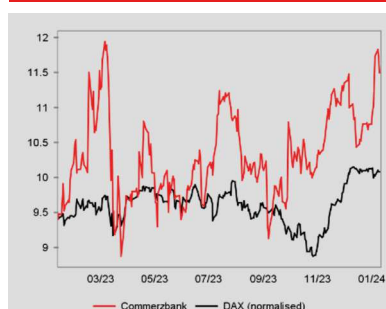


Buy EUR 17.70 (EUR 14.90) Price EUR 11.50 Upside 54.0 %	Value Indicators: EUR SoTP 25e: 18.94 ROE hurdle-rate 25e: 19.31 Peer group (P/E) 25e: 14.76	Warburg ESG Risk Score: 4.3 ESG Score (MSCI based): 4.0 Balance Sheet Score: 3.8 Market Liquidity Score: 5.0	Description: All-purpose bank with focus on private customers and German "Mittelstand" companies.
	Market Snapshot: EUR m Market cap: 14,396 No. of shares (m): 1,252 Freefloat MC: 12,150 Ø Trad. Vol. (30d): 80.56 m	Shareholders: Freefloat 84.40 % Federal Republic of Germany 15.60 % Black Rock 8.07 % Wellington 3.66 %	Key Figures (WRe): 2023e Price / Book: 0.5 x

Well prepared for rising profitability

- We have updated our model to take the latest macroeconomic data trends into consideration and their implications for Commerzbank's targets for 2027 as presented by the bank at its CMD in autumn 2023. We have revised our estimates in light of headwinds for the NII. In view of the attractive distribution policy and the expectation of a steady improvement in earnings, we confirm our Buy recommendation with an increased price target of EUR 17.70, which is driven by expected share buybacks and represents attractive upside of more than 50%.
- We believe that the high distribution to shareholders in the coming years will continue to be a key driver of the share price. In December, Commerzbank received approval from the ECB for a share buyback programme of up to EUR 600m. This approval did not come as a surprise in view of a very good core capital ratio of 14.6%, which is 430 basis points above the minimum requirement (MDA requirement 10.27%) and considering that the ECB is informed about the strategic planning for the coming years. This cleared the way for the start of the share buyback in January. The management has already signalled that it intends to complete this share buyback by the next annual general meeting in order to then obtain shareholder approval for a further share buyback programme. A share buyback of more than EUR 900m for 2024 seems possible with positive implications for profitability and ratios.
- Commerzbank's strategic targets for 2027 (e.g. a ROTE of 11.5% and a net profit after minorities of EUR 3.4bn) are ambitious in view of the potential headwinds for net interest income. Nevertheless, a good risk result, successively rising commission income and continued cost discipline should make a further increase in profitability achievable. CBK's good positioning in business with SMEs and private customers offers additional earnings opportunities at a lower interest-rate level, as corporate investments in digitalization and sustainability increase.
- For 2024 and 2025, we expect a modest decline in NII of approx. ~0.4-0.5bn from a strong EUR 8.2bn in 2023 (WRe), mainly driven by a lower contribution from mBank (~EUR 200m) and a lower contribution from Treasury. The positive effect of the reinvestment of modelled deposits should only partly compensate for a lower interest-rate level (e.g. 10-year swap 2.62% below CBK's assumption of 2.8%) and rising deposit beta (Q3/23: 25%). Nevertheless, in a scenario of a faster reduction in the ECB rates than assumed by CBK, we would expect lower momentum in deposit beta. Commerzbank expected a rise to 43% in 2027 from 25% in Q3. A 1pp lower increase in deposit beta would lead to a EUR 75m higher NII in a scenario of rates of 3% which should make CBK's long-term forecast more robust.

Changes in Estimates:				Comment on Changes:			
FY End: 31.12. in EUR m	2023e (old)	+ / -	2024e (old)	+ / -	2025e (old)	+ / -	
Op. Revenues	10,697	-0.8 %	11,142	-0.1 %	11,254	1.7 %	<ul style="list-style-type: none"> We adjust our revenue estimates considering lower rates but also lower deposit beta. The reduction in LLPs is driven by the anticipated release of its buffer from TLAs. The higher cost estimate is driven by mBank's sound growth prospects. The expected share buyback has a significant impact on our EPS estimate.
LLPs	725	-16.5 %	825	-12.3 %	854	-12.4 %	
Admin.	6,455	-0.3 %	6,402	2.2 %	6,445	3.5 %	
EBT	3,510	1.4 %	3,916	-1.4 %	3,955	1.7 %	
EPS	1.63	4.3 %	1.88	4.3 %	1.93	14.1 %	

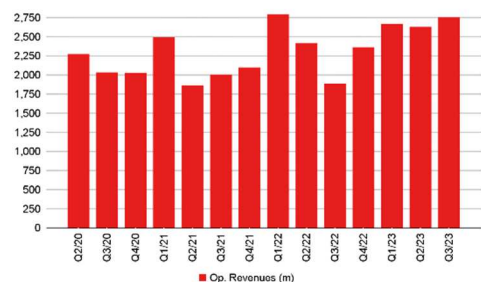


Rel. Performance vs DAX:	
1 month:	4.7 %
6 months:	0.0 %
Year to date:	7.2 %
Trailing 12 months:	15.0 %

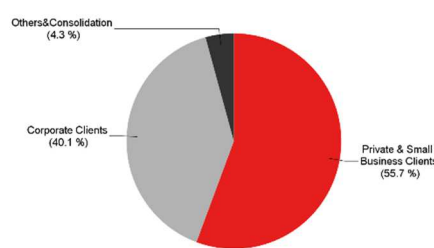
Company events:	
15.02.24	APC
30.04.24	AGM
15.05.24	Q1
07.08.24	Q2

FY End: 31.12. in EUR m	CAGR (22-25e)	2019	2020	2021	2022	2023e	2024e	2025e
Total revenues	6.5 %	8,639	8,186	8,459	9,461	10,616	11,128	11,442
Revenue growth		0.8 %	-5.2 %	3.3 %	11.8 %	12.2 %	4.8 %	2.8 %
LLPs		620	1,748	570	876	605	724	748
Admin. Expenses	0.9 %	6,766	6,672	6,706	6,486	6,435	6,545	6,672
EBT	26.1 %	1,108	-2,597	105	2,005	3,561	3,859	4,022
Net income	23.0 %	585	-2,870	430	1,435	2,316	2,534	2,672
Net income after AT1 payment		585	-2,918	291	1,245	2,121	2,340	2,478
EPS	30.4 %	0.47	-2.33	0.23	0.99	1.70	1.96	2.20
DPS	58.7 %	0.00	0.00	0.00	0.20	0.35	0.60	0.80
Dividend Yield		n.a.	n.a.	n.a.	2.7 %	3.0 %	5.2 %	7.0 %
Book Value / Share		22.61	19.83	20.55	21.48	23.48	25.59	27.95
P / E		13.3 x	n.a.	25.1 x	7.4 x	6.8 x	5.9 x	5.2 x
Price / Book		0.3 x	0.2 x	0.3 x	0.3 x	0.5 x	0.4 x	0.4 x
ROTE		2.2 %	-10.3 %	1.0 %	4.9 %	8.1 %	8.3 %	8.3 %
RoRWA		0.3 %	-1.6 %	0.2 %	0.8 %	1.4 %	1.4 %	1.4 %
CIR		78.3 %	81.5 %	79.3 %	68.6 %	60.6 %	58.8 %	58.3 %
CET I Ratio		13.4 %	13.2 %	13.6 %	14.2 %	14.9 %	14.9 %	15.3 %
Tier One Ratio		14.3 %	15.0 %	15.5 %	16.0 %	16.7 %	16.6 %	17.0 %
Guidance:	2023 in EUR: LLPs<700m, Costs 6.4bn; 2027: Net profit EUR 3.4bn, ROTE 11.5%							

Operating Revenues development
in EUR m



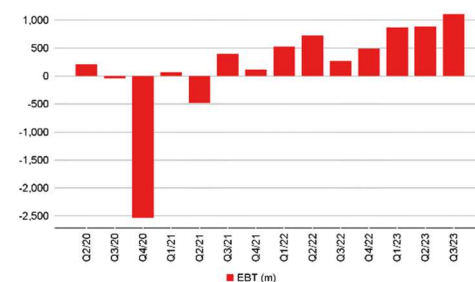
Op. Revenues
2022 in EUR m



Source: Warburg Research

Source: Warburg Research

EBT development
in EUR m



Source: Warburg Research

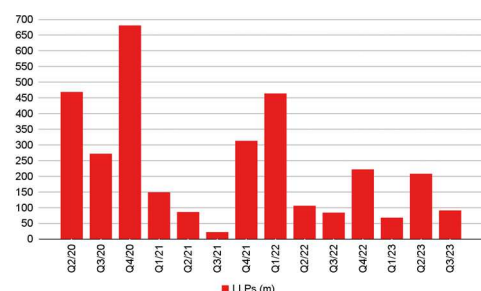
Company Background

- Commerzbank is divided into two core segments: Private & Small Business Customers and Corporate Clients.
- The segment Private and Small Business customers brings together previous segments Private Customers and CEE plus small business customers of Commerzbank.
- The segment Corporate Clients combines capital market business as well as the big corporates of the previous segment Mittelstandsbank.

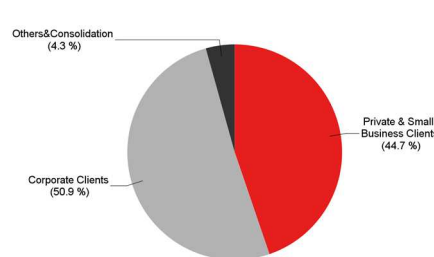
Competitive Quality

- As the leading Mittelstandsbank in Germany, Commerzbank has a strong customer base. The good company quality of the customer base is distinguished by sustainable growth and facilitates good profitability.
- Thanks to a very strong core capital ratio (CET1) of over 13.5%, the company has a high degree of flexibility in terms of business growth and distributions to shareholders via dividends and share buy-backs.
- A successful restructuring and digitalisation of many business processes now enables good profitability and at the same time increases the level of activity for customers

LLP development
in EUR m



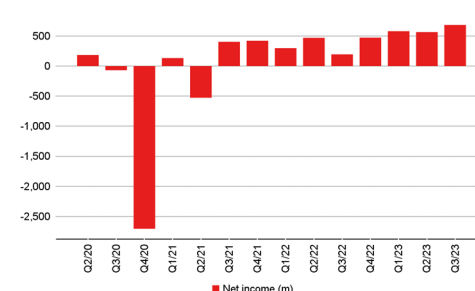
Loan loss provisions
2022 in EUR m



Source: Warburg Research

Source: Warburg Research

Net income development
in EUR m



Source: Warburg Research

Streamlined operating business enables further increase in profitability

- Profitability target for 2024 (7.3%) should already have been reached with ROTE of 7.5% expected for 2023
- ECB approval of share buyback has enabled a share buyback of up to EUR 600m starting in January 2024
- Leverage of existing customer base to support revenue growth (NCI)
- Ongoing cost discipline should further reduce the CIR from 60% in 2023 (WRe)
- Buffer of >EUR 400m from TLAs and improved risk management could offer upside for risk result
- Targeted net profit of EUR 3.4bn in 2027 would offer impressive ROTE of more than 11%
- Shareholders should benefit from high pay-outs from dividends and buybacks
- Possibility of higher pay-out ratio of 70% and EUR >900m share buyback in 2024

Further earnings growth and improvement in ROTE targeted by 2027

Commerzbank is targeting a net profit after minority interests of EUR 3.4bn for 2027. This should enable a ROTE of 11.5% if a consistent dividend policy is pursued with a high pay-out ratio (guidance 2025-27: at least 50%).

Guidance 2027

Overview guidance 2027

Revenues EUR 12.5bn; Revenue split: NII EUR 8.4bn; EUR NCI EUR 4bn, NFV EUR 0.2bn
 Cost: EUR 6.8bn
 CIR 55%
 Risk result EUR 700m
 Net result before AT1 payment EUR 3.4bn
 ROTE >11.5%
 RWA EUR 196bn
 CET1-ratio 13.5%
 PSBC Germany Fee Income 4% CAGR 2023-2027e, CIR of 56% (down from 72%)
 CC Fee Income 3% CAGR 2023-2027e; CIR of 48% (stable)

Source: Commerzbank, Warburg Research

Revenue guidance: Modest growth at a CAGR of 2% (2023-2027e)

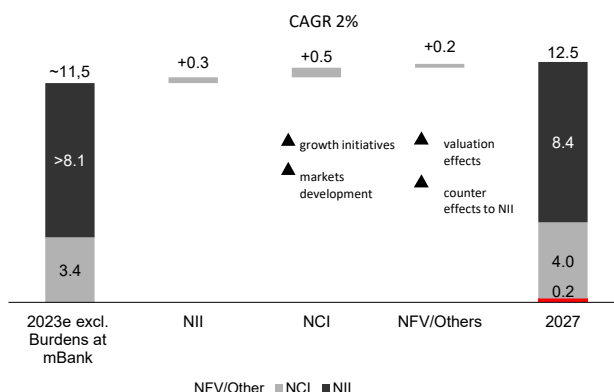
To this end, adjusted revenues (excluding mBank charges from CHF loans) are set to increase at a CAGR of 2% (2023e-2027) from c. EUR 11.5bn (WRe) to EUR 12.5bn in 2027. The positive effect on net interest income is expected to be EUR 0.3bn with positive developments in lending volume and modelled deposits expected to offset the negative effects of a rising deposit beta and falling interest rates, according to Commerzbank.

Net commission income is expected to improve from EUR 3.5bn in 2023 by around EUR 0.5bn thanks to growth initiatives and an improved market environment.

The remaining EUR 0.2bn increase should be achieved by valuation effects and opposing effects to NII (FV result).

Revenue CAGR 2023-27e 2%

Overview revenue growth drivers (2023-2027e)



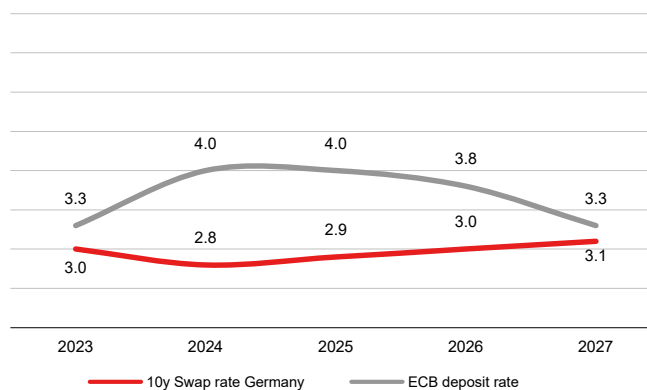
Source: Commerzbank, Warburg Research

a) Development of NII important to achieve the 2027 revenue target

In order to achieve the targeted growth in revenues to EUR 12.5bn by 2027, a slightly positive trend in net interest income is required. The assumptions made by Commerzbank, which are shown in the following chart, are therefore of key importance to assessing the achievability of the 2027 target.

Commerzbank's interest-rate assumption for 2027 guidance (CMD 2023)

Commerzbank's assumptions for guidance 2027	2023	2024e	2025e	2026e	2027e
Deposit Beta (Q1/23 15%; Q2 20%, Q3 25%; Q4e 30%)	25%	39%	39%	42%	43%
ECB-deposit rate	3.3	4.0	4.0	3.8	3.3
10y Swap rate	3.0	2.8	2.9	3.0	3.1



Source: Commerzbank, Warburg Research

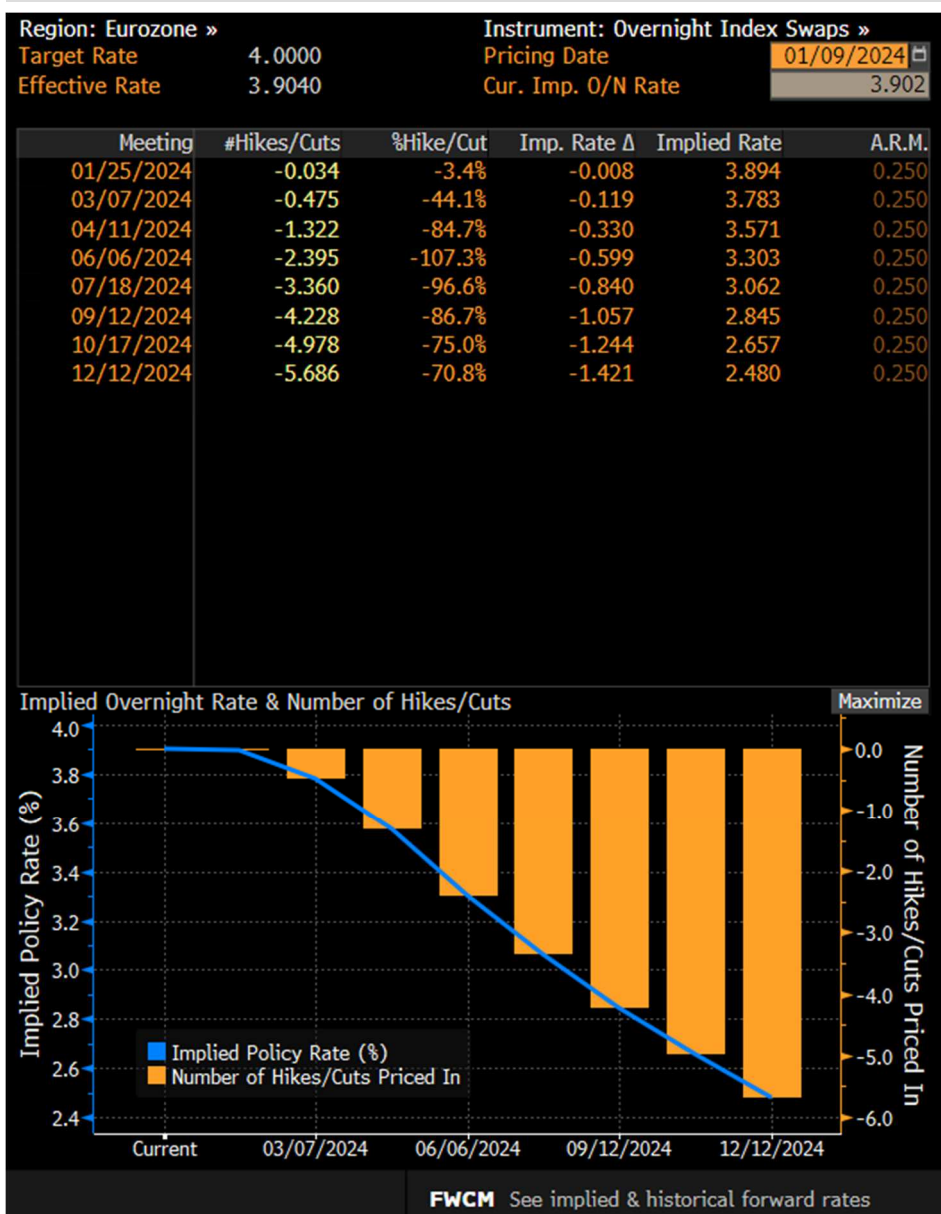
In our opinion, the expected development of the ECB deposit rate presented in November at the CMD and assumed for the 2027 guidance is already outdated. The planning was based on assumptions that had to be made in advance of the CMD in November and were therefore unfortunately already outdated by the time of publication. The two charts below reflect the current market expectations, which already suggest a significantly faster rate cut.

Expected development of bonds yields and rates at Fed and ECB

Rate	Market Yields	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25	Q3 25	Q4 25	Q1 26
United States										
US 30-Year	4.21	4.27	4.16	4.06	4.05	3.92	3.89	3.87	3.90	3.83
US 10-Year	4.04	4.07	3.95	3.84	3.80	3.68	3.65	3.64	3.63	3.54
US 5-Year	4.00	4.08	3.90	3.73	3.62	3.50	3.44	3.44	3.42	3.31
US 2-Year	4.38	4.42	4.14	3.87	3.68	3.48	3.36	3.28	3.21	3.11
US 3-Month Term SOFR	5.32	5.28	4.99	4.60	4.27	3.97	3.70	3.48	3.28	3.18
Fed Funds Rate - Upper Bound	5.50	5.45	5.15	4.70	4.30	3.90	3.60	3.40	3.25	3.10
Fed Funds Rate - Lower Bound	5.25	5.21	4.92	4.47	4.06	3.63	3.34	3.16	3.00	2.87
2 Year - 10 Year Spread	-0.34	-0.35	-0.19	-0.03	0.12	0.20	0.29	0.36	0.42	0.43
Germany										
Germany 10-Year	2.19	2.53	2.41	2.32	2.24	2.17	2.09	2.03	2.01	2.21
Germany 2-Year	2.59	2.80	2.64	2.43	2.26	2.15	1.91	1.83	1.76	2.10
3-Month Euribor	3.93	3.94	3.84	3.65	3.38	3.13	3.01	2.83	2.69	2.56
ECB Main Refinancing Rate	4.50	4.50	4.30	4.00	3.70	3.30	3.10	2.95	2.90	2.70
ECB Deposit Rate	4.00	3.99	3.81	3.53	3.21	2.81	2.61	2.47	2.38	2.22
2 Year - 10 Year Spread	-0.40	-0.28	-0.23	-0.11	-0.02	0.02	0.18	0.20	0.25	0.11

Source: Bloomberg, Warburg Research

Market expectations of possible rate-cuts at ECB deposit rate



Source: Bloomberg, Warburg Research

The expected average deposit rate in 2024 and 2025 is ~35 and ~140bps respectively below Commerzbank's expectations presented at the CMD.

Expected development of ECB deposit rate and 10-year bond yield

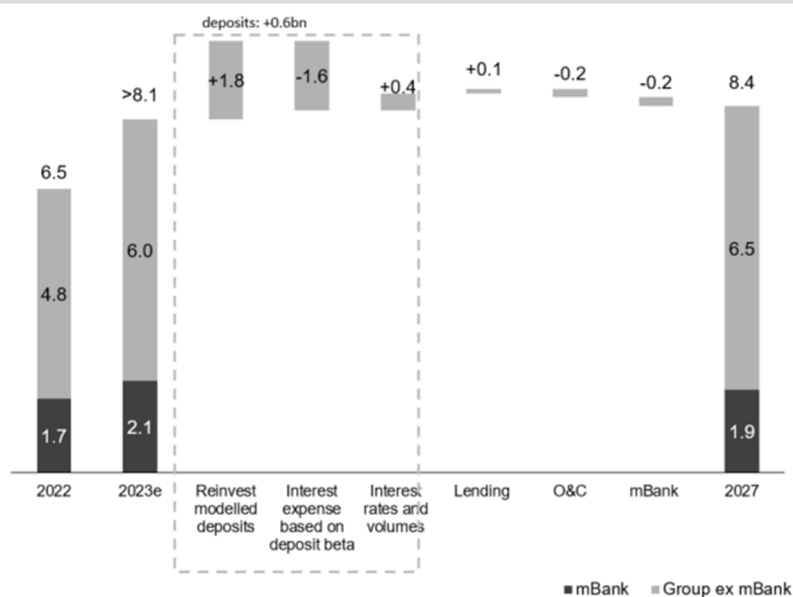
Bloomberg Data		2024e	2025e	2026e	2027e
Forward deposit rate (average)	n.a.	3.64	2.57	Q1: 2.22	n.a.
Germany 10-year		2.38	2.08	Q1: 2.21	n.a.

Source: Bloomberg, Warburg Research

Based on these market expectations, the basic scenario presented below for the development of net interest income in this composition is therefore no longer realistic.

We assume that the positive effects of a) modelled deposits (+EUR 1.8bn) and b) the interest-rate trend (+EUR 0.4bn) will be lower or negative. On the other hand, the deposit beta (effect: -EUR 1.6bn) is likely to increase much more slowly and to a lesser extent than assumed in the base scenario, from ~25% in 2023 to 43% in 2027. According to the sensitivity presented by Commerzbank, even a 1pp lower deposit beta at an interest rate level of 3% leads to a higher NII of EUR 75m. In addition, we believe that a lower interest-rate level will again lead to increased demand for credit. The assumed positive effect from lending was only EUR 0.1bn in Commerzbank's base scenario (see below).

Commerzbank's NII base scenario till 2027



Source: Commerzbank, Warburg Research

Expected change in NII of deposits – Group ex mBank*

	24 vs 23	25 vs 24	26 vs 25	27 vs 26	27 vs 23
Reinvest modelled depositis	0.5	0.5	0.5	0.3	1.8
Interest expense paid to customers based on deposit beta	-1.6	-0.2	-0.1	0.3	-1.6
Interest rate and volume effects on deposits	0.9	0.1	-0.2	-0.3	0.4
	-0.3	0.3	0.2	0.3	0.6

*released at CMD 2023

Source: Commerzbank, Warburg Research

b) Net commission income (NCI): Achievable targets at segment level

The planned increase of EUR ~500m in the group's net fee and commission income to EUR 4bn by 2027 is ambitious, but appears possible in light of the stronger customer focus.

In **PSBC Germany**, which is part of the Private & Small Business Customers (PSBC) segment, a CAGR of 4% is to be achieved by 2027, also with the help of new product solutions. This corresponds to growth of around EUR ~300m. Together with the further digitalisation of business processes and new product solutions, a significant reduction in CIR from ~72% (2023e) to 56% is expected. We have assumed a CAGR of 2% for PSBC Germany in our estimates, as we do not expect any major momentum in the securities business. We expect the CIR to gradually improve to 60%.

The contribution from **mBank** should be driven by customer and business volume growth.

In the **Corporate Clients** segment, Commerzbank intends to concentrate on existing customer relationships. In our view, the focus will be on offering high-quality products for cash management and trade finance with improvements. This should enable a CAGR of 3% (2023-2027e), which we believe should be achievable. At the same time, an unchanged CIR of 48% compared to 2023(e) is targeted, which may be difficult to achieve given the likelihood of a lower interest-rate level and thus a lower revenue base.

Plan for modest increase in NCI in all core areas (PSBC Germany, CC, mBank)

Absolute cost target of EUR 6.8bn in 2027

Planned reduction in CIR to 55%

Cost guidance: Cost discipline expected to continue

On the cost side, Commerzbank expects a stable cost base of around EUR 5.6bn in 2027 (excluding mBank). The assumed annual inflation effects of 2% to 2.5% on costs should be achieved by a further reduction in the complexity of business processes as well as effects from IT modernisation and the shutdown of old systems. In contrast, mBank's cost base is likely to rise more sharply from ~EUR 0.8bn to EUR 1.2bn due to the targeted growth there, meaning that the group's total costs could amount to EUR 6.8-6.9bn after EUR 6.4bn in 2023 (WRe).

Based on the absolute revenue and cost targets, the aim is to reduce the CIR to 55% from 60%.

Conclusion: The absolute cost targets are ambitious but achievable. However, the CIR of 55% is unlikely to be fully achieved based on our expectation of somewhat weaker earnings growth.

LLP guidance: Risk result could surprise positively

Commerzbank continues to include a buffer in risk provisions of EUR 435m for the so-called top-level adjustments, which were formed for possible burdens from the war in Ukraine and Covid-19. In light of the very solid risk provisions of EUR 367m after nine months, the guidance for FY 2023 was consequently reduced to below EUR 700m. We assume that this should be easily achieved even without utilising the TLAs. The buffer should therefore still be available for 2024. Against this backdrop, the 2024 guidance of EUR 800m is conservative and leaves room for positive surprise despite the anticipated ongoing weakness of the German economy. Commerzbank's assumptions for risk provisioning of ~EUR 700m in the years 2025 to 2027 appear adequate to us, given the very stable expected loss and loan loss density figures presented which, in our view, are also the hallmarks of good risk management.

Stable LLPs of EUR 700-800m expected...

... with potential for positive surprise

Overview: Risk exposure, expected loss, loan loss density

	Exposure at Default in EUR bn						Q1/23	H1/23	9M/23
	2017	2018	2019	2020	2021	2022			
Private and Small-Business Customers	154	165	178	190	203	204	205	205	207
Corporate Clients	180	187	184	180	174	177	176	178	179
Others&Consolidation	75	72	83	96	93	137	147	143	147
Asset&Capital Recovery	13	8							
Total	423	432	445	466	470	517	528	526	532

	Expected loss in EUR m						Q1/23	H1/23	9M/23
	2017	2018	2019	2020	2021	2022			
Private and Small-Business Customers	397	420	425	401	408	431	437	458	453
Corporate Clients	421	467	473	430	347	378	379	372	381
Others&Consolidation	31	35	120	141	114	65	91	73	64
Asset&Capital Recovery	330	46							
Total	1,180	968	1,017	971	869	874	907	903	898

	Loan loss density in bp						Q1/23	H1/23	9M/23
	2017	2018	2019	2020	2021	2022			
Private and Small-Business Customers	26	25	24	21	20	21	21	22	22
Corporate Clients	23	25	26	24	20	21	21	21	21
Others&Consolidation	4	5	14	15	12	5	6	5	4
Asset&Capital Recovery	255	57							
Total	28	22	23	21	18	17	17	17	17

Source: Commerzbank, Warburg Research

Strong core capital ratio increases flexibility in availing of growth opportunities

The total pay-out in the form of dividends and share buybacks is expected to amount to EUR 3bn for the years 2022 to 2024. After EUR 370m (dividend of EUR 250m/share buyback of EUR 120m) was distributed to shareholders for 2022 with a pay-out ratio of 30%, the pay-out ratio for 2023 is expected to be 50%. The pay-out basis remains unchanged at group net profit after deduction of the AT1 coupon. As an application for a share buyback programme of up to EUR 600m has already been submitted to the ECB, ~EUR 430m or EUR 0.35 per share remains for the dividend (WRe).

This results in a total distribution of EUR 1.4bn for 2022 and 2023. In order to achieve the announced total pay-out of EUR 3bn (2022-2024), EUR 1.6bn must therefore be distributed for 2024 in the form of dividends and share buybacks. For 2024, we assume a dividend of EUR 0.6 per share and a share buyback programme of more than EUR 900m. With a pay-out guidance of 70% for 2024, this implies a net profit after minority interests and the AT1 payment of EUR 2.3bn, which corresponds to earnings growth of a good 10% according to our estimates.

The planned distributions are possible in view of an excellent core capital ratio of 14.6% as of 30 September 2023 (guidance for FY 2023 14.7%), which is more than 400bps above the MDA threshold (maximum distributable amount) and above the targeted long-term core capital ratio of 13.5% (~EUR 1.9bn buffer).

The planned distribution should also be at least 50% (max. 100%) in the years 2025 to 2027. However, according to our estimates and the targeted ROTE of 11.5%, the distribution should also be significantly higher in these years.

Development of regulatory capital and ratios

	2014	2015	2016	2017	2018	2019	2020	2021	2022	Q1	Q2	Q3
					FY	FY	FY	FY	FY			
Common Equity Tier 1 capital (CET1)	25.1	27.3	26.5	25.6	23.2	24.4	23.6	23.8	23.9	24.4	25.1	25.4
Tier 1 capital	25.1	27.3	26.5	26.0	24.1	26.0	26.8	27.2	27.1	27.6	28.3	28.6
Total capital	31.5	32.8	32.2	31.4	29.5	30.6	31.6	32.2	31.9	32.5	33.1	33.4
RWA	202.9	206.7	194.4	180.9	175.9	181.1	180.2	175.2	168.7	171.5	174.0	173.6
Common Equity Tier 1 (CET) Ratio	12.4%	13.2%	13.6%	14.2%	13.2%	13.5%	13.1%	13.6%	14.1%	14.2%	14.4%	14.6%
Tier 1 ratio	12.4%	13.2%	13.6%	14.4%	13.7%	14.4%	14.9%	15.5%	16.0%	16.1%	16.3%	16.5%
Total capital ratio	15.5%	15.9%	16.6%	17.3%	16.8%	16.9%	17.5%	18.4%	18.9%	19.0%	19.0%	19.2%

Source: Commerzbank, Warburg Research

Guided pay-out ratio of 70% in 2024

Distribution of EUR 1.6bn to shareholders possible for 2024

Strong buffers: no meaningful constraint from capital ratios

Peer Group							
Company	Price	P / E		P / B		EPS CAGR (22-25e)	
		23e	24e	23e	24e		
Prices in local currency							
Banco Bilbao Vizcaya Argentaria	8.40	6.5	6.4	1.0	0.9	7.3 %	
Banco Santander	3.85	6.1	5.8	0.6	0.6	10.2 %	
Barclays	1.77	5.2	5.0	0.4	0.4	6.1 %	
BNP Paribas	62.43	7.5	6.8	0.7	0.6	9.5 %	
Credit Agricole	13.26	7.2	7.2	0.6	0.5	4.5 %	
Danske Bank	25.56	7.8	7.7	0.9	0.9	30.4 %	
ING Groep NV	12.93	6.4	6.8	0.9	0.8	31.2 %	
Intesa Sanpaolo	2.75	6.7	6.4	0.9	0.8	24.3 %	
Lloyds Banking Group	0.55	6.3	6.7	0.8	0.7	3.8 %	
Nordea Bank Abp	66.05	8.2	-	0.8	-	-	
Societe Generale	24.43	6.6	5.0	0.3	0.3	-2.6 %	
Standard Chartered	7.27	6.9	5.4	0.5	0.5	18.5 %	
Svenska Handelsbanken	9.74	7.8	8.7	1.1	1.0	3.6 %	
UniCredit	25.87	6.0	5.7	0.7	0.7	23.9 %	
Average		6.8	6.4	0.7	0.7	13.1 %	
Median		6.7	6.4	0.8	0.7	30.4 %	
Commerzbank	11.50	6.8	5.9	0.5	0.4	30.4 %	
Delta to median		1.4 %	-8.8 %	-35.0 %	-32.5 %	0.0 %	

■ ...

Valuation							
	2019	2020	2021	2022	2023e	2024e	2025e
Operating profit per share	1.00	-0.19	0.94	1.68	2.85	3.08	3.21
Book Value / Share	22.61	19.83	20.55	21.48	23.48	25.59	27.95
Dividend	0.00	0.00	0.00	0.20	0.35	0.60	0.80
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	17.5 %	18.8 %	28.3 %	33.6 %
P / E	13.3 x	n.a.	25.1 x	7.4 x	6.8 x	5.9 x	5.2 x
Price / Book	0.3 x	0.2 x	0.3 x	0.3 x	0.5 x	0.4 x	0.4 x
P / NAVPS	0.3 x	0.2 x	0.3 x	0.3 x	0.5 x	0.4 x	0.4 x

*Adjustments made for: impairment of Goodwill

Company Specific Items							
	2019	2020	2021	2022	2023e	2024e	2025e
AT1 coupon payment	0	-48	-140	-190	-195	-194	-194
Net income after AT1 payment	585	-2,918	291	1,245	2,121	2,340	2,478
ROTE	2.2 %	-10.3 %	1.0 %	4.9 %	8.1 %	8.3 %	8.3 %
Net fair value result	244	66	980	451	-144	-125	-78
Other income	270	-172	-987	-966	-873	19	59
Total revenues (adjusted)	8,615	8,447	8,071	9,513	10,616	11,128	11,442

Consolidated profit and loss

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Net interest income (NII)	5,070	4,975	4,849	6,459	8,238	7,771	7,913
Commission and fee income	3,056	3,317	3,616	3,519	3,372	3,443	3,528
Net fair value result	244	66	980	451	-144	-125	-78
Other income	270	-172	-987	-966	-873	19	59
Total revenues	8,639	8,186	8,459	9,461	10,616	11,128	11,442
LLPs	620	1,748	570	876	605	724	748
Admin. Expenses	6,766	6,672	6,706	6,486	6,435	6,545	6,672
thereof personnel expenses	3,543	3,500	3,464	3,415	3,761	3,825	3,899
Operating profit	1,253	-233	1,183	2,099	3,575	3,859	4,022
Goodwill amortisation	-28	-1,578	0	0	0	0	0
Restructuring expenses	-101	-814	-1,078	-94	-14	0	0
EBT	1,108	-2,597	105	2,005	3,561	3,859	4,022
Total taxes	-423	-264	248	-612	-1,230	-1,119	-1,166
Net income before minorities	685	-2,861	353	1,393	2,331	2,740	2,856
Minority interest	-100	-9	77	42	-14	-206	-184
Net income	585	-2,870	430	1,435	2,316	2,534	2,672
Net income after AT1 payment	585	-2,918	291	1,245	2,121	2,340	2,478
Number of Shares	1,252	1,252	1,252	1,252	1,240	1,187	1,115
EPS	0.47	-2.33	0.23	0.99	1.70	1.96	2.20
EPS adj.	0.49	-1.08	0.23	1.00	1.71	1.89	2.00

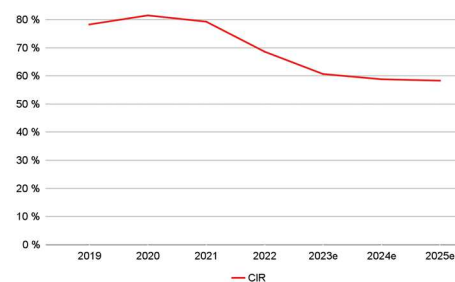
*Adjustments made for: impairment of Goodwill

Guidance: 2023 in EUR: LLPs<700m, Costs 6.4bn; 2027: Net profit EUR 3.4bn, ROTE 11.5%

Financial Ratios

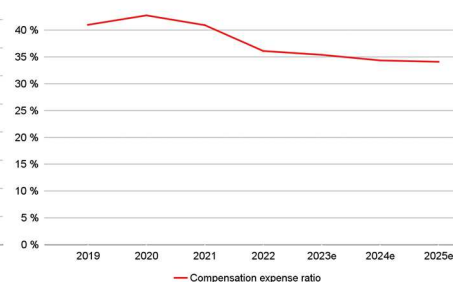
	2019	2020	2021	2022	2023e	2024e	2025e
Operating Efficiency							
Total op. Revenues per Employee	178.1	171.5	210.5	249.9	289.1	312.5	331.2
Administrative expenses per Employee	73.0	73.3	86.2	90.2	102.4	107.4	112.9
Operating profit per Employee	25.8	-4.9	29.4	55.5	97.4	108.3	116.4
Profitability							
CIR	78.3 %	81.5 %	79.3 %	68.6 %	60.6 %	58.8 %	58.3 %
Compensation expense ratio	41.0 %	42.8 %	41.0 %	36.1 %	35.4 %	34.4 %	34.1 %
Net interest margin (as % of average loan volume)	2.2 %	2.1 %	1.9 %	2.4 %	3.0 %	2.8 %	2.8 %
Net interest margin (as % of average RWAs)	2.8 %	2.8 %	2.7 %	3.8 %	4.8 %	4.3 %	4.2 %
Oper. profit / Oper. Revenues	14.5 %	-2.8 %	14.0 %	22.2 %	33.7 %	34.7 %	35.2 %
Oper. profit / Total assets	0.3 %	0.0 %	0.3 %	0.4 %	0.7 %	0.8 %	0.8 %
Net income / Oper. Revenues	6.8 %	-35.1 %	5.1 %	15.2 %	21.8 %	22.8 %	23.4 %
Pre-tax profit / Total assets	0.2 %	-0.5 %	0.0 %	0.4 %	0.7 %	0.8 %	0.8 %
Momentum							
Revenue growth	0.8 %	-5.2 %	3.3 %	11.8 %	12.2 %	4.8 %	2.8 %
Operating profit growth	0.9 %	-118.6 %	-607.7 %	77.4 %	70.3 %	7.9 %	4.2 %
Net profit growth	-32.1 %	-590.6 %	-115.0 %	233.7 %	61.4 %	9.4 %	5.5 %

CIR
in %



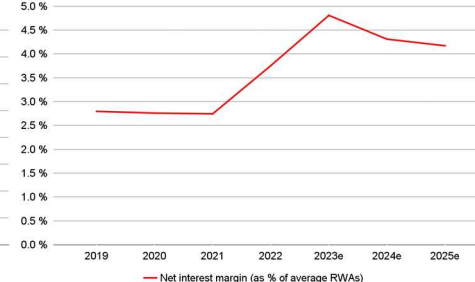
Source: Warburg Research

Compensation expense ratio
in %



Source: Warburg Research

Net interest margin
in % of avg. RWA



Source: Warburg Research

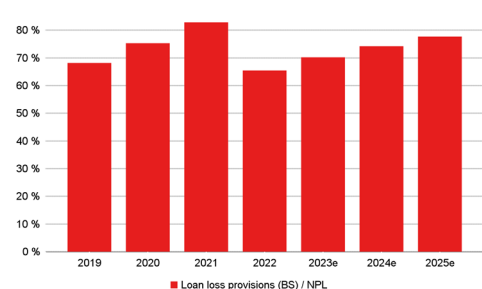
Consolidated balance sheet

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Assets							
Cash reserve	41,164	75,603	49,507	75,233	74,730	76,896	78,759
	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Trading assets and Financial investments	11,096	5,852	2,400	-1,811	-1,720	-1,634	-1,553
Property, plant and equipment	3,487	3,208	2,881	2,426	2,500	2,575	2,652
Goodwill and other intangible assets	3,053	1,420	1,243	1,289	1,321	1,355	1,389
Tax assets	3,259	2,823	3,352	3,301	2,950	2,979	3,009
Other assets	4,998	4,674	5,495	5,737	5,573	5,383	5,533
Total Assets	463,450	506,613	473,044	477,438	490,279	500,460	510,845
Liabilities and shareholders' equity							
Subscribed capital	1,252	1,252	1,252	1,252	1,240	1,187	1,115
Capital reserve	17,192	11,484	10,075	10,075	10,075	10,075	10,075
Retained earnings	10,045	12,576	14,979	16,466	18,430	17,396	18,124
Revaluation reserve	10	96	-86	-447	-288	-289	-289
Other equity components	-179	-572	-484	-444	-342	-342	-342
Shareholders' equity	28,321	24,836	25,738	26,903	29,115	30,367	31,162
Minority interest	1,296	1,119	975	888	984	994	1,004
	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total equity	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Provisions	2,671	3,119	3,752	3,517	3,394	3,507	3,623
Other liabilities	19,039	14,248	12,795	2,854	4,675	4,471	4,744
thereof tax liabilities	479	458	562	832	774	759	743
thereof deferred tax liabilities	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
thereof other liabilities	12,654	6,212	5,208	3,389	4,187	4,397	4,617
Total liabilities	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total liabilities and shareholders' equity	463,450	506,613	473,044	477,438	490,279	500,460	510,845

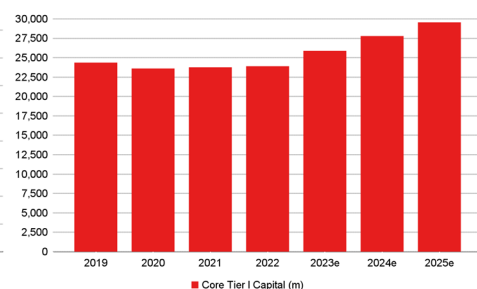
Financial Ratios

	2019	2020	2021	2022	2023e	2024e	2025e
Balance sheet structure							
Loans / Total assets	51.3 %	47.9 %	56.7 %	56.7 %	56.3 %	56.3 %	56.2 %
Assets quality							
Total Loans	237,764	242,519	268,227	270,724	276,138	281,661	287,294
Non-performing loans	3,735	4,795	4,156	5,658	5,517	5,379	5,244
NPLs / Loan volumes	1.6 %	2.0 %	1.5 %	2.1 %	2.0 %	1.9 %	1.8 %
Loan loss provisions (BS) / NPL	68.2 %	75.3 %	82.8 %	65.5 %	70.2 %	74.2 %	77.7 %
Net addition ratio	0.3 %	0.7 %	0.2 %	0.3 %	0.2 %	0.3 %	0.3 %
Risk & capital							
Total risk weighted assets	181,765	178,580	175,188	168,732	173,856	186,676	192,575
CET I Ratio	13.4 %	13.2 %	13.6 %	14.2 %	14.9 %	14.9 %	15.3 %
Tier One Ratio	14.3 %	15.0 %	15.5 %	16.0 %	16.7 %	16.6 %	17.0 %
Total capital ratio	16.8 %	17.7 %	18.4 %	18.9 %	19.5 %	19.2 %	19.5 %
Profitability							
RoE before tax	3.9 %	-9.8 %	0.4 %	7.6 %	12.7 %	13.0 %	13.1 %
RoE (net)	2.1 %	-10.8 %	1.7 %	5.5 %	8.3 %	8.5 %	8.7 %
RoRWA	0.3 %	-1.6 %	0.2 %	0.8 %	1.4 %	1.4 %	1.4 %

Loan loss provisions
in % of NPL



Core Tier I Capital
in EUR m



Source: Warburg Research

Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
Commerzbank	–	https://www.mmwarburg.com/disclaimer/disclaimer_en/DE000CBK1001.htm

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Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

-B-	Buy:	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	Hold:	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	Sell:	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	Rating suspended:	The available information currently does not permit an evaluation of the company.

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

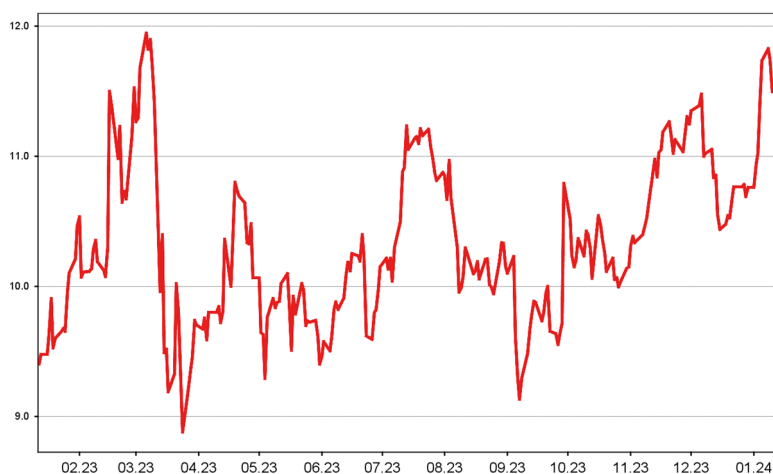
Rating	Number of stocks	% of Universe
Buy	151	72
Hold	47	22
Sell	6	3
Rating suspended	7	3
Total	211	100

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...

... taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	46	82
Hold	7	13
Sell	0	0
Rating suspended	3	5
Total	56	100

PRICE AND RATING HISTORY COMMERZBANK AS OF 11.01.2024



Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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