

Press release

For business editors
20 September 2019

Commerzbank releases cornerstones of new strategic programme Commerzbank 5.0

In light of the current media coverage on its strategy, Commerzbank AG today announces: The Board of Managing Directors has developed a draft of its new strategy “Commerzbank 5.0” and submitted it to the Supervisory Board for consideration. The draft will be discussed with the Supervisory Board on 25 and 26 September 2019 and then presented at press and investor conferences. The Board of Managing Directors and the Supervisory Board have not yet taken decisions on any items of the draft strategy.

With its new strategic programme, Commerzbank is enhancing the long-term sustainability of its business. In the segment Private and Small Business Customers, Commerzbank will focus on the expansion of its mobile banking capabilities and the possible merger of comdirect bank Aktiengesellschaft (“Comdirect”) into Commerzbank. The Bank’s branch network remains a pillar of Commerzbank’s strategy. In the Corporate Clients segment the Bank intends to strengthen its distribution capability, also in particular with corporates in the Mittelstand (SME) segment. As part of its strategy, Commerzbank is planning to invest significantly in technology. The draft strategy foresees total investments of around 1.6 billion euros. Investments in digitalisation, IT infrastructure and growth account for an estimated 750 million euros of this, while restructuring costs in connection with necessary headcount reduction and planned modifications to the branch network account for the remaining 850 million euros. The Bank will retain a nationwide presence in Germany with around 800 branches, which reflects a reduction of 200 compared to today.

A further Group-wide headcount reduction is regrettable but inevitable. An estimated additional 4,300 full-time positions would be shed across the Group. The planned increase of around 2,000 full-time positions in strategic areas would take the anticipated net Group-wide headcount reduction to around 2,300 full-time positions. The details will be worked out over the next few months in consultation with the employee representative committees. The aim would be to implement the planned headcount reduction as socially responsible as possible.

Investment capacity to be strengthened by the sale of the majority stake in mBank

The draft strategy foresees the sale of Commerzbank’s majority stake in mBank S.A. (“mBank”). This would allow the Bank to generate the financial resources enabling a faster implementation of its strategy and the associated investments. The sale would result in a marked reduction in risk-weighted assets by around 17 billion euros and a release of equity capital at Commerzbank. The planned sale of mBank would be subject to regulatory approvals.

Planned purchase offer for comdirect bank Aktiengesellschaft

As the business models of Commerzbank and Comdirect become more closely aligned on the back of progressive digitalisation, the draft strategy also envisages the merger of Comdirect into Commerzbank. Against this background, Commerzbank is considering making a purchase offer to Comdirect's outstanding shareholders under usual conditions. According to the draft strategy, Commerzbank would offer Comdirect's shareholders a premium of presumably 25 percent on the unaffected Comdirect share price. The Bank currently already holds an 82 percent stake in Comdirect.

Medium term targets by 2023

The further development of the strategy is intended to help the Bank achieve additional growth in customers and assets, and higher revenues by 2023, even if the market environment continues to deteriorate. Commerzbank would aim for a cost level in 2023 of around 600 million euros lower than in the current year. This would result in a cost base of no more than 5.5 billion euros in 2023 following the sale of mBank. After the implementation of its strategy, the Bank is targeting a Return on Tangible Equity of more than four percent in the medium-term. The capital ratio is set to remain at 12 to 13 percent. In conjunction with the targeted Return on Tangible Equity, this should enable the Bank to pay regular dividends.

Press contact

Margarita Thiel +49 69 136-46646

About Commerzbank

Commerzbank is a leading international commercial bank with branches and offices in almost 50 countries. In the two business segments Private and Small Business Customers and Corporate Clients, the Bank offers a comprehensive portfolio of financial services which is precisely aligned to its clients' needs. Commerzbank finances approximately 30% of Germany's foreign trade and is the leading finance provider for corporate clients in Germany. Due to its in-depth sector know-how in the German economy, the Bank is a leading provider of capital market products. Its subsidiaries Comdirect in Germany and mBank in Poland are two of the world's most innovative online banks. With approximately 1,000 branches, Commerzbank has one of the densest branch networks among German private banks. In total, Commerzbank serves more than 18 million private and small business customers, as well as more than 70,000 corporate clients, multinationals, financial service providers, and institutional clients worldwide. In

2018, it generated gross revenues of €8.6 billion with approximately 49,000 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.