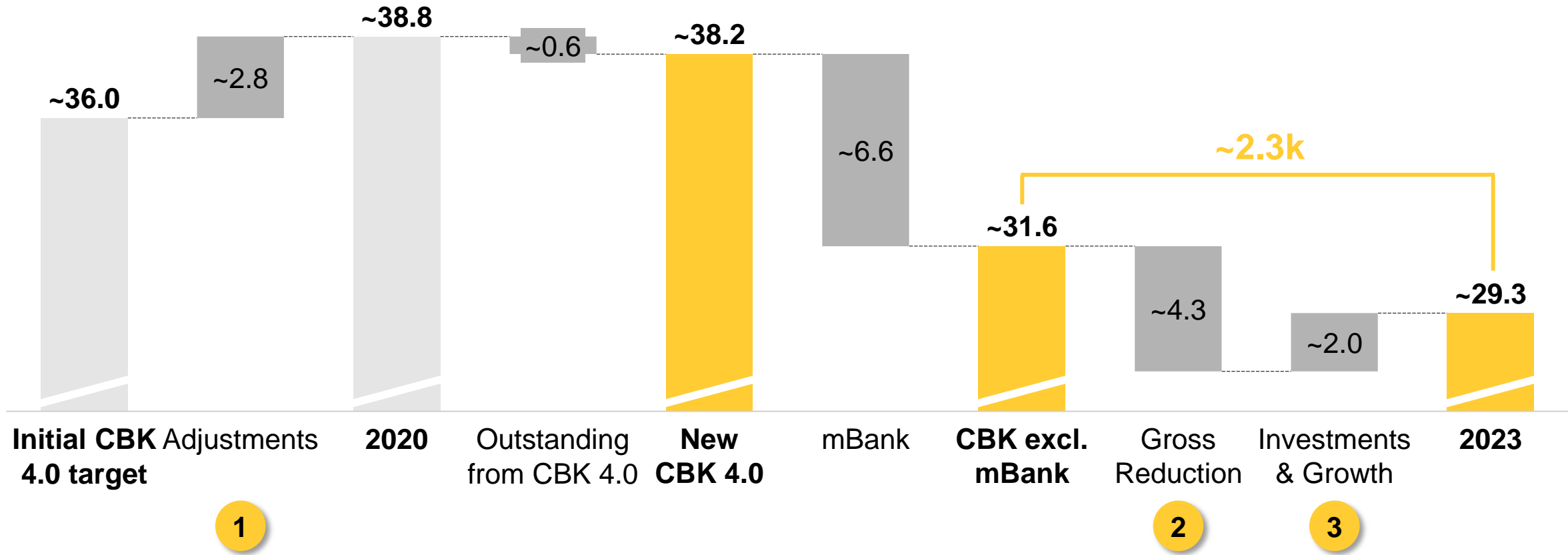
€0.2bn



- › Optimisation of head office functions
- › Further streamlining of divisional functions
- › Implementation of dedicated cost management unit



Additional reduction of ~2.3k FTEs on adjusted 4.0 target



- 1**
- › Increase in compliance functions
 - › Internalisation & insourcing
 - › Growth of subsidiaries
 - › Purchase of onvista and CFG

- 2**
- › Coverage model & branch closures
 - › Merger comdirect with Commerzbank
 - › Streamlining central group functions
 - › Domestic IT/Ops functions

- 3**
- › PSBC direct service
 - › CC front office sales
 - › Risk management and support
 - › IT/Ops nearshore locations



Strategic measures require ~€1.6bn cost-to-achieve

~€850m Restructuring

- › ~€150m for **branch network optimisation** and facilities
- › ~€700m restructuring charges for **FTE reduction**
- › Restructuring costs per FTE reflect targeted speed of execution and current social compensation plan

~€750m IT investments (additional expenses)

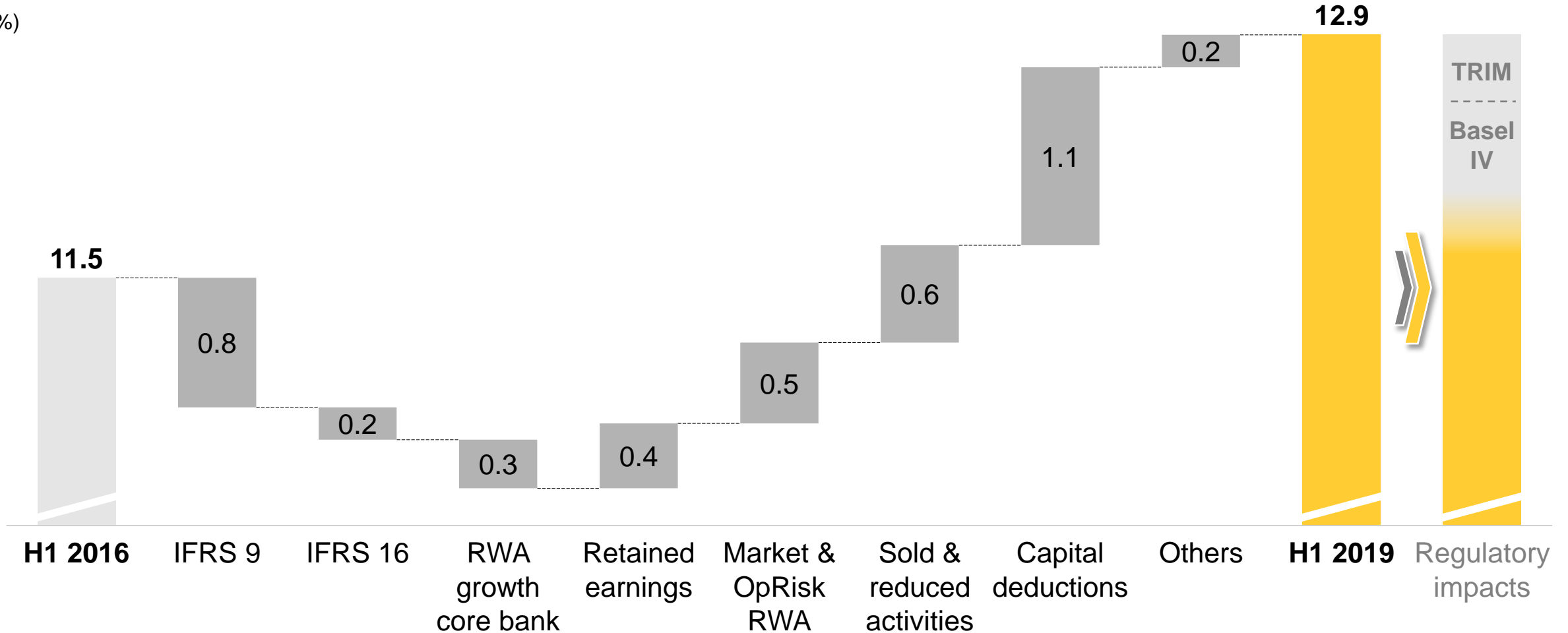
- › ~30% for **digitalisation** and **mobile first** approach in **PSBC**
- › ~25% for **digitalisation** and **growth** in **Corporate Clients**
- › ~45% for comprehensive **IT architecture** measures



Proven track record on capital management

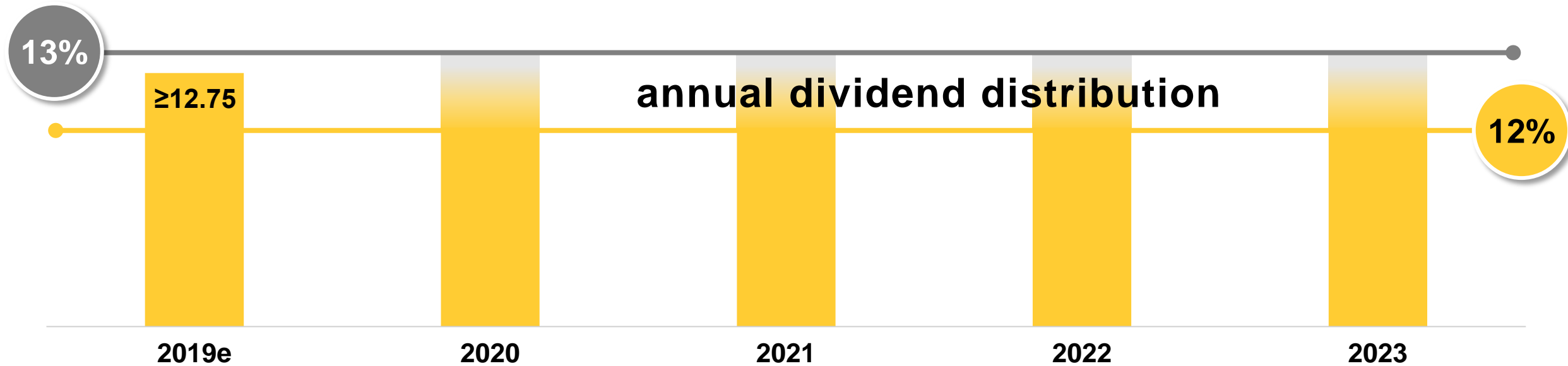
Transition of CET1 ratio

(in %)





Commerzbank 5.0 targets a solid 12-13% CET1 ratio



Retained earnings

Capital efficiency

mBank sale

RWA from growth

Regulation, e.g. Basel IV

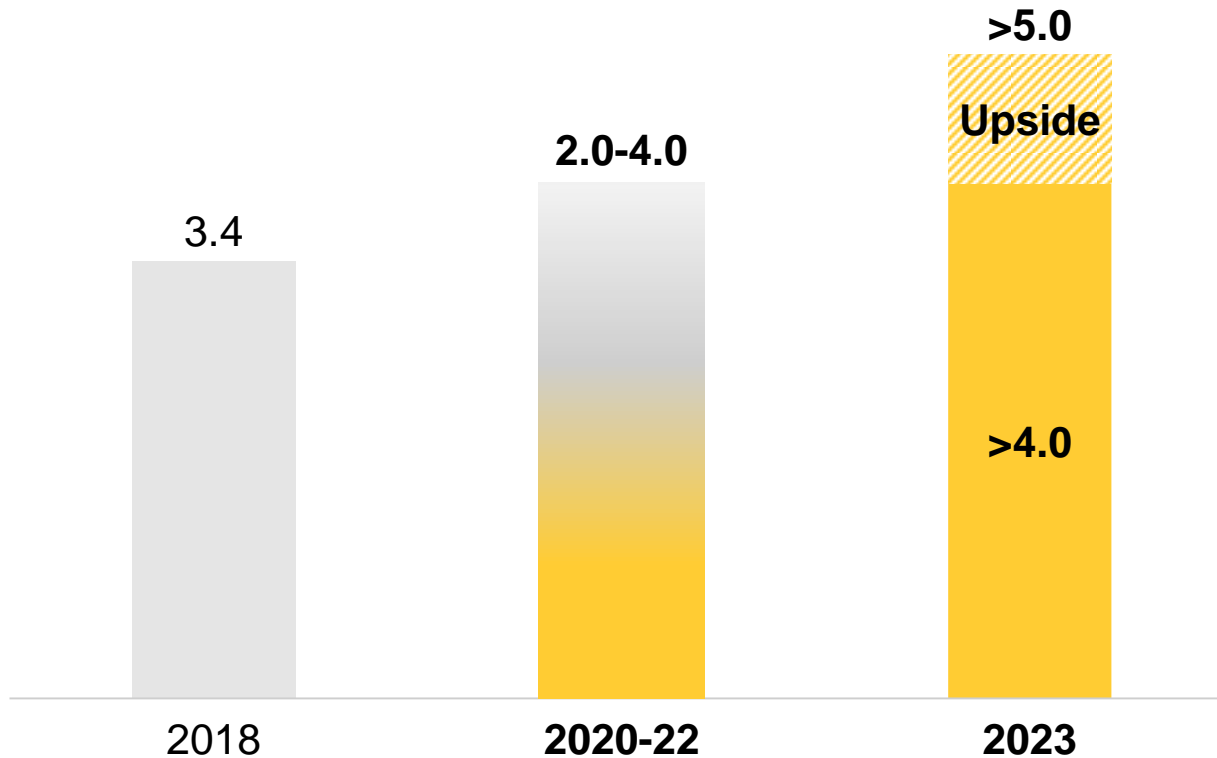
Cost-to-achieve



Objective of reliable dividends and RoTE >4% in 2023

Return on Tangible Equity

(in %)



Additional upside potential for RoTE >5% from rates, growth and cost management



2020-22 expected RoTE of 2-4% reflects ~€1.6bn cost-to-achieve

RoTE of >4% achievable in 2023



comdirect to be merged with Commerzbank AG

Rationale

- › **“Mobile first”** leads to **convergence of business models**
- › **Efficiencies** from **avoiding duplicate investments** and **sharing product expertise and platform**

Financials

- › **Voluntary takeover offer** to free float shareholders
- › Enabling **cost synergies of ~€150m**

Client benefits

- › Create **leading client-centric mobile user experience**
- › Leverage **unique brokerage platform** and **digital capabilities of comdirect**



Sell mBank to advance investments and growth

Rationale

- › Clear decision to **focus PSBC on core German business**
- › **Unlock high value potential** of domestic franchise

Financials

- › **Positive P&L effect** from **sales proceeds**
- › **Deconsolidation** of mBank revenues and **costs** at closing

Capital relief

- › **~€17bn RWA release** based on 2019e
- › Sale of mBank helps **negate** a future **D-SIB increase of 50bps**



Commerzbank 5.0: digital – personal – responsible

PSBC



Mobile & Personal

**>1m net new customers and
€300bn Loans and Securities**

**Increase active Digital
Banking Users**

Corporate Clients



Profitability & Growth

**>1.7k gross new client groups in
Mittelstand (GER & Eurozone)**

**Revenue growth through
sector approach**

IT & Operations



Capability & Efficiency

**80% of decentral applications
on cloud technology**

**Tripling of IT-Nearshore
capacities**



Targets 2023 of strategy Commerzbank 5.0

Costs (incl. / excl. mBank)



<€6.3bn / <€5.5bn

RoTE



>4% & upside for >5%

CET1 Ratio



12-13%



Commerzbank 5.0

**digital - personal
responsible**



For more information, please contact our IR team

Christoph Wortig (Head of Investor Relations)

P: +49 69 136 52668

M: christoph.wortig@commerzbank.com

Mail: ir@commerzbank.com

www.ir.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

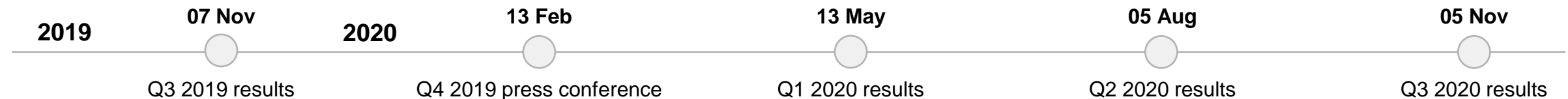
M: jutta.madjlessi@commerzbank.com

Dirk Bartsch (Head of Strategic IR / Rating Agency Relations / ESG)

P: +49 69 136 22799

M: dirk.bartsch@commerzbank.com

Financial calendar





Disclaimer

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