

## Press Release

For business editors  
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### Commerzbank to significantly increase profitability through deep restructuring and comprehensive digitalisation

- **Commerzbank announces cornerstones of its new strategy, resolution by Board of Managing Directors planned for 3 February 2021**
- **Overall headcount reduction of 10,000 full-time equivalents (FTEs) intended**
- **Reduction of number of branches to 450**
- **Reduction of cost base by €1.4 billion targeted for 2024 compared with 2020**
- **Return on Tangible Equity (RoTE) of 6.5% to 7% targeted for 2024**
- **CEO Manfred Knof: “We will focus on our strengths and consistently restructure.”**

Commerzbank intends to launch an **in-depth restructuring programme**. As part of its transformation, the Bank strives to combine the benefits of a **fully digitalised bank** with **personal advice, consistent customer focus**, and **sustainability**. **Costs are to be significantly reduced** and **profitability substantially increased** by 2024. This will enable Commerzbank to further strengthen its leading position as the Bank for the **German Mittelstand** and as a **strong partner for approximately eleven million Private and Small-Business Customers**.

The Bank's Board of Managing Directors has submitted a draft of the new strategy programme to the Supervisory Board. The Supervisory Board meeting in which this proposal is due to be discussed is scheduled for 3 February 2021. After that the strategy is to be decided upon by the Board of Managing Directors. So far, no decisions have been taken on any item of the strategy programme. The early publication of planned cornerstones is a consequence of the current media coverage.

Manfred Knof, Chairman of the Board of Managing Directors of Commerzbank AG: “We want to focus on Commerzbank's strengths and secure its strong performance for the long term. To achieve this, we will thoroughly reduce complexity and cut costs. Our goals are very ambitious, but we will do everything necessary to achieve them. Thereby, the Bank will create value for customers, employees, shareholders, and society as a whole.”

The strategy programme builds on the following key levers:

- Going forward, the Bank will consistently put **profitability before growth**, for example when it comes to the efficient use of capital or adequate pricing of products and services.
- As part of the Group's restructuring, there will be a significant **headcount reduction**. By 2024, Commerzbank will reduce approximately 10,000 full-time equivalents in gross terms. In Germany, will affect every third job. Commerzbank will work with employee representatives to agree fair and – as far as possible – socially responsible solutions for the headcount reduction. The Bank is working towards a swift agreement on the planned headcount reduction with the Works Council to launch implementation as soon as possible.
- As part of a **wide-ranging digitalisation**, the Bank will substantially reduce the branch network and significantly expand its digital offerings for customers. The number of branches is to be reduced from the current level of 790 to 450 locations across Germany. At the same time, the Bank will simplify, digitalise and automate its business processes. To achieve this, Commerzbank will invest a total of €1.7 billion in its IT over the next four years.
- Furthermore, the Bank will accelerate its **cultural transformation** with the objective to strengthen a success-oriented performance culture.

Sustainability will play an even more central role across all business activities going forward. Commerzbank intends to commit to ambitious targets. A corresponding strategy will be presented in the near future.

## Cost reductions of €1.4 billion targeted

As a result of the restructuring, Commerzbank targets a **return on equity (RoTE) of 6.5 to 7 per cent** for the **financial year 2024**. Compared to the figures expected for 2020, costs will be reduced by €1.4 billion or around 20 per cent by 2024. At the same time, revenues are expected to remain largely stable – excluding further growth of mBank. Commerzbank is anticipating restructuring expenses totalling €1.8 billion, which will be fully financed with existing funds. The restructuring expenses will be fully booked in the current financial year. A provision of €0.8 billion was already set aside in the financial year 2020 to cover a substantial proportion of the restructuring expenses that will be incurred. In addition, there are further €0.1 billion in provisions from 2019.

Despite of the significant restructuring, the Bank targets a Common Equity Tier 1 ratio (CET 1) which is at least **200 to 250 basis points above the minimum regulatory requirements (MDA)**. This will enable Commerzbank to retain its resilience while efficiently managing its capital.

As part of the Group, mBank will continue its growth strategy.

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Subject to a positive decision by the Board of Managing Directors, Commerzbank will present details of the strategy and concrete measures and targets for the years 2021 to 2024 at the annual results press conference on 11 February 2021. A capital markets day will also be held for investors on the same day. Journalists will be able to follow this online on the Commerzbank website after having registered in advance.

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## About Commerzbank

Commerzbank is a leading international commercial bank with branches and offices in nearly 50 countries. The Bank's two business segments – Private and Small-Business Customers and Corporate Clients – offer a comprehensive portfolio of financial services precisely tailored to their customers' needs. Commerzbank transacts approximately 30% of Germany's foreign trade and is the market leader in German corporate banking. The Bank offers its sector expertise to its corporate clients in Germany and abroad and is a leading provider of capital market products. Its subsidiary mBank in Poland is an innovative digital bank. The integration of Comdirect enables Commerzbank to combine the services of one of Germany's most advanced online banks with a personal advisory offering at local level. The Bank serves around 11.6 million private and small-business customers nationwide and over 70,000 corporate clients, multinationals, financial service providers, and institutional clients worldwide. Its Polish subsidiary mBank S.A. has around 5.7 million private and corporate customers, predominantly in Poland, but also in the Czech Republic and Slovakia. In 2019, Commerzbank generated gross revenues of €8.6 billion with approximately 48,500 employees.

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## 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.