



**Letter from the Chairman of the
Supervisory Board**

Frankfurt/Main, April 2024

Herr Shareholder,

Commerzbank looks back on a very successful 2023 financial year. In an environment marked by geopolitical crises and economic uncertainty, the Bank continued systematically implementing its strategy while at the same time demonstrating up a compelling operational performance. An increase in operating profit by more than 60% to €3.4bn and a rise in consolidated profit of around 55% to €2.2bn – the best result in 15 years – bear impressive witness to Commerzbank's renewed strength and represent important steps towards achieving the Bank's medium-term goals. This performance is all the more remarkable given that very high exceptional charges were again incurred at Polish subsidiary mBank, charges which also this time could be counterbalanced by a high level of operative profitability. It was very gratifying to see that the considerable increase in earnings that Commerzbank registered in the last financial year, driven primarily by net interest income, went hand in hand with consistently stringent cost discipline. The cost-income ratio once again improved considerably, from 69% to 61%, bringing it close to the target ratio of 60% for 2024.

The further improvement in profitability and cost structures, strong customer business and the solid progress achieved in implementing the Bank's strategy provide the basis for carrying out our desired return of capital to shareholders in full. I am very pleased that we will be able to put a proposal to this year's Annual General Meeting on 30 April for a payout of around €400m for 2023, in the form of a dividend of €0.35 per share. Furthermore, the Bank recently carried out a share buyback programme to the tune of around €600m. This means that capital has been returned to shareholders totalling 50% of consolidated profit after deducting coupon payments for Additional Tier 1 capital. That is fully in line with our capital return policy.

It also shows Commerzbank again delivering on its promises. On behalf of the entire Supervisory Board, I would like to express my sincere thanks to the Board of Managing Directors and to the employees of Commerzbank for their outstanding achievements in the past year.

Composition of the Board of Managing Directors and Supervisory Board

I have been Chairman of the Supervisory Board for almost a year now, and what I have found is that Commerzbank is a high-performance institution with a well-equipped management team. The extension of Michael Kotzbauer's contract at the beginning of 2023 for another five years ensures continuity in the Corporate Clients segment, which performed very well again last year. In addition, the Supervisory Board has made new appointments to key positions on the Board of Managing Directors in recent years, including in 2023. Bernhard Spalt has been appointed to the Board of Managing Directors as Chief Risk Officer to replace Dr. Marcus Chromik, who left at the end of December 2023. The Supervisory Board is of the view that the Bank's risk management is in good hands with Bernhard Spalt. As an expert in risk with many years of experience, he will be able in particular to grapple successfully with the key decisions going forward with regard to the increasing challenges in matters of sustainability and with respect to cyber security. Furthermore, the Supervisory Board has appointed Christiane Vorspel-Rüter to replace COO Dr. Jörg Oliveri del Castillo-Schulz, who will be leaving on 30 September 2024. The appointment is still subject to the usual approval of the supervisory authority. Christiane Vorspel-Rüter is a distinguished banking, IT and technology expert with several decades of experience in the IT sector, of which she has spent more than 20 years at Commerzbank. As a future COO, she will focus on strengthening the performance of IT and driving the digital modernization of Commerzbank.

In its new composition, the Board of Managing Directors will remain a dedicated team that is committed to Commerzbank as an independent commercial bank that will remain successful in the long term.

Also, the Supervisory Board itself is well positioned. With the exception of Kerstin Jerchel, who will be leaving her post of employee representative at the end of this Annual General Meeting and will be replaced by Frederik Werning, there will be no changes to the Supervisory Board at this year's Annual General Meeting. This ensures stability and continuity on the Supervisory Board. I am happy to be able to say that the Board is made up of highly capable individuals with complementary skillsets and a broad range of experience – and not least provides good diversity. This can be seen in the Supervisory Board's suitability matrix published in the Declaration on Corporate Governance 2023 (<https://investor-relations.commerzbank.com/annual-general-meeting>) and was also confirmed by the external evaluation carried out in 2023. All Supervisory Board members have always worked together constructively and demonstrated solid commitment, which is also reflected in the high meeting attendance figures (likewise published at <https://investor-relations.commerzbank.com/annual-general-meeting>) and the intensive work by the committees.

Strategy and sustainability

The Bank has continued systematically implementing its Strategy 2024 programme, and it achieved or even exceeded key targets last year. It has also set itself ambitious strategic goals up to 2027 and in the future wishes to broaden its revenue base through a number of initiatives to increase commission income and thereby also become less dependent on net interest income.

The Supervisory Board will continuously to advise and assist the Bank in the implementation of its objectives, in critical reflection and in strategic development, as it continuously monitored the status of the Bank's strategy implementation last year. In addition, it discussed the Bank's strategic direction and the ongoing development of its strategy in depth with the Board of Managing Directors at its strategy meeting in September.

A core element of Commerzbank's Strategy 2024 programme and of its strategic plan up to 2027 is sustainability. It is tremendously important to the Bank. Environmental, social and ethical criteria are important for successful corporate governance. Commerzbank has set itself the ambitious goal of driving its credit and investment portfolio to Net Zero by 2050 at the latest. For its domestic and international banking operations, it wants to achieve this by 2040. Until then, the supplier portfolio should also become climate neutral. The Bank is actively supporting its customers in their own sustainable transformation and provides an extensive portfolio of products and services in this regard. The Bank will expand its range of products in sustainable asset management in conjunction with Aquila Capital Investmentgesellschaft. In 2023,

Commerzbank agreed to acquire a majority stake in this company, which specializes in tangible assets such as renewable energy and sustainable infrastructure projects. This year, the Bank intends to further expand its ESG offering and thus establish a sustainable ecosystem for Commerzbank customers.

The Supervisory Board also attaches great importance to the topic of sustainability. The Environmental, Social and Governance Committee (ESG Committee) continued to fulfil its role with great commitment in 2023. It assisted the Supervisory Board in assessing whether the Board of Managing Directors is ensuring the economically viable and sustainable performance of the Bank while also observing the principles of responsible corporate governance, fulfilling the Bank's social responsibility and at the same time conserving natural resources. In particular, it advised the Bank on the implementation of the expanded non-financial reporting requirements under the Corporate Sustainability Reporting Directive (CSRD). Besides the ESG Committee, also the Risk Committee in particular monitors and assesses the Bank's ESG risks.

Another focal point is the Bank's digital transformation, in which it is assisted by the Supervisory Board and in particular by the Digital Transformation Committee. With increasing digitalisation, the issue of cyber security is becoming ever more important for the Bank – which is also reflected in the fact that Commerzbank provided an additional budget of €14m for this issue last year.

Corporate governance roadshow

At my corporate governance roadshow in December 2023 and January 2024 as Chairman of the Supervisory Board, I had constructive exchanges with investors and proxy advisors about Commerzbank and the work of its Supervisory Board. Many of the suggestions and tips that emerged as a result of these discussions have already been taken up. For instance, we will be revising the remuneration system for the Board of Managing Directors this year, with our focus being on the targets and measurements for the long-term and short-term incentive (LTI and STI) components. It is planned to submit specific proposals to the 2025 Annual General Meeting for approval. We have also thoroughly addressed the suggestions and expectations of our shareholders and investors with regard to the remuneration report and taken them into account in the 2023 remuneration report. For example, the transparency of the targets has been further improved.

Annual General Meeting

After the successful virtual Annual General Meeting last year, the Board of Managing Directors decided to hold this year's meeting on 30 April in virtual form as well. Using the virtual format, a broader set of shareholders can be addressed, and this format is also appropriate from a sustainability and cost perspective. The right to live speeches and to ask questions enable an active and direct dialogue with the shareholders. The form that the virtual Annual General Meeting takes will again be closely based on the in-person meeting and will protect shareholders' rights comprehensively and in the same way as the in-person format. Of course, both the Board of Managing Directors and the members of the Supervisory Board will be present in person at the Annual General Meeting.

I am already looking forward to our discussions with you.



Prof. Dr. Jens Weidmann

Chairman of the Supervisory Board