COMMERZBANK

Annual Report

2023

The bank at your side

Key figures

Income statement	1.1.–31.12.2023	1.1.–31.12.2022
Operating profit (€m)	3,421	2,099
Operating profit per share (€)	2.75	1.68
Consolidated profit or loss attributable to Commerzbank shareholders and investors in additional equity components (€m)	2,224	1,435
Consolidated profit or loss attributable to Commerzbank shareholders (€m)	2,030	1,245
Earnings per share (€)	1.63	0.99
Operating return on equity based on CET1 (%)	13.7	8.7
Return on equity of consolidated profit or loss[2] (%)	7.7	4.9
Cost/income ratio in operating business (excl. compulsory contributions) (%)	57.4	61.8
Cost/income ratio in operating business (incl. compulsory contributions) (%)	61.4	68.6

Balance sheet	31.12.2023	31.12.2022[1]
Total assets (€bn)	517.2	477.4
Risk-weighted assets (€bn)	175.1	168.7
Equity as shown in balance sheet (€bn)	33.0	30.9
Total capital as shown in balance sheet (€bn)	39.7	37.8

Regulatory key figures	31.12.2023	31.12.2022
Tier 1 capital ratio (%)	16.5	16.0
Common Equity Tier 1 ratio[3] (%)	14.7	14.1
Total capital ratio (%)	19.3	18.9
Leverage ratio (%)	4.9	4.9

Full-time personnel	31.12.2023	31.12.2022
Germany	25,552	25,734
Abroad	13,013	12,118
Total	38,565	37,852

Ratings[4]	31.12.2023	31.12.2022
Moody’s Investors Service, New York[5]	A1/A2/P-1	A1/A2/P-1
S&P Global, New York[6]	A/A-/A-2	A-/BBB+/A-2

[1] Prior-year figures corrected due to restatements (see note (4) Adjustments in accordance with IAS 8).
[2] Ratio of net income attributable to Commerzbank shareholders after deduction of pay-out accrual and potential (fully discretionary) AT-1-Coupons and average IFRS equity before minority after deduction of goodwill and other intangible assets without additional equity components and non-controlling interests.
[3] The Common Equity Tier 1 ratio is the ratio of Common Equity Tier 1 capital (CET1) (mainly subscribed capital, reserves and deduction items) to risk-weighted assets.
[4] Further information can be found online at www.commerzbank.com.
[5] Counterparty rating and deposit rating/issuer credit rating/short-term liabilities.
[6] Counterparty rating/deposit rating and issuer credit rating/short-term liabilities.

Due to rounding, numbers and percentages in this report may not add up precisely to the totals provided.

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Letter from the Chairman of the Board of Managing Directors
Frankfurt/Main, March 2024

Dear shareholders,

2023 was overshadowed by wars, political turbulence and economic uncertainty. Commerzbank had a very successful financial year despite this challenging environment. We continued to make great strides on the path we embarked on three years ago with "Strategy 2024".

We have now completed what is probably the most comprehensive restructuring in the Bank's history, including a gross reduction of almost 10,000 full-time equivalents and deep cuts in our branch network. This means we have achieved the core goals outlined in the "Strategy 2024" programme, bringing our cost base back to a competitive level. At the same time, last year saw us establish our new business model on the market.

We are an omnichannel bank for all customer groups. In our business with private and small-business customers, we offer the best possible service on all channels based on a clear two-brand strategy built around Commerzbank and comdirect. This is how we best meet the different needs of our almost 11 million private and business customers in Germany. We have optimised our digital offerings and successfully rolled out our advisory centre as a location-independent service to complement to our now significantly leaner, branch-based business. Our particularly wealthy customers have access to customised solutions tailored to their specific needs. In short, we have found a setup that works for modern banking in Germany.

In the corporate customer business, the focus is on meeting the needs of German corporate clients and international customers with links to Germany, Austria and Switzerland. The same applies to companies from the growth sectors of tomorrow, and holds equally true for institutional customers. Commerzbank is the leading Mittelstandsbank in Germany and recently regained its top ranking as the leading principal bank in the German Corporate Clients segment. With a well-established relationship management model for these customer groups and industries coupled with a global presence that covers all trade corridors relevant to the German economy, we will continue to expand our strong position in this segment. Like in the Private Customers segment, digital services also play a crucial role for corporate customers. With that in mind, we took targeted action to expand this offering last year. Our efforts had the desired effect, with two thirds of our corporate customers now using online channels – and the trend continues.

The figures speak for themselves: our strategy is working. In the 2023 financial year just ended, we earned more than we have earned at any time in the past 15 years, both in operating terms at €3.4bn, and in consolidated terms at €2.2bn. With a return on equity ratio (RoTE) of 7.7%, we have already reached the target set for 2024 a year earlier than planned. This was bolstered by the very dynamic performance on the earnings side, propped up not least by the interest rate trend. Parallel to this, we maintained our proven cost discipline and were able to improve the cost income ratio to 61% last year. This means that we are almost at the level originally targeted for 2024 for this important key figure. Loan loss provisions also developed favourably, finishing the year significantly lower than initially expected despite the high overall level of economic uncertainty and the weak economy in Germany. This is further evidence of the resilience of our customer business and the high quality of our loan book.

All in all, we can say that Commerzbank is doing well in its new setup. It is in very good shape, has returned to sustainable profitability in its operating business, and has a very solid balance sheet with a Core Tier 1 ratio of 14.7%. We want to further expand our focus as *the* bank for Germany – and do so across all channels. Our hard work over the past few years has significantly improved the conditions for us to remain a defining force in the German banking market.

Our successes are gaining increasing attention and recognition. Trust in Commerzbank is growing, both within the Bank, where a spirit of optimism is progressively emerging among our employees and managers, as well as outside it, where our reputation has made noticeable gains and where we are also receiving a lot of support from investors. This upward trajectory is further underlined by our return to the leading German share index, the DAX, at the beginning of last year and our solid ratings.

Based on our significantly improved profitability, not only are we in a position today to make the necessary investments for the future, but we once again have the financial strength for a dynamic distribution policy, through which we offer our shareholders an appropriate share in the Bank's success.

Last year, with a dividend of €0.20 per share and an initial share buyback programme amounting to €122m, we achieved a payout ratio of 30% of consolidated profit after deducting AT1 coupons. Now, as announced, we want to increase this ratio to 50% on the back of a significantly increased dividend payment compared to the previous year and an additional share buyback. The 2024 buyback programme of up to €600m, which was approved by the ECB and the German Finance Agency last December, started on 10 January. As already communicated, the Board of Managing Directors and Supervisory Board will propose to the Annual General Meeting on 30 April 2024 a dividend for the 2023 financial year of €0.35 per share for the remaining shares.

Dear shareholders, the fact that we are in a position to put all of this into practice is testament to Commerzbank's regained self-confidence and strength. This is due not least to the exceptional abilities and tireless commitment of our employees, who give their best day in, day out for Commerzbank and for our customers. I would like to take this opportunity to express my heartfelt thanks on behalf of the entire Board of Directors.

We have already accomplished a great deal together. But this is no time to rest on our laurels. Quite the contrary, Commerzbank is far from having reached its full potential. As we emerge from the tough restructuring of the past few years, supported by our new, sustainable and forward-looking business model, we have earned and created the opportunity to go back on the offensive. The updated strategy programme presented last autumn sets out how we intend to do this from now until 2027. Growth – Excellence – Responsibility: these are our strategic pillars for the years ahead.

We have devised a package of measures and initiatives we can apply to our excellent products and services to achieve profitable growth in our two customer segments. Above all, we want to increase commission income so we can become more independent of the interest rate environment. In addition, we will continue to streamline and digitalise our processes, maintain our strict cost discipline and use our capital efficiently.

In the Private and Small-Business Customers segment, Commerzbank's Asset and Wealth Management and comdirect will be our key drivers of growth. We also intend to further expand and optimise digital products and services for our customers. In the Corporate Clients segment, we will continue to expand our leading market position as a Mittelstandsbank, even faced with the current difficult economic environment, as we help to shape the sustainable restructuring of the German economy. As a solution provider, we want to actively support this transformation process and the associated financing needs with a comprehensive range of advice and products.

With our updated strategy communicated on 8 November 2023, we are sending a clear signal to the market and to the competition that we want to position ourselves as a defining force in the German banking market. We have also announced ambitious financial targets, combined with our clear and continuing aim to create value for our shareholders in the years ahead.

We aim to increase Commerzbank's net profit to €3.4b by 2027 and progressively improve the return on equity ratio (RoTE) to more than 11%. In this way the Bank will earn its cost of capital. The key performance indicator remains the cost income ratio, which we want to improve to around 55% by 2027. A target of 13.5% is set for the Core Tier 1 ratio. On this basis, the plan is to return more capital to shareholders in the coming years, with a payout ratio in excess of 50% planned for 2025–2027, albeit not exceeding the consolidated profit after deducting AT1 coupons. At the same time, we are keeping the pace of investment high: we will continue to make more than one half a billion euros available per year for investments in expanding our business and in developing our own infrastructure and regulations.

In the current year, we want to inch closer to our medium-term goals – in spite of the expected slight recession in Germany, in spite of the ongoing inflationary pressure on our costs, and in spite of the fading tailwind from interest rates. With all due caution, we have decided to reduce the cost income ratio to around 60% and increase the return on equity ratio (RoTE) to 8%. The payout ratio for 2024 should be at least 70% as defined by the policy on returning capital, but not more than the consolidated profit after deducting AT1 coupons.

Dear shareholders, Commerzbank is back on the road to success. And just at the right time! Because now, more than ever, our customers need a strong, reliable partner by their side. Faced with the wars in Ukraine and in the Middle East, the climate crisis, the rise of the right-wing populists, budget crises, rising energy costs, inflation, recession, fear of creeping deindustrialisation; we are not turning a blind eye to all of this -– we are doing something about it. Our message is: Moving forward – and what better time than now! We want to encourage our customers to embrace the urgently needed green and digital transformation and give the tools they need to help them. We want to be an attractive employer for our employees that offers them a working environment to be entrepreneurial. And we want to fulfil our social responsibility by further advancing sustainable financing and investments.

We can say and do all of this because we are strong again. And because we know what we have to do to make sure things stay this way. We are firmly convinced that Commerzbank has what it takes to be *the* bank for Germany, to help shape the sustainable transformation of the economy together with its customers, and to continue the success story it has just begun – for the benefit of all of its stakeholders.

We would be delighted if you would continue to join us on this journey and put your trust in us.

Yours,

Manfred Knof

Dr. Manfred Knof
Chairman of the Board of Managing Directors

The Board of Managing Directors

Dr. Manfred Knof

Age 58, Chairman
Member of the Board of Managing Directors since 1 January 2021

Dr. Jörg Oliveri del Castillo-Schulz

Age 56, Chief Operating Officer
Member of the Board of Managing Directors since 20 January 2022

Dr. Bettina Orlopp

Age 53, Deputy Chairwoman
Chief Financial Officer
Member of the Board of Managing Directors since 1 November 2017

Thomas Schaufler

Age 53, Private and Small-Business Customers
Member of the Board of Managing Directors since 1 December 2021

Michael Kotzbauer

Age 55, Corporate Clients
Member of the Board of Managing Directors since 14 January 2021

Bernhard Spalt

Age 55, Chief Risk Officer
Member of the Board of Managing Directors since 1 January 2024

Sabine Mlnarsky

Age 49, Group Human Resources
Member of the Board of Managing Directors since 1 January 2023

Report of the Supervisory Board
Frankfurt/Main, March 2024

Dear Shareholders,

Commerzbank continued to consistently implement its strategy and transformation in the 2023 financial year, not only significantly developing the Bank's business model but also in large parts already achieving the targets it had set for 2024. With a successful 2023 financial year, Commerzbank is laying the foundations for its "Moving Forward" strategy, which aims at growth, excellence and responsibility. In addition to the financial results, it focuses on customer and employee satisfaction. The Bank has also created the prerequisites for further capital distributions to its shareholders. This is a commendable achievement for the Bank, given the political disruptions and ongoing uncertainties, as well as the associated geopolitical, business and economic dislocations.

The Supervisory Board advised the Board of Managing Directors and supervised and monitored its management as it tackled the multifaceted challenges of the 2023 financial year. The Board of Managing Directors reported to the Supervisory Board promptly, extensively and at regular intervals on the major developments at the Bank, including in the periods between meetings. The Supervisory Board received frequent and regular information on the Bank's business, economic and risk situation, the considerations relating to the Bank's strategic alignment, its corporate planning, its sustainability strategy, compliance and cyber risk issues, loan loss provisions and the Bank's risk strategy, and discussed these issues with the Board of Managing Directors. The Supervisory Board and its committees held a total of 42 meetings in the past financial year. Between meetings, the Chairman of the Supervisory Board was also continually in touch with the Chairman and other members of the Board of Managing Directors according to a set timetable and kept up to date with the current business progress, strategic considerations, the risk situation, risk management, compliance issues and major business transactions within both the Bank and the Group.

The Supervisory Board was involved in decisions of major importance for the Bank, giving its approval after extensive consultation and examination wherever required.

Meetings of the Supervisory Board

A total of ten Supervisory Board meetings (seven ordinary and three extraordinary meetings) were held during the past financial year. In preparation for these meetings, the shareholder representatives as well as the employee representatives on the Supervisory Board regularly held separate preparatory meetings. A particular focal point of the Supervisory Board's work was to monitor implementation of the "Strategy 2024" programme. The Supervisory Board therefore received reports on the Bank's strategic transformation on an ongoing basis. Another focus was on supporting the development of the "Moving Forward" strategy. The Supervisory Board was kept fully informed by the Board of Managing Directors about the ongoing development of the strategy and was involved in an advisory capacity. The Board of Managing Directors intensively discussed the Bank's new strategic direction with the Supervisory Board and separately with the shareholder and employee representatives during a total of two strategy days in 2023. Strategic issues were also regularly discussed in the meetings.

The Supervisory Board monitored the Bank's financial and business performance and risk situation closely. It also considered the consequences of the war in Ukraine for the Bank on an ongoing basis.

The Supervisory Board dealt intensively with personnel issues, in particular the appointment of a new member of the Board of Managing Directors. It also considered the composition of the Supervisory Board with respect to the shareholder representatives and submitted corresponding election proposals to the 2023 Annual General Meeting.

The Supervisory Board also dealt closely with matters at mBank during 2023, in particular the risks for Commerzbank arising from mBank's Swiss franc loan portfolio.

The focus of all ordinary meetings was the Bank's current business position, which the Supervisory Board discussed intensively with the Board of Managing Directors. The Supervisory Board considered in depth the financial and business performance of the Bank and its business segments, the risk situation, the strategy and its implementation status along with the strategic transformation, planning, compliance and tax issues, regulatory audits, the risk management system, the internal control system and cyber risks. The Supervisory Board regularly discussed a range of issues where the Board of Managing Directors was not present.

It subjected the reports of the Board of Managing Directors to analysis, in some cases requesting supplementary information, which the Board of Managing Directors provided. The Supervisory Board also received information on internal and official investigations into the Bank, asked questions regarding these and formed an opinion.

The meetings of the Supervisory Board and its committees, except for extraordinary meetings scheduled at short notice, were convened as face-to-face meetings, however virtual participation was always made possible via video conference.

Where resolutions were required between meetings or it helped to ensure efficient organisation of the Supervisory Board's work, the Supervisory Board adopted resolutions by way of circulars.

Where the Supervisory Board deemed it necessary, it brought in consultants to assist it in its activities.

The following specific topics were discussed at the Supervisory Board meetings:

At the extraordinary meeting on 12 January 2023, the shareholder representatives on the Supervisory Board nominated their candidates for proposal to the 2023 Annual General Meeting for election. In doing so, they took into account the skills and expertise profile and the suitability matrix for the Supervisory Board as well as the objectives adopted by the Supervisory Board for its own composition.

At the meeting on 15 February 2023, the Board of Managing Directors reported in detail on the current business situation and the progress made with the transformation, the preliminary results for the 2022 financial year and the results for the fourth quarter of 2022. Compliance and cyber security issues were discussed. The Board of Managing Directors presented the Bank's new brand campaign to the Supervisory Board. The findings of a commissioned market research study and the measures derived from this by the Board of Managing Directors were also discussed with the Supervisory Board. The Board of Managing Directors and Supervisory Board discussed the Bank's dividend policy, and the Supervisory Board approved the Bank's buyback of its own shares. In addition, the Supervisory Board dealt in its February meeting with the 2023 sub-risk strategies for credit, market, liquidity and operational risks as well as the cyber risk and information security strategy. The Supervisory Board agreed the variable remuneration for members of the Board of Managing Directors for the

2022 financial year. It also extended the appointment of Michael Kotzbauer to the Board of Managing Directors. Additionally, it addressed the Supervisory Board report, the declaration on corporate governance and the remuneration report for 2022. The results of the evaluation of the Board of Managing Directors and Supervisory Board, which had been carried out internally within the Bank, and of the Supervisory Board's self-assessment for the 2022 financial year were presented and discussed, and resulting measures were resolved. The Supervisory Board also declared its intention to elect me as Chairman of the Supervisory Board, provided I was elected by the 2023 Annual General Meeting.

At the accounts review meeting on 22 March 2023, the Supervisory Board approved the 2022 financial statements for the parent company and the Group following a report by the Board of Managing Directors, a recommendation from the Audit Committee and a discussion with the auditor. In this context, the auditor presented the results of its audits to the Supervisory Board and discussed them with the Supervisory Board. The Supervisory Board concurred with the recommendation made by the Board of Managing Directors on the appropriation of profit. The Supervisory Board considered the accounting process, the internal control system and the risk management system and discussed the assessments of the Board of Managing Directors and the auditor regarding their appropriateness and effectiveness. On the recommendation of the Audit Committee, the Supervisory Board determined that there were no objections to be raised with regard to the separate non-financial Group report under Art. 315b of the German Commercial Code (HGB) or the non-financial report under Art. 289b HGB, even after the final results of its own reviews. The Board of Managing Directors reported to the Supervisory Board on the current business situation and on developments relating to mBank. The Board of Managing Directors and Supervisory Board also discussed the Bank's strategic direction in detail. Human resources issues were discussed with the Supervisory Board as well. The Supervisory Board approved the notice and agenda for the 2023 Annual General Meeting as well as the proposed resolutions for the Annual General Meeting contained therein. The Supervisory Board approved Commerzbank AG's remuneration report under Art. 162 of the German Stock Corporation Act (AktG) for the 2022 financial year. The Board of Managing Directors reported to the Supervisory Board on the "Simply Simpler" project, which aims to contribute to the sustainable reduction of complexity at Commerzbank.

Following the Annual General Meeting on 31 May 2023, the Supervisory Board elected me as Chairman of the Supervisory Board and Uwe Tschäge as Deputy Chairman of the Supervisory Board at its constituent meeting on the same day, each for the duration of our respective terms of office as Supervisory Board members. The Supervisory Board also appointed the members of its committees. On the recommendation of the Audit Committee, the Supervisory Board determined the focal areas of the audit for 2023 and resolved to appoint KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG) to audit the non-financial report for the 2023 financial year.

At the extraordinary meeting on 20 June 2023, the Supervisory Board resolved to launch a new search to fill the position of Chief Risk Officer after Rüdiger Rass decided, following discussions with the banking supervisory authority and in agreement with the Board of Managing Directors and the Supervisory Board, that he was no longer available for this position and would instead continue to hold his previous position as Chief Credit Risk Officer of Commerzbank.

At the meeting on 6 July 2023, the Board of Managing Directors reported to the Supervisory Board on the current business situation, the status of the strategy process, the progress made with the transformation, the results of an internal management staff survey and compliance issues. Against the backdrop of the ruling of 5 June 2023 of the European Court of Justice (ECJ) on loans issued in foreign currencies, the Supervisory Board again discussed matters at mBank in detail – in particular the risks for Commerzbank arising from mBank's Swiss franc loan portfolio. The Board of Managing Directors also reported on the current status of the "Simply Simpler" project. The Board of Managing Directors and the Supervisory Board additionally discussed the target state and the alignment of Commerzbank's IT in detail. The Supervisory Board was consulted on the extension of the appointment of the Remuneration Officer. On the recommendation of the

Compensation Control Committee, the Supervisory Board resolved to engage the auditor KPMG to check the accuracy of the content of the remuneration report for the 2023 reporting year under the German Stock Corporation Act (AktG), in addition to ensuring that it meets the legal requirements set out in Art. 162 (3) AktG.

At the extraordinary meeting on 11 September 2023, the Supervisory Board appointed Bernhard Spalt as Chief Risk Officer with effect from 1 January 2024, subject to approval by the regulatory authority.

At the Supervisory Board meeting on 26 September 2023, the Board of Managing Directors reported to the Supervisory Board on the current business situation, in particular the business situation in the two customer segments, the results of the second quarter and the first half of the year, and the result of the EBA stress test. The Supervisory Board discussed the Bank's Russian business and approved the amendment to the Articles of Association with regard to the reduced share capital. The Supervisory Board also discussed matters relating to the Board of Managing Directors, including further development of the structured succession planning for the Board of Managing Directors.

At the meeting on 27 September 2023, the Supervisory Board debated the “Moving Forward” strategy presented by the Board of Managing Directors in detail and intensively discussed strategic issues relating to the segments and divisions and to IT, as well as the financial targets, with the Board of Managing Directors, and made suggestions on these topics. The Supervisory Board summarised these results at its meeting on 28 September 2023, exchanged views with the Board of Managing Directors again on individual strategic points and made final suggestions and recommendations. It also discussed the policy on returning capital that the Board of Managing Directors had presented.

At the last meeting of the year on 23 November 2023, the Board of Managing Directors presented its planning up to 2027 as well as its business, risk, IT and outsourcing strategy to the Supervisory Board, which acknowledged them after detailed discussion. As part of its report on the business situation, the Board of Managing Directors provided information on the progress made with the transformation, the business situation in the two customer segments, the current risk situations, cyber risk and compliance issues, and the delivery organisation as well as the results of the employee survey conducted in 2023 and the management staff's feedback. The Supervisory Board approved the Bank's buyback of more of its own shares. The Supervisory Board received reports on the Bank's business activities in Russia and the planned further development of variable remuneration for pay-scale and non-pay-scale employees. Strategic issues were again discussed with the Supervisory Board. The Supervisory Board set the targets to be achieved for the variable remuneration of the members of the Board of Managing Directors for the 2024 financial year, reviewed the appropriateness of the remuneration of the Board of Managing Directors and determined that the remuneration of the Board of Managing Directors was appropriate in terms of the requirements of the German Corporate Governance Code and taking other contractual factors into account. Another topic discussed at this meeting was the Bank's corporate governance. In particular, the Supervisory Board approved the annual declaration of compliance with the German Corporate Governance Code pursuant to Art. 161 AktG, examined at the independence of the members of the Supervisory Board, set objectives for its own composition, and adopted diversity policies for the composition of the Board of Managing Directors and the Supervisory Board as well as the suitability matrix for the Supervisory Board. More details on corporate governance at Commerzbank can be found on pages 25 to 35 of this Annual Report. Finally, the Supervisory Board reviewed the performance evaluation of the long-term incentive component of the variable remuneration of former members of the Board of Managing Directors for past performance years by means of a retrospective assessment.

Committees

In order to perform its duties efficiently, the Supervisory Board has formed seven permanent committees from among its members.

The current composition of the committees is shown on page 17 of this Annual Report. The duties and responsibilities of the individual committees are defined in their rules of procedure, which can be found online at https://www.commerzbank.com.

The **Audit Committee** held five ordinary meetings in the 2023 financial year. It held discussions with the responsible members of the Board of Managing Directors on the financial statements for the parent company and the Group and the interim financial statements. Additionally, it discussed financial information, the development of the key financial indicators, the principles of accounting and the accounting process. It also dealt with the major business transactions, provisions for mBank's Swiss franc loan portfolio, and the outlook for further business development. On the basis of these discussions, the committee decided on the recommendations to the Supervisory Board about the adoption of the parent company financial statements and the approval of the Group financial statements.

The committee received explanations from the auditor about the results of the audit of the financial statements of Commerzbank's parent company and the Group and the accompanying auditor's reports. It also received regular reports from the auditor on the current status and individual results of the annual audit of the financial statements, as well as the results of the audit reviews of the interim reports and of the separate financial information. Discussions in the committee centred on the focus areas for the audit and the key audit matters identified by the auditor. To safeguard the economic independence of the auditor, the Audit Committee obtained and discussed the auditor's declaration of independence pursuant to Art. 6 of the EU Audit Regulation. The committee also dealt with requests for the auditor to perform non-audit services and received a report on this from the Group Finance department responsible for monitoring. The committee also discussed the quality of the audit, both internally and in consultation with the auditor. The committee assessed the quality of the audit based on a range of sources including an Audit Quality Indicator Dashboard and a detailed survey among the committee members, management and the departments that also work with the auditor. On this basis, the Audit Committee submitted proposals to the Supervisory Board regarding the appointment of the auditor, the amount of the auditor's fees and the key audit matters, and the appointment of an auditor for the combined separate non-financial report.

The committee also discussed the work of the Bank's Group Audit and Group Compliance units in detail. Both presented regular (at least quarterly) reports on the results of their work, measures to optimise it, the planning of their future activities, and presented their annual reports to the committee. In particular, the Audit Committee received regular reports on the results of various internal and external reviews of compliance with the local regulations that have to be observed by Commerzbank's branches and subsidiaries worldwide. The committee also obtained an overview of the status of efforts to remedy any deficiencies identified in this area by means of regular (at least quarterly) reports from the business units concerned and from Group Audit and Group Compliance. The committee discussed the further development of know-your-customer processes together with the Board of Managing Directors. In several meetings, the committee addressed in detail the impact of the ongoing Russia-Ukraine conflict on Commerzbank, especially with regard to compliance with internal and external requirements and sanctions.

The committee reviewed the effectiveness of the Bank's risk management system and of its internal control system in particular. This review was based on reports from a range of sources including the auditor, Group Risk Management and Group Audit. The committee also acknowledged the auditor's report on the review of reporting obligations and rules of conduct under the German Securities Trading Act. The committee chairman met regularly, sometimes independently of the Board of Managing Directors, with the employees responsible for accounting, compliance and internal auditing.

The **Risk Committee** held five ordinary meetings and one extraordinary meeting in the past financial year. At these meetings, it dealt intensively with the Bank's risk situation and risk management, particularly against the backdrop of the Russia-Ukraine war and the situation in the Middle East. In addition, the Risk Committee dealt extensively with cyber risks. Other important topics included the risks for Commerzbank arising from mBank's Swiss franc loan portfolio and the approach to and management of country risks. Liquidity and interest rate risks were examined against the backdrop of the crises at the US regional banks and the consolidation of the Swiss banking market. Developments in the real estate markets were monitored at the same time, and appropriate risk management was discussed. The Risk Committee also examined the overall risk strategy for 2023, the sub-risk strategies for 2023 and credit, market, liquidity, counterparty and operational risks. It also dealt with reputational, compliance and ESG risks, as well as regulatory risks. It discussed Commerzbank's loan portfolio, loan loss provisions and risk result, as well as its capital ratios. Significant individual exposures of the Bank were also discussed in detail with the Board of Managing Directors, as were portfolios and sub-portfolios. The Risk Committee also considered major corporate transactions and the development of equity holdings. The committee was also briefed on the update to the recovery plan and the adjustment of recovery plan indicators. The Risk Committee additionally reviewed whether terms and conditions in customer business are compatible with the Bank's business model and risk structure, and discussed various stress tests and their results. The meetings included consideration of the employee remuneration system, human resources risk and the audits and risk assessment of Commerzbank by its regulators. The Risk Committee also examined Commerzbank's risk-bearing capacity, major loans to Commerzbank Group companies, loans to officers at those parties and high-risk exposures.

The **Presiding and Nomination Committee** held six ordinary and two extraordinary meetings. The discussions of the Presiding and Nomination Committee were mainly devoted to preparing the plenary Supervisory Board meetings and in-depth treatment of the meeting deliberations, especially with regard to appointments to the Board of Managing Directors, matters relating to the Board of Managing Directors, and the composition of bodies. It dealt intensively with personnel issues, in particular with the search for a successor for Dr. Marcus Chromik, who left at the end of 2023, and this resulted in the appointment of Bernhard Spalt as the new Chief Risk Officer from 1 January 2024. In this context, the committee also examined and approved Bernhard Spalt's individual suitability and the collective suitability of the Board of Managing Directors assuming his inclusion. It discussed the extension of Michael Kotzbauer's appointment to the Board of Managing Directors and made its recommendation to the Supervisory Board. The committee discussed succession planning for the Board of Managing Directors in detail and decided to organise this in a more structured and long-term manner with the help of an external consultant. It approved requests for members of the Board of Managing Directors to take up board mandates with other companies and took note of changes to Commerzbank's central advisory council. The Committee prepared the nomination of the shareholder representatives for election to the Supervisory Board by the 2023 Annual General Meeting and submitted corresponding resolution recommendations to the plenary Supervisory Board. In the 2023 financial year, the committee also discussed the results of the internal evaluation of the Board of Managing Directors and the Supervisory Board using questionnaires and the Supervisory Board's self-assessment for the 2022 financial year. It approved the suitability matrix for the Supervisory Board and the Board of Managing Directors. Human resources issues were also discussed with the committee. In particular, the committee was presented with the principles for the selection and appointment of the first and second levels of management, which it deliberated.

The **Compensation Control Committee** held five ordinary meetings. It assisted the Supervisory Board in setting the targets for the members of the Board of Managing Directors for the 2024 financial year and made corresponding recommendations for resolutions. The committee also considered the target achievement of the Board of Managing Directors for 2022 and reviewed the setting of the total amount of variable remuneration for employees in respect of 2022. It additionally considered the further development of the system of variable compensation for the Board of Managing Directors. The committee was also consulted on the extension of the appointment of the Remuneration Officer and discussed the compensation control report prepared by the Remuneration Officer. The Compensation Control Committee reviewed the performance evaluations of former members of the Board of Managing Directors with regard to the long-term incentive component of variable remuneration for past performance years by means of a retrospective assessment and submitted corresponding resolution recommendations to the plenary Supervisory Board.

The committee considered the audit of the remuneration report and recommended that the Supervisory Board engage the auditor KPMG to check the accuracy of the content of the remuneration report for the 2023 reporting year under the German Stock Corporation Act (AktG), in addition to ensuring that it meets the legal requirements set out in Art. 162 (3) AktG. The committee reviewed the appropriateness of the structure of the remuneration for the Board of Managing Directors with the support of an external remuneration consultant and examined the structure and appropriateness of the employee remuneration systems for Commerzbank Aktiengesellschaft.

In addition, the committee assessed the impact of the remuneration systems on the Bank's risk, capital and liquidity situation and monitored whether the remuneration systems are aligned with the Bank's business and risk strategy. The committee also reviewed the principles of the employee remuneration system used to measure remuneration parameters, performance contributions and performance and retention periods, and monitored the process used to identify institution risk bearers and Group risk bearers. Finally, the committee reviewed the remuneration system for the control units and monitored the involvement of the control units and all other relevant areas in the design of the employee remuneration system.

The **Environmental, Social and Governance Committee (ESG Committee)** held four ordinary meetings in the reporting year. It addressed the sustainability strategy and management, the ESG framework and the status of regulatory requirements. The committee dealt with, among other things, biodiversity, the European Green Deal, the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG), environmental risk control and the EU taxonomy. In addition, it discussed interim targets under the Science Based Targets initiative and received a report on the current status of employee training on the ESG principles at Commerzbank. It considered the Bank's sustainability reporting in detail as part of the preparation of Commerzbank's combined separate non-financial report and its external disclosure of climate and environmental risks. The committee also discussed the ESG objectives of the Board of Managing Directors. Moreover, it dealt with strategic personnel planning, the recruitment campaign, the young talent campaign and the human resource indicators. The committee discussed the results of staff surveys that had been conducted. The committee also discussed new learning and qualification measures, the expanded inclusion action plan and implementation of the German Accessibility Act (BFSG).

The **Digital Transformation Committee** assisted the Supervisory Board with its monitoring and advisory tasks relating to the Bank's digital transformation and IT; it held four ordinary meetings in 2023. The committee received regular information on the current status of IT and on the overall technical performance and stability of the IT systems, as well as updates on key strategic initiatives. To this end, the committee informed itself about projects and processes relating to the Bank's digital transformation, its budget management and transformation management, and the status of individual projects. Based on the Bank's strategy, it discussed the IT strategy for 2024 to 2027. The committee also dealt with Commerzbank's payment transaction offering and vendor management. It looked at the Bank's IT architecture and IT landscape and at the current developments on the fintech market. Looking to the future, it dealt with topics such as the digital workplace, the digital euro and the AI strategy. The members of the committee also learned about user experience and user interface and visited Commerzbank's UX/UI studios.

There was no need for any meetings of the Conciliation Committee formed in accordance with the German Codetermination Act.

The chairs of the committees regularly reported on their work at the next meeting of the plenary Supervisory Board.

Conflicts of interest

In accordance with the German Corporate Governance Code and Art. 3 (6) of the rules of procedure of the Supervisory Board, members of Commerzbank's Supervisory Board are required to disclose conflicts of interest without delay to the Chairman of the Supervisory Board or the Chairman's deputy, who will in turn inform the Supervisory Board. In order to prevent a potential conflict of interest with her role as CFO of Uniper SE, Dr. Jutta A. Dönges did not take part in any discussions or resolutions regarding loans from Commerzbank to Uniper SE.

Training and development measures

The members of the Supervisory Board undertook the training and development measures required for their duties at their own initiative, with appropriate support from Commerzbank. Further training and development took place on a regular basis. Following the Supervisory Board elections, a two-day onboarding event was held for the newly elected members of the Supervisory Board, in which re-elected members could and did take part. In addition, the new Supervisory Board members were offered individually tailored internal training and induction measures. Divisions such as Group Risk and Group Finance also provided individual Supervisory Board members with in-depth insight into their activities and organisation. In the 2023 financial year, a comprehensive workshop on the topic of "The EU Taxonomy and Commerzbank's progress in implementing it" was held for all members of the Supervisory Board. A training event on the topic of "Software development – from an idea to the product" was also held. The committee chairmen also took part in a workshop on strategic issues at Commerzbank. The members of the Risk Committee received further training on balance sheet modelling in a workshop. The members of the Environmental, Social and Governance Committee received further training on the subject of biodiversity in the course of a committee meeting. Finally, some members of the Supervisory Board attended external training courses on topics such as risk management in banks, accounting and annual financial statement analysis, overall bank management and sustainable finance.

Evaluation and self-assessment

In the 2023 financial year the Supervisory Board and its committees dealt with the results of the review of the effectiveness of their work carried out in the 2022 financial year in accordance with recommendation D.12 of the German Corporate Governance Code, combined with the assessment to be carried out in accordance with Art. 25d (11) nos. 3 and 4 of the German Banking Act (KWG). Both the Supervisory Board and the individual committees drew up a catalogue of measures based on the results and implemented these measures. For example, the topics of ESG and digitalisation were defined as focal points of the training measures for the Supervisory Board for 2023 and Supervisory Board members became more involved in the strategy process and in strategic issues. At the end of the 2023 financial year, the Supervisory Board reviewed the effectiveness of its work in the 2023 financial year with the support of an external consultancy and carried out the assessment required pursuant to Art. 25d (11) nos. 3 and 4 of the KWG. All members of the Supervisory Board and the Board of Managing Directors first completed questionnaires for this purpose. The consultants then conducted individual interviews with all members of the Supervisory Board and the Board of Managing Directors based on an anonymous evaluation of these questionnaires. The resulting analyses were presented to and discussed with the Presiding and Nomination Committee and the plenary Supervisory Board at the beginning of the 2024 financial year. On the basis of these discussions, catalogues of measures were drawn up in turn in both plenary sessions and committee meetings, and these are being worked through in a timely manner. They include developing the strategic succession planning for the Board of Managing Directors and adjusting the skills and expertise profile of the Supervisory Board in a nuanced manner in line with the evaluation. The members of the Supervisory Board collectively believe that the board and its committees work effectively and to a high standard overall.

Participation in meetings

The following table shows the number of meetings of the Supervisory Board and its committees attended by each individual member in the 2023 financial year. If Supervisory Board members were unable to attend a meeting, they announced their absence in advance, explained the reasons and generally issued voting instructions:

	Meetings (incl. committees)	Meetings (plenary)	Participation (plenary)	Meetings (committees)	Participation (committees)	Participation (all meetings)	
Prof. Dr. Jens Weidmann	21	7	7	14	14	21	100%
Helmut Gottschalk	13	3	3	10	10	13	100%
Uwe Tschäge	26	10	9	16	15	24	92%
Heike Anscheit	14	10	10	4	4	14	100%
Alexander Boursanoff	3	3	2	0	0	2	67%
Gunnar de Buhr	19	10	10	9	9	19	100%
Stefan Burghardt	7	3	2	4	4	6	86%
Harald Christ	13	7	7	6	6	13	100%
Dr. Frank Czichowski	26	10	10	16	16	26	100%
Sabine U. Dietrich	18	10	10	8	8	18	100%
Dr. Jutta A. Dönges	30	10	9	20	20	29	97%
Monika Fink	6	3	2	3	2	4	67%
Stefan Jennes	3	3	3	0	0	3	100%
Kerstin Jerchel	17	10	9	7	5	14	82%
Burkhard Keese	21	10	9	11	11	20	95%
Alexandra Krieger	3	3	3	0	0	3	100%
Maxi Leuchters	9	7	7	2	2	9	100%
Daniela Mattheus	16	10	10	6	6	16	100%
Nina Olderdissen	9	7	7	2	2	9	100%
Sandra Persiehl	11	7	7	4	4	11	100%
Michael Schramm	13	7	7	6	6	13	100%
Caroline Seifert	14	10	10	4	4	14	100%
Robin J. Stalker	10	3	3	7	6	9	90%
Dr. Gertrude Tumpel-Gugerell	22	10	7	12	12	19	86%
Sascha Uebel	14	7	7	7	7	14	100%
Frank Westhoff	26	10	10	16	16	26	100%
Stefan Wittmann	19	10	10	9	9	19	100%

Parent company and Group financial statements

The auditor and Group auditor appointed by the Annual General Meeting – KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), Berlin – audited the parent company and Group financial statements of Commerzbank Aktiengesellschaft and the management reports of the parent company and the Group, issuing an unqualified auditor’s report thereon. The parent company financial statements were prepared according to the rules of the German Commercial Code (HGB), and the Group financial statements according to International Financial Reporting Standards (IFRS). The financial statements and audit reports were sent to all members of the

Supervisory Board in good time. The members of the Supervisory Board also had an opportunity to take part in a separate meeting with the auditor on the annual financial statements in advance of the Supervisory Board's accounts review meeting.

The Audit Committee dealt at length with the financial statements at its meeting on 12 March 2024. At the meeting on 13 March 2024, the Supervisory Board examined the parent company and Group financial statements of Commerzbank Aktiengesellschaft, as well as the management reports of the parent company and the Group, in detail. Representatives of the auditor attended the above-mentioned meetings of the Audit Committee and the plenary Supervisory Board, where they explained the main findings of the audit and answered questions. The financial statements were discussed at length at both meetings.

Following the final review by the Audit Committee and the plenary Supervisory Board, the Supervisory Board raised no objections to the parent company and Group financial statements and concurred with the findings of the auditors. The Supervisory Board approved the financial statements of the parent company and the Group prepared by the Board of Managing Directors; the financial statements of the parent company were thus adopted. The Supervisory Board concurs with the recommendation made by the Board of Managing Directors on the appropriation of profit.

Non-financial report

The ESG Committee reviewed in detail the combined separate non-financial report as at 31 December 2023 for Commerzbank Aktiengesellschaft and the Group, as prepared by the Board of Managing Directors. The Audit Committee and the Supervisory Board also discussed the report as well as the audit of the non-financial report carried out by KPMG. KPMG conducted an audit to obtain limited assurance and issued an unqualified report. Representatives of the auditor attended the meeting of the Audit Committee on 12 March 2024 and the meeting of the Supervisory Board on 13 March 2024, reported on the main results of their audit and answered supplementary questions from the members of the Supervisory Board. The Supervisory Board raised no objections.

Shareholder communications

Communication with our shareholders takes place within the framework of the Annual General Meeting and via the Investor Relations department. As Chairman of the Supervisory Board of Commerzbank I engage in regular dialogue with key national and international shareholders and investors on topics such as corporate governance, the qualifications and composition of the Board of Managing Directors and Supervisory Board, the remuneration systems of the Board of Managing Directors and Supervisory Board, the role of the Supervisory Board in the strategy development and implementation process, digitalisation and sustainability. The presentations used for these discussions, together with the key messages, are published on the website of Commerzbank Aktiengesellschaft and made available to other shareholders and interested outsiders.

Changes in the Supervisory Board and the Board of Managing Directors

There were the following changes to the Supervisory Board in the 2023 financial year: At the end of the Annual General Meeting on 31 May 2023, Alexander Boursanoff, Stefan Burghardt, Monika Fink, Helmut Gottschalk, Stefan Jennes, Alexandra Krieger and Robin J. Stalker left Commerzbank's Supervisory Board. Harald Christ, Maxi Leuchters, Nina Olderdissen, Sandra Persiehl, Michael Schramm, Sascha Uebel and I have been new members of Commerzbank's Supervisory Board since the Annual General Meeting on 31 May 2023. I was elected Chairman of the Supervisory Board at its constituent meeting following the 2023 Annual General Meeting.

On behalf of the entire Supervisory Board, I would like to thank all of the departed Supervisory Board members for their dedicated work and outstanding performance. Our special thanks go to Helmut Gottschalk for his great commitment and extraordinary efforts over the last two years as well as for his constructive and trusting cooperation on the Supervisory Board. Much has been achieved and driven forward in the Bank through his work as Chairman.

Dr. Marcus Chromik left the Board of Managing Directors on 31 December 2023 at his own request on the expiry of his contract. He worked for the Bank for almost 15 years in various positions, most recently eight years as Chief Risk Officer, and showed extraordinary and comprehensive commitment to the Bank. I would like to sincerely thank Dr. Marcus Chromik on behalf of the entire Supervisory Board for his outstanding achievements and his great commitment to Commerzbank, and especially for his consistently trusting cooperation. We wish him all the best for the future. Bernhard Spalt has been a new member of the Board of Managing Directors and Chief Risk Officer of Commerzbank since 1 January 2024. We wish him every success in the varied responsibilities that await him.

I would also like to thank the Board of Managing Directors and all our employees for their outstanding commitment and performance during the financial year.

Finally, I would like to thank all members of the Supervisory Board for working well and constructively together, for their commitment and for the high degree of mutual trust on the board.

For the Supervisory Board

Prof. Dr. Jens Weidmann
Chairman

Committees of the Supervisory Board

Compensation Control Committee

- Prof. Dr. Jens Weidmann, Chairman
- Dr. Jutta A. Dönges, Deputy Chairwoman
- Uwe Tschäge
- Frank Westhoff
- Stefan Wittmann

Presiding and Nomination Committee

- Prof. Dr. Jens Weidmann, Chairman
- Dr. Gertrude Tumpel-Gugerell, Deputy Chairwoman
- Dr. Jutta A. Dönges
- Uwe Tschäge
- Sascha Uebel

Mediation Committee

(Art. 27 (3), German Co-determination Act)

- Dr. Jutta A. Dönges
- Uwe Tschäge
- Prof. Dr. Jens Weidmann
- Stefan Wittmann

Audit Committee

- Burkhard Keese, Chairman
- Dr. Frank Czichowski, Deputy Chairman
- Gunnar de Buhr
- Harald Christ
- Sandra Persiehl
- Sascha Uebel
- Prof. Dr. Jens Weidmann
- Frank Westhoff

Environmental, Social and Governance Committee

- Dr. Gertrude Tumpel-Gugerell, Chairwoman
- Maxi Leuchters, Deputy Chairwoman
- Harald Christ
- Dr. Frank Czichowski
- Sabine U. Dietrich
- Kerstin Jerchel
- Daniela Mattheus
- Nina Olderdissen
- Uwe Tschäge

Risk Committee

- Frank Westhoff, Chairman
- Dr. Frank Czichowski, Deputy Chairman
- Dr. Jutta A. Dönges
- Burkhard Keese
- Michael Schramm
- Prof. Dr. Jens Weidmann

Committee for Digital Transformation

- Sabine U. Dietrich, Chairwoman
- Gunnar de Buhr, Deputy Chairman
- Heike Anscheit
- Harald Christ
- Dr. Frank Czichowski
- Daniela Mattheus
- Sandra Persiehl
- Michael Schramm
- Caroline Seifert

Members of the Supervisory Board of Commerzbank Aktiengesellschaft

Prof. Dr. Jens Weidmann

Age 55, Chairman of the Supervisory Board since 31 May 2023, former President of the Deutsche Bundesbank and Professor of Practice in Central Banking at the Frankfurt School of Finance & Management

Uwe Tschäge[1]

Age 56, Deputy Chairman of the Supervisory Board since 30 May 2003, banking professional

Heike Anscheit[1]

Age 53, Member of the Supervisory Board since 1 January 2017, banking professional

Gunnar de Buhr[1]

Age 56, Member of the Supervisory Board since 19 April 2013, banking professional

Harald Christ

Age 52, Member of the Supervisory Board since 31 May 2023, Managing Partner of Christ & Company Consulting GmbH

Dr. Frank Czichowski

Age 64, Member of the Supervisory Board since 13 May 2020, former Senior Vice President/Treasurer of KfW Group

Sabine U. Dietrich

Age 63, Member of the Supervisory Board since 30 April 2015, former Member of the Management Board of BP Europa SE

Dr. Jutta A. Dönges

Age 50, Member of the Supervisory Board since 13 May 2020, Chief Financial Officer of Uniper SE

Kerstin Jerchel[1]

Age 52, Member of the Supervisory Board since 8 May 2018, Labour Director and Managing Director of Stadtwerke Verkehrsgesellschaft Frankfurt am Main GmbH

Burkhard Keese

Age 58, Member of the Supervisory Board since 18 May 2021, Chief Financial Officer Lloyd's of London

[1] Elected by the Bank's employees.

Detailed CVs of the members of the Supervisory Board are available on our Group website under "Management".

Maxi Leuchters[1]

Age 30, Member of the Supervisory Board since 31 May 2023, Head of Department for Corporate Law and Management, Hans-Böckler-Stiftung

Caroline Seifert

Age 57, Member of the Supervisory Board since 18 May 2021, management consultant for transformation

Daniela Mattheus

Age 51, Member of the Supervisory Board since 18 May 2021, lawyer and management consultant

Dr. Gertrude Tumpel-Gugerell

Age 71, Member of the Supervisory Board since 1 June 2012, former Member of the Executive Board of the European Central Bank

Nina Olderdissen[1]

Age 47, Member of the Supervisory Board since 31 May 2023, banking professional

Sascha Uebel[1]

Age 47, Member of the Supervisory Board since 31 May 2023, banking professional

Sandra Persiehl[1]

Age 48, Member of the Supervisory Board since 31 May 2023, bank employee

Frank Westhoff

Age 62, Member of the Supervisory Board since 18 May 2021, former Member of the Board of Managing Directors of DZ BANK AG

Michael Schramm[1]

Age 49, Member of the Supervisory Board since 31 May 2023, banking professional

Stefan Wittmann[1]

Age 55, Member of the Supervisory Board since 8 May 2018, Trade Union Secretary, ver.di National Administration

Our share

Development of equity markets and performance indices

Despite the ongoing fraught geopolitical and economic environment, 2023 was a good year on stock markets for investors. The Russian invasion of Ukraine continued to have a negative impact on international trade relations. The escalating crisis in the Middle East and the smouldering Taiwan conflict also further exacerbated international uncertainty, impeding the general economic recovery.

The initially substantial increase in prices for fossil fuels and food weakened in the period under review, but the average annual inflation rate remained comparably high at 5.9% and the markets benefited from investors channelling their money into equities, real estate and tangible assets in an effort to protect against high inflation. The European Central Bank responded with a total of six interest rate increases as it pursued its monetary policy remit. Long-term bond yields signal the expectation that inflation rates should ease. The yield on ten-year German Bunds fell from 2.50% at the end of 2022 to 2.02% at the end of 2023, reflecting an inverted yield curve compared to the significantly higher short-term inflation concerns.

However, the uptick in lending rates suppressed demand for credit both for companies and, in particular, on the real estate market. The number of building permits in Germany fell sharply in 2023. Private consumption also proved unable to prop up the economy due to high consumer prices. The positive perception of falling inflation thanks to rising interest rates and a stronger euro had a positive effect on share prices. At the end of July 2023, the DAX reached a provisional all-time high at almost 16,529 points before nosediving over the rest of the summer into autumn due to persistent economic concerns, with the international stock markets following suit. Prices managed to recover from their lows over the remainder of 2023 and – driven by the expectation that central banks would lower their policy rates again given falling inflation – posted sizeable gains towards the end of the year. As a result, the DAX hit its annual high for the 2023 financial year on 14 December at 17,003 points.

The leading German share index, the DAX, recorded an increase of 20.3% in 2023, while the MDAX was up 8.0%. The leading European index, the EuroStoxx 50, gained 17.4%.

The Commerzbank share

At the start of 2023, the European banking sector was looking ahead with confidence, particularly given that the coronavirus pandemic had so far only a moderate impact on institutions' business models. In light of rising expectations of further interest rate hikes and consequently higher earnings contributions, profit estimates for banks were gradually raised. It was amid this environment that Commerzbank shares reached their high for the year of €12.01 on 7 March. Just two days later, the difficulties encountered by US-based Silicon Valley Bank sent renewed ripples through the international financial markets. In the days that followed, Swiss bank Credit Suisse saw its long-standing crisis go from bad to worse and was subsequently taken over by UBS on 19 March 2023. Both events triggered major losses on the international stock markets. Bank share prices collapsed, and the Commerzbank share price hit its low for the year of €8.31 on 20 March 2023.

Both the American and Swiss supervisory authorities took quick and decisive action to prevent contagion to other markets and regain the confidence of market participants, prompting a renewed uptick in bank share prices.

In response to the continued high rates of inflation, the European Central Bank raised policy rates in six more steps in 2023. Since 20 September 2023, the last increase in the period under review, the deposit facility rate has been 4.00%. This is a significant increase compared with the rate of 1.25% at the end of the previous year and has paved the way for significantly improved net interest income on the part of European banks. These interest rate increases also enabled European bank share prices to rally strongly during the second half of 2023 compared with their lows for the year. Consequently, the European sector index EuroStoxx Banks closed the year with a major gain of 23.5%.

With a gain of 21.8%, the Commerzbank share price also performed exceptionally well in 2023.

On 8 November, Commerzbank announced its capital market update with a strategic plan through 2027. With the comprehensive cost and restructuring programme containing targets for 2024 that have already largely been achieved in 2023, the focus of the new plan going forward is on further growth in the operating segments.

A Core Tier 1 ratio of 14.7% shows that solvency and stability remain high.

The Bank will propose resuming payment of a dividend in the amount of €0.35 for the 2023 financial year.

Securities code	
Bearer shares	CBK100
Reuters	CBKG.DE
Bloomberg	CBK GR
ISIN	DE000CBK1001

Commerzbank shares were trading at €10.76 at year-end. This put Commerzbank's market capitalisation at €13.3bn (maximum €14.9bn, minimum €10.3bn), compared with €11.1bn in the previous year. The price-to-book ratio ranged between 0.41 and 0.56 during the year under review. By way of comparison, the figure for the European banking index ranged between 0.52 and 0.77. The average daily turnover of Commerzbank shares – i.e. the number of shares traded – was 7.5 million, slightly above the previous year's figure of 7.4 million.

Commerzbank share – key figures

With a lower number of shares following the successful share buyback in 2023, the earnings per share in the 2023 financial year was €1.63. This was mainly due to a significant year-on-year improvement in net profit, which benefited in particular from a significant rise in income, substantially lower risk provisioning and reduced compulsory contributions.

Key figures for the Commerzbank share	2023	2022
Shares issued in million units (31.12.)	1,240.2	1,252.4
Xetra intraday prices in €		
High	12.01	9.51
Low	8.31	5.17
Closing price (31.12.)	10.76	8.84
Daily trading volume[1] in million units		
High	40.3	23.9
Low	1.9	1.4
Average	7.5	7.4
Earnings per share in €	1.63	0.99
Book value per share[2] in € (31.12.)	23.28	21.50
Net asset value per share[3] in € (31.12.)	23.33	21.60
Market value/Net asset value (31.12.)	0.46	0.41

[1] Total for German stock exchanges.
[2] Excluding non-controlling interests.
[3] Excluding non-controlling interests and the cash flow hedge reserve.

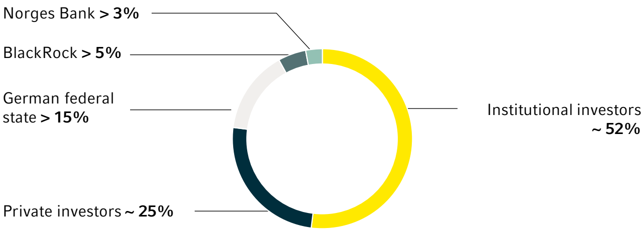
In addition to being a constituent of the European sector index EuroStoxx Banks, Commerzbank returned to the German leading share index, the DAX, on 17 February 2023. The Bank also continues to be featured in several sustainability indices, which place particular emphasis on environmental and ethical criteria alongside economic and social factors.

Selected indices containing the Commerzbank share
Blue chip indices
DAX
EuroStoxx Banks
Sustainability indices
DAX 50 ESG
FTSE4GOOD EUROPE INDEX
FTSE4GOOD DEVELOPED INDEX
ECPI EMU Ethical Equity
ECPI Euro ESG Equity
ECPI World ESG Equity

Shareholder structure and analyst recommendations

As at 31 December 2023, around 40% of Commerzbank shares were held by the Federal Republic of Germany and our mostly German-based private shareholders. Consequently, as at end-2023 around 60% of all Commerzbank shares were held by institutional investors, including in particular BlackRock with just over 8% and the Norwegian state, which holds a stake of around 3% via Norges Bank. The free float stood at around 84%.

Shareholder structure
As at 31 December 2023



Some 25 analysts provided regular coverage of Commerzbank during 2023. At the end of 2023, the proportion of buy recommendations was 68%, compared with 56% in the previous year. A further 24% of analysts recommended a hold, while two analysts recommended selling our shares, compared with none in the previous year. The analysts' average price target at the end of the year was €14.60, versus €10.43 at the end of the previous year.

Commerzbank's ratings

The rating agencies assess Commerzbank as a bank with a strong customer business and a leading market position in German corporate customer business. The asset quality in the loan portfolio is viewed as robust, but the risks in the Corporate Clients portfolio could be susceptible to volatility given prevailing geopolitical tensions and the cautious economic outlook in Germany. The liquidity situation is rated as solid. The refinancing options through deposits and Pfandbriefe are stable and show a moderate dependence on the capital market. The Bank's capitalisation is deemed to be solid. The capital buffers currently in place help both in the transformation process and in the event of unforeseen risks, and can be used to absorb losses to protect senior creditors.

The rating agencies are aware of the fact that the Bank has already achieved important milestones in the transformation and realignment of its business model. Worthy of particular note here is the significant improvement in profitability, which provides the basis for further structural improvements to profitability as part of the "Strategy 2027" programme.

Rating events in 2023

S&P Global Ratings issuer rating = "A–"
In March 2023, S&P raised Commerzbank's deposit/issuer credit rating (Preferred Senior Rating) by one notch to "A–" with a stable outlook. At the same time, the counterparty rating (Resolution Counterparty Rating) was increased by one level to "A". The rating measure was driven by a strong loss-absorbing buffer that provides further protection to senior creditors in a hypothetical resolution scenario. At 6.5% in 2022, the additional loss-absorbing capacity (ALAC) exceeded the theoretically relevant threshold for the S&P model of 6%. This results in an increase in support by two levels (previously one level) to the stand-alone rating "bbb". S&P assumes that Commerzbank will be able to maintain or exceed the threshold of 6% in the coming years.

In November 2023, S&P raised the issuer rating outlook to positive, recognising that the Bank had achieved important milestones in its transformation and realignment of the business model and had also improved its profitability.

Moody's Investors Service issuer rating = "A2"
The long-term issuer rating, also known as the Preferred Senior Unsecured Debt Rating, remained unchanged at "A2" with a stable outlook in the 2023 financial year. The volume of bail-in-eligible instruments as a percentage of total assets, which feeds into Moody's proprietary loss-given-failure (LGF) model, provided two notches of rating support compared to the stand-alone rating of "baa2". An additional notch was also given for possible state support in the event of insolvency. The ratings for Commerzbank mortgage Pfandbriefe and public-sector Pfandbriefe were unchanged at "AAA".

Corporate responsibility

› We acknowledge the principles of responsible, transparent management as laid down in the German Corporate Governance Code and adhere to all the suggestions and virtually all of the recommendations it makes. Pages 25 to 35 give details of this aspect of our corporate responsibility.

› The term "corporate social responsibility" describes the extent to which a company is conscious of its responsibilities whenever its business activities affect society, staff or the natural or economic environment. We accept this responsibility, and report on it starting on page 42. For the 2023 reporting year, we have based our non-financial report on the requirements of the Task Force on Climate-related Financial Disclosures (TCFD) and have aligned ourselves for the first time with the requirements of the Task Force on Nature-related Financial Disclosures (TNFD). We have also included information required by the EU Taxonomy Regulation.

Contents

Declaration on corporate governance

pursuant to Art. 315d in conjunction with Art. 289f of the German Commercial Code (HGB)

In addition to the statutory requirements pursuant to Art. 315d in conjunction with Art. 289f of the German Commercial Code (HGB), the Board of Managing Directors and Supervisory Board must report on the Bank's corporate governance in the declaration on corporate governance. This follows from Principle 23 of the German Corporate Governance Code in the version of 28 April 2022, published in the Federal Gazette (Bundesanzeiger) on 27 June 2022, on which this declaration is based.

Commerzbank Aktiengesellschaft attaches great importance to responsible and transparent corporate governance aimed at sustainable value creation. That is why the Board of Managing Directors and the Supervisory Board expressly support the goals and objectives set out in the German Corporate Governance Code.

Recommendations of the German Corporate Governance Code

Commerzbank Aktiengesellschaft and its subsidiaries that are required by law to do so declare every year whether the recommendations of the Government Commission on the German Corporate Governance Code have been and are being complied with and explain why individual recommendations are not being implemented. These annual declarations of compliance by the Board of Managing Directors and Supervisory Board are published on the websites of the individual companies. Commerzbank Aktiengesellschaft's declarations can be found at https://investorrelations.commerzbank.com/de/entsprechenserklaerung. There is also an archive of all the declarations of compliance made since 2002. The declaration valid as of 31 December 2023 was made in November 2023.

As can be seen from the wording of the declaration below, Commerzbank Aktiengesellschaft complies with virtually all of the recommendations of the German Corporate Governance Code; it deviates from them in only a few points:

Since the submission of the last Declaration of Compliance in December 2022, the recommendations of the "German Corporate Governance Code Commission" in the version of 28 April 2022 – published in the Bundesanzeiger (Federal Gazette) on 27 June 2022 – have been complied with, except for the following recommendations:

- According to Recommendation G.10 Sentence 2 of the Code the granted long-term variable remuneration components shall be accessible to a member of the Board of Managing Directors only after a period of four years. The remuneration system for members of the Board of Managing Directors, in force since 1 January 2023, deviates from the recommendation, as the member of the Board of Managing Directors can access to a part of the granted long-term variable remuneration (LTI) before the end of the four-year period. The remuneration system provides that beginning with the LTI for the financial year 2023, subject to the regular deferral period of five years, the LTI is payable in five tranches, each tranche equally split into a cash and a share-based payment. In addition, the share-based payment of the LTI is subject to a twelve-month retention period. Therefore, the member of the Board of Managing Directors receives 50% of the LTI already before the end of the four-year period. The details are illustrated in the remuneration system for the Board of Managing Directors, which is published on the homepage. The payment of the LTI in tranches is consistent with the bank-specific regulatory requirements set out in the Remuneration Ordinance for Institutions (Institutsvergütungsverordnung). A further tightening of these bank-specific requirements is neither necessary nor appropriate. Concurrently, through this systematics a closer link is achieved between the payout of the LTIs and the success of the financial year, for which the LTI-components are paid. Thereby, the members of the Board of Managing Directors are more directly incentivised.

- However, the Recommendation G.10 Sentence 1 of the Code has been complied with since the introduction of the new remuneration system for the Board of Managing Directors as of 1 January 2023. From this point in time and in accordance with the recommendation, the variable remuneration to the member of the Board of Managing Directors is – taking into consideration the respective tax burden – predominantly invested in company shares or granted as share-based remuneration.

Suggestions of the German Corporate Governance Code

Commerzbank Aktiengesellschaft complies with all of the suggestions of the German Corporate Governance Code.

Code recommendations not applicable because of overriding statutory provisions

The German Corporate Governance Code has restricted the applicability of its recommendations to banks and insurance companies in that they apply to them only to the extent that the recommendations do not conflict with statutory provisions. In accordance with recommendation F.4 of the Code, these statutory provisions and the effects on the declaration of compliance are to be disclosed in the declaration on corporate governance in the Annual Report.

At Commerzbank Aktiengesellschaft this applies to recommendation D.4 of the Code, according to which the Supervisory Board should establish a Nomination Committee made up exclusively of shareholder representatives. According to the prevailing view, a general exclusion of employee representatives on the Supervisory Board from membership of a committee is only permissible if there is an objective reason for doing so. Such an objective reason could exist if a committee were to deal exclusively with matters relating only to the shareholder representatives on the Supervisory Board, for example if the sole task of the Nomination Committee were to prepare proposals for the election of shareholder representatives to be put to the Annual General Meeting. Under Art. 25d (11) of the German Banking Act (KWG), however, the nomination committee of a bank is also assigned other tasks, including tasks for which the involvement of employee representatives is customary and necessary. For example, the nomination committee is tasked with assisting the respective company's supervisory board in identifying candidates to fill management positions, and in the regular assessment of the management board and the supervisory board. The involvement of employee representatives in these tasks is established practice at Commerzbank Aktiengesellschaft. Nonetheless, in order to comply with recommendation D.4 of the Code as far as possible, the rules of procedure of the Presiding and Nomination Committee of the Supervisory Board stipulate that the election proposals to be put to the Annual General Meeting be prepared only by the shareholder representatives on the committee.

Company values and governance practices of Commerzbank Aktiengesellschaft and the Commerzbank Group

Commerzbank Aktiengesellschaft and its subsidiaries are committed to their corporate, environmental and social responsibilities. To ensure sustainable corporate governance, extensive standards were defined in various spheres of activity and published on Commerzbank Aktiengesellschaft's website.

The corporate values of integrity, performance and responsibility create the basis for the corporate culture. They shape both the way employees interact with each other and their behaviour towards customers, business partners and other stakeholders. These values take high priority at Commerzbank and show that Commerzbank is aware of its corporate responsibility.

Based on its corporate values, Commerzbank Aktiengesellschaft has set out codes of conduct for acting with integrity, which provide all Commerzbank Group employees with a binding framework for lawful and ethically appropriate conduct in the day-to-day working environment. The codes of conduct are reviewed on a regular basis and revised if required; they were most recently revised in the 2023 financial year.

In its environmental, social and governance (ESG) framework, Commerzbank Aktiengesellschaft sets out all the key components of its sustainability strategy and makes sustainability a central management parameter. In this way, the Bank provides its stakeholders with the greatest possible transparency regarding its understanding of sustainability. Commerzbank Aktiengesellschaft has thereby created a Bank-wide standard that enables stringent management of all relevant products, processes and activities and ensures the sustainable transformation of Commerzbank.

The ESG framework also defines positions and policies on environmental and social issues. These are applied to the evaluation of transactions and business relationships and thus act as important points of reference. The basis for their preparation and regular review is the ongoing monitoring of media and non-governmental organisations (NGOs) on controversial environmental or social issues and regular discussion with NGOs. In addition, specific environmental guidelines have been formulated to guide the management of operational environmental impacts.

Board of Managing Directors

The Commerzbank Aktiengesellschaft Board of Managing Directors is responsible for independently managing the Bank in the Bank's best interest. In doing so, it must consider the interests of shareholders, customers, employees and other stakeholders, with the objective of sustainable value creation. It develops the Bank's strategic direction, discusses it with the Supervisory Board and ensures its implementation. In addition, it sees that efficient risk management and risk control measures are in place. The Board of Managing Directors simultaneously manages the Commerzbank Group as the Group executive body on the basis of uniform guidelines and exercises general control over all Group companies.

It conducts the Bank's business activities in accordance with the law, the Articles of Association, its rules of procedure, internal guidelines and the provisions of the relevant employment contracts. It cooperates on a basis of trust with Commerzbank Aktiengesellschaft's other corporate bodies, the employee representatives and the corporate bodies of other Group companies.

The composition of the Board of Managing Directors and the responsibilities of its individual members are presented on page 5 of this Annual Report. The work of the Board of Managing Directors is specified in greater detail in its rules of procedure, which may be viewed on Commerzbank Aktiengesellschaft's website.

The remuneration of the members of the Board of Managing Directors is presented in detail in the remuneration report, which is published on Commerzbank Aktiengesellschaft's website.

Supervisory Board

The Supervisory Board of Commerzbank Aktiengesellschaft advises and monitors the Board of Managing Directors in its management of the Bank and is directly involved in decisions of fundamental importance. The Supervisory Board discharges its responsibilities in accordance with legal requirements, the Articles of Association and its rules of procedure. It cooperates closely and on a basis of trust with the Board of Managing Directors in the interests of the Bank. Taking into account the recommendations of the Presiding and Nomination Committee, the Supervisory Board decides on the appointment and dismissal of members of the Board of Managing Directors and, together with the Board of Managing Directors, ensures long-term succession planning. If necessary, external consultants are brought in.

The composition of the Supervisory Board and the members of its committees are presented on pages 17 to 19 of this Annual Report, in accordance with recommendation D.2 of the German Corporate Governance Code. Details of the work of this body, its structure and its control function can be found in the report of the Supervisory Board on pages 6 to 16. Further details on how the Supervisory Board and its committees work can be found in the rules of procedure of the Supervisory Board, available on Commerzbank Aktiengesellschaft's website. The duties of the individual committees are set out in the respective rules of procedure, which can also be viewed on the Commerzbank Aktiengesellschaft website.

According to recommendation C.1 of the Code, the Supervisory Board should set concrete objectives and draw up a profile of skills and expertise for the board as a whole. In doing so, it should give consideration to diversity. The profile of skills of the Supervisory Board is also to include expertise with respect to the sustainability issues of importance to the Bank. Appointments proposed by the Supervisory Board to the Annual General Meeting should take these objectives into account while also seeking to fulfil the profile of skills and expertise for the board as a whole. The status of implementation is to be disclosed in the form of a qualification matrix in the declaration on corporate governance. In addition, in accordance with recommendation C.2 of the Code, an age limit for members of the Supervisory Board should be specified and disclosed in the declaration on corporate governance. The length of Supervisory Board membership is also to be disclosed in accordance with recommendation C.3 of the Code.

The Supervisory Board of Commerzbank Aktiengesellschaft has approved the following concrete objectives:

The composition of the Supervisory Board should be such that, overall, its members have the necessary skills, expertise, experience and knowledge to be able to perform its duties properly. In particular, the Supervisory Board should have all the expertise and experience deemed essential for the activities of the Commerzbank Group. In addition, the legal requirements with regard to special expertise and professional experience of individual members of the Supervisory Board in specific areas must be met (for example, expertise in the areas of accounting and auditing, including sustainability reporting and auditing thereof, as well as in the areas of risk management and risk controlling), and at least one member of the Supervisory Board should have special expertise in Environmental, Social and Governance (ESG) issues. The members of the Supervisory Board must be able to challenge and monitor the decisions made by the Board of Managing Directors. The members of the Supervisory Board should also be able to devote sufficient time to the performance of their duties. Members should be reliable, and consideration should be given to their commitment, personality, professionalism, integrity and independence. The target is that the Supervisory Board should always have at least eight members elected by the Annual General Meeting who are independent as defined in recommendation C.6 of the Code, and not more than two former members of the Board of Managing Directors of Commerzbank Aktiengesellschaft. The length of service of the Supervisory Board members elected by the Annual General Meeting should generally not exceed a period of 12 years. The term of office of a member of the Supervisory Board should generally end at the end of the Annual General Meeting following the member's 72nd birthday.

The Supervisory Board has resolved a detailed profile of skills and expertise for its composition, which may be consulted on Commerzbank Aktiengesellschaft's website.

As can be seen from the following qualification matrix based on a self-assessment by members of the Supervisory Board, all objectives set by the Supervisory Board with regard to its composition, as well as its profile of skills, had been implemented as of 31 December 2023:

I = Basic knowledge[1] II = Good knowledge[2] III = Expert knowledge[3]	Classification ✓ = objective met ER = Employee representation SH = Shareholders	Prof. Dr. Jens Weidmann Chair SH	Sabine U. Dietrich SH	Burkhard Keese SH	Dr. Gertrude Tumpel-Gugerell SH	Frank Westhoff SH
Length of service						
Member since		2023	2015	2021	2012	2021
Personal suitability						
Regulatory requirements met		✓	✓	✓	✓	✓
Experience as a banking executive / member of executive board / management experience		✓	✓	✓	✓	✓
Independence		✓	✓	✓	✓	✓
No overboarding		✓	✓	✓	✓	✓
Number of other supervisory board mandates[4]		0	2	0	3	0
Soft skills (authenticity, loyalty, ability to work in a team, sense of responsibility, persuasiveness, communication, discussion, decision-making skills, commitment, ability to work under pressure)		✓	✓	✓	✓	✓
Diversity						
Gender		m	f	m	f	m
Nationality		D	D	D	A	D
International experience/expertise		✓	✓	✓	✓	✓
Year of birth		1968	1960	1966	1952	1961
Skills, experience and professional suitability						
Financial markets and banking		II	II	II	III	III
Business strategy and planning		III	III	III	III	III
Regulatory matters / legal framework		III	II	II	III	III
Risk management (incl. ICS and auditing) / controlling		II	III	III	III	III
Compliance (incl. money laundering / terrorist financing)		III	III	III	II	III
Accounting (incl. sustainability reporting and auditing thereof)		II	II	III	II	III
Audit of financial statements (incl. sustainability reporting and auditing thereof)		II	II	III	II	II
Digitalisation, technology and data security		II	III	II	I	II
ESG, esp. as part of a) sustainable corporate governance / sustainable banking b) corporate social responsibility (CSR) c) ESG risks		III	II	III	III	I
Assessing the effectiveness of a bank's regulations in terms of effective governance / supervision / control		III	II	III	III	III
Supervisory Board or committee chair						
Chair		SB, PNC, CCC	DigiTra	AC	ESG	RiskC
Specific knowledge within the committee or in relation to the Bank as a whole		✓	✓	✓	✓	✓
Experience in drawing up agendas and chairing and preparing meetings		✓	✓	✓	✓	✓

[1] Basic knowledge: sound basic knowledge in essential parts of the subject area, acquired through e.g. training or practical experience.
[2] Good knowledge: extensive knowledge in relation to the entire subject area or specialised knowledge in parts of the subject area, acquired through many years of practical experience.
[3] Expert knowledge: expert knowledge in the entire subject area, acquired through a role as a decision-maker.
[4] Number of board mandates as at 31 December 2023 to be taken into account for supervisory or regulatory purposes.

I = Basic knowledge[1] II = Good knowledge[2] III = Expert knowledge[3]	Classification ✓ = objective met ER = Employee representation SH = Shareholders	Harald Christ SH	Dr. Frank Czichowski SH	Dr. Jutta A. Dönges SH	Daniela Mattheus SH	Caroline Seifert SH
Length of service						
Member since		2023	2020	2020	2021	2021
Personal suitability						
Regulatory requirements met		✓	✓	✓	✓	✓
Experience as a banking executive / member of executive board / management experience		✓	✓	✓	✓	✓
Independence		✓	✓	✓	✓	✓
No overboarding		✓	✓	✓	✓	✓
Number of other supervisory board mandates[4]		1	1	1	3	0
Soft skills (authenticity, loyalty, ability to work in a team, sense of responsibility, persuasiveness, communication, discussion, decision-making skills, commitment, ability to work under pressure)		✓	✓	✓	✓	✓
Diversity						
Gender		m	m	f	f	f
Nationality		D	D	D	D	D
International experience/expertise		✓	✓	✓	✓	✓
Year of birth		1972	1960	1973	1972	1966
Skills, experience and professional suitability						
Financial markets and banking		II	III	III	II	II
Business strategy and planning		III	II	III	II	III
Regulatory matters / legal framework		II	II	III	II	I
Risk management (incl. ICS and auditing) / controlling		II	III	III	III	I
Compliance (incl. money laundering / terrorist financing)		II	II	III	II	II
Accounting (incl. sustainability reporting and auditing thereof)		II	III	III	III	I
Audit of financial statements (incl. sustainability reporting and auditing thereof)		II	II	III	III	I
Digitalisation, technology and data security		II	II	II	I	III
ESG, esp. as part of a) sustainable corporate governance / sustainable banking b) corporate social responsibility (CSR) c) ESG risks		II	III	II	III	II
Assessing the effectiveness of a bank's regulations in terms of effective governance / supervision / control		II	II	III	III	II
Supervisory Board or committee chair						
Chair						
Specific knowledge within the committee or in relation to the Bank as a whole						
Experience in drawing up agendas and chairing and preparing meetings						

[1] Basic knowledge: sound basic knowledge in essential parts of the subject area, acquired through e.g. training or practical experience.
[2] Good knowledge: extensive knowledge in relation to the entire subject area or specialised knowledge in parts of the subject area, acquired through many years of practical experience.
[3] Expert knowledge: expert knowledge in the entire subject area, acquired through a role as a decision-maker.
[4] Number of board mandates as at 31 December 2023 to be taken into account for supervisory or regulatory purposes.

I = Basic knowledge[1] II = Good knowledge[2] III = Expert knowledge[3]	Classification ✓ = objective met ER = Employee representation SH = Shareholders	Uwe Tschäge Deputy Chair ER	Heike Anscheit ER	Gunnar de Buhr ER	Kerstin Jerchel ER	Maxi Leuchters ER
Length of service						
Member since		2003	2017	2013	2018	2023
Personal suitability						
Regulatory requirements met		✓	✓	✓	✓	✓
Experience as a banking executive / member of executive board / management experience		✓	✓	✓	✓	✓
Independence		n.a.	n.a.	n.a.	n.a.	n.a.
No overboarding		✓	✓	✓	✓	✓
Number of other supervisory board mandates[4]		0	0	1	0	2
Soft skills (authenticity, loyalty, ability to work in a team, sense of responsibility, persuasiveness, communication, discussion, decision-making skills, commitment, ability to work under pressure)		✓	✓	✓	✓	✓
Diversity						
Gender		m	f	m	f	f
Nationality		D	D	D	D	D
International experience/expertise						✓
Year of birth		1967	1971	1967	1971	1994
Skills, experience and professional suitability						
Financial markets and banking		II	II	II	II	I
Business strategy and planning		III	II	II	II	II
Regulatory matters / legal framework		I	II	II	II	II
Risk management (incl. ICS and auditing) / controlling		I	I	II	I	II
Compliance (incl. money laundering / terrorist financing)		II	II	III	II	I
Accounting (incl. sustainability reporting and auditing thereof)		I	I	II	II	I
Audit of financial statements (incl. sustainability reporting and auditing thereof)		I	I	II	II	II
Digitalisation, technology and data security		II	III	III	II	I
ESG, esp. as part of a) sustainable corporate governance / sustainable banking b) corporate social responsibility (CSR) c) ESG risks		II	II	II	III	III
Assessing the effectiveness of a bank's regulations in terms of effective governance / supervision / control		III	II	II	III	II
Supervisory Board or committee chair						
Chair						
Specific knowledge within the committee or in relation to the Bank as a whole						
Experience in drawing up agendas and chairing and preparing meetings						

[1] Basic knowledge: sound basic knowledge in essential parts of the subject area, acquired through e.g. training or practical experience.
[2] Good knowledge: extensive knowledge in relation to the entire subject area or specialised knowledge in parts of the subject area, acquired through many years of practical experience.
[3] Expert knowledge: expert knowledge in the entire subject area, acquired through a role as a decision-maker.
[4] Number of board mandates as at 31 December 2023 to be taken into account for supervisory or regulatory purposes.

I = Basic knowledge[1] II = Good knowledge[2] III = Expert knowledge[3]	Classification ✓ = objective met ER = Employee representation SH = Shareholders	Nina Olderdissen ER	Sandra Persiehl ER	Michael Schramm ER	Sascha Uebel ER	Stefan Wittmann ER
Length of service						
Member since		2023	2023	2023	2023	2018
Personal suitability						
Regulatory requirements met		✓	✓	✓	✓	✓
Experience as a banking executive / member of executive board / management experience		✓	✓	✓	✓	✓
Independence		n.a.	n.a.	n.a.	n.a.	n.a.
No overboarding		✓	✓	✓	✓	✓
Number of other supervisory board mandates[4]		0	0	0	0	0
Soft skills (authenticity, loyalty, ability to work in a team, sense of responsibility, persuasiveness, communication, discussion, decision-making skills, commitment, ability to work under pressure)		✓	✓	✓	✓	✓
Diversity						
Gender		f	f	m	m	m
Nationality		D	D	D	D	D
International experience/expertise				✓		
Year of birth		1976	1975	1974	1976	1968
Skills, experience and professional suitability						
Financial markets and banking		II	II	III	III	I
Business strategy and planning		II	II	II	II	II
Regulatory matters / legal framework		II	I	I	II	I
Risk management (incl. ICS and auditing) / controlling		I	I	II	II	I
Compliance (incl. money laundering / terrorist financing)		I	II	II	II	I
Accounting (incl. sustainability reporting and auditing thereof)		I	I	I	II	II
Audit of financial statements (incl. sustainability reporting and auditing thereof)		I	I	I	II	I
Digitalisation, technology and data security		I	III	II	II	I
ESG, esp. as part of a) sustainable corporate governance / sustainable banking b) corporate social responsibility (CSR) c) ESG risks		II	I	II	I	II
Assessing the effectiveness of a bank's regulations in terms of effective governance / supervision / control		I	III	I	II	II
Supervisory Board or committee chair						
Chair						
Specific knowledge within the committee or in relation to the Bank as a whole						
Experience in drawing up agendas and chairing and preparing meetings						

[1] Basic knowledge: sound basic knowledge in essential parts of the subject area, acquired through e.g. training or practical experience.
[2] Good knowledge: extensive knowledge in relation to the entire subject area or specialised knowledge in parts of the subject area, acquired through many years of practical experience.
[3] Expert knowledge: expert knowledge in the entire subject area, acquired through a role as a decision-maker.
[4] Number of board mandates as at 31 December 2023 to be taken into account for supervisory or regulatory purposes.

Burkhard Keese, Chairman of the Audit Committee, has particular expertise in the areas of both accounting and auditing. As Chief Financial Officer of Lloyd's of London and a former partner and auditor at KPMG AG Wirtschaftsprüfungsgesellschaft, he has extensive experience in the areas of finance and auditing, giving him special expertise in the areas of both accounting and auditing. Frank Westhoff, another member of the Audit Committee and a former Chief Risk Officer at DZ Bank AG, has special expertise in the field of accounting and can also leverage knowledge from the area of auditing. Other members of the Audit Committee are also highly proficient in the fields of accounting and auditing. This includes Dr. Frank Czichowski, who acquired this knowledge mainly through his previous role as Treasurer of the KfW Banking Group.

Under Art. 25d (12) KWG at least one member of the Compensation Control Committee must have sufficient expertise and professional experience in risk management and risk controlling, particularly with respect to mechanisms for gearing remuneration systems to the Bank's overall risk disposition and strategy and to its capital resources. Frank Westhoff, as a former Chief Risk Officer at DZ Bank AG and current Chairman of the Risk Committee of Commerzbank's Supervisory Board, meets these requirements.

In order to remain aligned with developments within Commerzbank Aktiengesellschaft in matters of sustainability and also to ensure that the growing requirements and responsibilities of the Supervisory Board in this area are properly met, the Supervisory Board has formed an Environmental, Social and Governance Committee (ESG Committee) that deals in depth with these issues. In addition, Dr. Gertrude Tumpel-Gugerell, Maxi Leuchters and Dr. Frank Czichowski as well as other members of the Supervisory Board have special expertise in the field of ESG. During her many years working for central banks, Dr. Gertrude Tumpel-Gugerell has gained in-depth knowledge of social and governance issues at financial institutions. As Head of Department at Hans-Böckler-Stiftung and a member of the European Economic and Social Committee, Maxi Leuchters is keenly acquainted with current sustainable finance and corporate governance topics. Dr. Frank Czichowski has extensive expertise in the area of sustainable investments and the management of financial institutions. Furthermore, the Supervisory Board and especially the Risk Committee are increasingly dealing with cyber risks as part of their control and monitoring activities. Given the ongoing and in-depth discussion of this issue on the Risk Committee, the members of the committee in particular have special expertise in this area.

For further information on the individual members of the Supervisory Board, please refer to their curricula vitae, which are available on the Commerzbank Aktiengesellschaft website.

In accordance with recommendation C.1 of the Code, the declaration on corporate governance should also provide information on what, in the view of the shareholder representatives, is the appropriate number of independent shareholder representatives serving on the Supervisory Board and the names of these members. According to recommendation C.6 of the Code, a Supervisory Board member is considered as independent if he or she is independent of the Bank and its Board of Managing Directors and independent of any controlling shareholder. Recommendation C.7 of the Code stipulates that a Supervisory Board member is independent of the Bank and its Board of Managing Directors if he or she has no personal or business relationship with the Bank or its Board of Managing Directors that may lead to a significant, non-transient conflict of interest. When assessing the independence of their members according to recommendation C.7 of the Code, the shareholder representatives should in particular take into account whether the Supervisory Board member him- or herself or a close relative of the Supervisory Board member was a member of the Bank's Board of Managing Directors in the two years before his or her appointment. It should also be taken into account whether the Supervisory Board member currently has or had in the year leading up to his or her appointment a material business relationship with the Bank or one of its dependent companies, either directly or as a shareholder or in a responsible function of a non-Group company, is a close relative of a member of the Board of Managing Directors, or has been a member of the Supervisory Board for more than 12 years. With regard to a possible controlling shareholder, recommendation C.9 of the Code stipulates that a Supervisory Board member is considered independent of a controlling shareholder if he or she or a close relative is neither a controlling shareholder nor a member of the controlling shareholder's governing body, and does not have a personal or business relationship with the controlling shareholder that may give rise to a significant, non-transient conflict of interest. A shareholder is deemed to be a controlling shareholder if a control agreement has been concluded with him or her or he or she holds the majority of voting rights. Finally, in accordance with recommendation C.11 of the Code, the Supervisory Board should not include more than two former members of the Board of Managing Directors of Commerzbank Aktiengesellschaft.

Based on the above criteria, all ten shareholder representatives can be classified as "independent" within the meaning of the German Corporate Governance Code, namely Prof. Dr. Jens Weidmann, Dr. Frank Czichowski, Sabine U. Dietrich, Dr. Jutta A. Dönges, Burkhard Keese, Daniela Mattheus, Caroline Seifert, Harald Christ, Dr. Gertrude Tumpel-Gugerell and Frank Westhoff. Dr. Jutta A. Dönges and Harald Christ were proposed for election to the Supervisory Board of Commerzbank Aktiengesellschaft at the suggestion of the Financial Market Stabilisation Fund, represented by the Federal Republic of Germany – Finanzagentur GmbH. The Financial Market Stabilisation Fund holds around 15.75% of the share capital of Commerzbank Aktiengesellschaft and is therefore already not a controlling shareholder within the meaning of the Code. Nor does the Federal Republic of Germany – Finanzagentur GmbH have a material business relationship with Commerzbank Aktiengesellschaft. In addition, there is no former member of the Board of Managing Directors of Commerzbank Aktiengesellschaft on the Supervisory Board.

As a result, the target of always having at least eight independent Supervisory Board members elected by the Annual General Meeting has been achieved. The Supervisory Board's own assessment that it contains an appropriate number of independent members is therefore well-founded.

In the 2023 financial year, the Supervisory Board and its committees addressed the results of the review of the effectiveness of their work carried out in the 2022 financial year in accordance with recommendation D.12 of the Code, combined with the assessment to be carried out by the Board of Managing Directors and Supervisory Board pursuant to Art. 25d (11) nos. 3 and 4 KWG. Both the Supervisory Board and the individual committees drew up a catalogue of measures based on the results and implemented these measures; in the case of the Supervisory Board, these related to matters including qualification and ongoing training of Supervisory Board members, especially in the areas of ESG and digitalisation, and efficient communication between the Board of Managing Directors and the Supervisory Board. At the end of the 2023 financial year, the Supervisory Board, supported by an external advisor, reviewed the effectiveness of its work in the 2023 financial year, and together with this external advisor carried out the assessment required pursuant to Art. 25d (11) nos. 3 and 4 KWG. For this purpose, all members of the Supervisory Board and members of the Board of Managing Directors started off by completing questionnaires, which were subsequently analysed. In a second step, an interview was conducted on the basis of this analysis with each member of the Supervisory Board and member of the Board of Managing Directors. The responses from the questionnaires and interviews were analysed in detail, and the results then presented to the Supervisory Board at the beginning of the 2024 financial year and discussed in plenary session. On the basis of these discussions, catalogues of measures were drawn up both by the Supervisory Board and in the committees, and these are being worked through in a timely manner. The members of the Supervisory Board are of the overall opinion that the Supervisory Board and its committees work effectively and to a high standard.

In accordance with recommendation E.2 of the Code and Art. 3 (6) of the rules of procedure of the Supervisory Board, each member of the Supervisory Board must disclose any conflicts of interest. In order to prevent a potential conflict of interest with her role as CFO of Uniper SE, Dr. Jutta A. Dönges did not take part in any discussions or resolutions regarding loans from Commerzbank to Uniper SE.

In accordance with recommendation B.2 of the Code, the Supervisory Board works with the Board of Managing Directors to ensure long-term succession planning for the Board of Managing Directors. This also includes measures to ensure they can respond appropriately to any short-term staffing changes, such as resignations for personal reasons. The Presiding and Nomination Committee of Commerzbank Aktiengesellschaft's Supervisory Board is responsible for succession planning. It assists the Supervisory Board in selecting applicants for positions on the Board of Managing Directors. Therefore, it takes account of the balance and range of knowledge, skills and experience of all the board members and draws up a job description with an applicant profile. In drawing up the job description, it takes account of the skills profile and suitability matrix for the Board of Managing Directors as well as other targets for its composition, such as diversity. In accordance with Art. 25d (11) no. 5 KWG, the Presiding and Nomination Committee also reviews the principles of the Board of Managing Directors for the selection and appointment of persons at top management level. Together with the Chairman of the Board, it regularly discusses potentially suitable internal succession candidates for appointment to the Board of Managing Directors. In order to make succession planning even more structured and gear it to the longer term, the process is currently under further development with the support of an external consultant.

The system for the remuneration of Supervisory Board members adopted by the Annual General Meeting on 11 May 2022 and applicable since 1 January 2022 is contained in Commerzbank's Articles of Association and published together with the resolution on Commerzbank Aktiengesellschaft's website. The remuneration of the members of the Supervisory Board is also presented in detail in the remuneration report, which is published on Commerzbank Aktiengesellschaft's website.

Diversity

Both Commerzbank Aktiengesellschaft and the Group companies take diversity into account in the composition of the Board of Managing Directors, appointments to management and recommendations for the election of Supervisory Board members, in line with recommendations A.2, B.1 and C.1 of the Code. The aim is to reduce the risk of prejudice and "groupthink". In addition, diversity contributes to a broader range of experience and a greater spectrum of knowledge, capabilities and expertise.

Diversity policy and information on the minimum proportions of women and men on the Supervisory Board

The Supervisory Board of Commerzbank Aktiengesellschaft consists of 20 members. As already mentioned in the description of the targets for the composition of the Supervisory Board on page 27, the Supervisory Board is supposed to always have at least eight members (shareholder representatives) elected by the Annual General Meeting who are independent as defined in recommendations C.6, C.7 and C.8 of the Code. In accordance with recommendation C.2 of the Code, the Supervisory Board has also defined an age limit for Supervisory Board members by setting a standard limit of 72 years of age on the relevant reference date, that being the end of the Annual General Meeting. The Supervisory Board aims to have a broad range of ages represented on the board. In addition, the Supervisory Board ensures a suitable range of educational and professional backgrounds among the members of the Supervisory Board, and that the Supervisory board has at least one international member at all times. The Supervisory Board also considers appropriate female and male representation when proposing candidates to the Annual General Meeting for election. The Supervisory Board is committed to exceeding the statutory minimum requirement for female and male representation of at least 30% each. It must be borne in mind that the only way the Supervisory Board is able to influence its composition is by the candidates it proposes to the Annual General Meeting for election. The employee representatives on the Supervisory Board are also striving to exceed female and male representation of at least 30% each among employee representatives in future.

The Supervisory Board achieved all the stated goals in the 2023 financial year. As at 31 December 2023, the Supervisory Board of Commerzbank Aktiengesellschaft included an international representative in the person of Dr. Gertrude Tumpel-Gugerell and, with Dr. Tumpel-Gugerell and Burkhard Keese in particular, two representatives with special international experience and/or expertise. Dr. Gertrude Tumpel-Gugerell is an Austrian citizen and has extensive experience and knowledge of Europe’s economy and financial institutions; for many years she was a member of the internationally staffed Executive Board of the European Central Bank. Burkhard Keese has worked at international financial services companies for many years, most notably at Lloyd’s of London in the United Kingdom since 2019. A total of 12 members of the Supervisory Board boast international experience and/or expertise. The Supervisory Board is made up of ten women and ten men. The genders are also equally represented on the shareholder and employee sides, each side having five women and five men.

Where required by law, the Group companies have also set their own targets for the proportion of women on their supervisory boards.

The members of the Supervisory Board of Commerzbank Aktiengesellschaft were between 29 and 71 years old at the end of the reporting year; the average age was 53.6 years. The educational and professional backgrounds of the Supervisory Board members are varied: there are members of the Supervisory Board with banking training, lawyers, members with business degrees, and engineers. Many members of the Supervisory Board have significant banking experience.

Diversity policy and minimum proportions on the Board of Managing Directors

In making appointments to the Board of Managing Directors, the Supervisory Board aims to increase diversity, particularly with regard to age, origin, education and professional background, and to give appropriate consideration to women. As a rule, the members of the Board of Managing Directors should not be over 65 years of age. In addition, the Supervisory Board ensures that the members of the Board of Managing Directors have a suitable range of educational and professional backgrounds.

The Board of Managing Directors currently consists of seven members: two women and five men. This means that the minimum proportions under Art. 76 (3a) of the German Stock Corporation Act (AktG) have been met and indeed exceeded, according to which a Board of Managing Directors consisting of more than three people must have at least one woman and at least one man among its members. The Supervisory Board will strive to continue to exceed the statutory minimum proportions in the future. The proportion of women on the Board of Managing Directors was 28.6% as at 31 December 2023.

Where required by law, the Group companies have also set their own targets for the proportion of women on their management boards.

Targets for the first and second levels of management

Art. 76 (4) AktG requires the Board of Managing Directors of Commerzbank Aktiengesellschaft to set a target for female representation at the two management levels below the Board of Managing Directors and a deadline for achieving this target.

The Board of Managing Directors last set new targets for female representation at the first and second levels of Commerzbank Aktiengesellschaft’s management (in Germany) in December 2021. The target is 25% for the first management level and likewise 25% for the second level. The deadline set for achieving the targets is 31 December 2026. Commerzbank Aktiengesellschaft has thus given itself ambitious targets. It is an important objective for the Bank and the Group as a whole to further increase the number of women in management positions.

As at 31 December 2023, the first management level below the Board of Managing Directors at Commerzbank Aktiengesellschaft consisted of 41 managers, of whom 33 were male and 8 females. The percentage of women in the first level of management below the Board of Managing Directors was therefore 19.5%.

The second management level below the Board of Managing Directors consisted of 306 people, of whom 236 were male and 70 females. The percentage of women in the second level of management below the Board of Managing Directors was thus 22.9%.

The Board of Managing Directors chose not to set targets for the first and second levels of management at Group level. Instead, the individual Group companies have set their own targets within the statutory framework.

In the Group, the first management level below the Board of Managing Directors consisted of 44 people, of whom 36 were male and 8 females. The percentage of women at the first level of management below the Board of Managing Directors as at the reporting date was therefore 18.2%.

The second management level below the Board of Managing Directors consisted of 350 people, of whom 274 were male and 76 females. The percentage of women at the second management level below the Board of Managing Directors was therefore 21.7%.

Accounting

Accounting at the Commerzbank Group and Commerzbank Aktiengesellschaft gives a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with the respective accounting standards. The Group financial statements and Group management report are prepared in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and applicable in the EU (IFRS) and the supplementary provisions of the German Commercial Code (HGB); the parent company financial statements and management report of Commerzbank Aktiengesellschaft are prepared in accordance with the provisions of the German Commercial Code. The Group financial statements and parent company financial statements are prepared by the Board of Managing Directors and approved by the Supervisory Board. The financial statements are thus adopted. The audit is performed by the auditor elected by the Annual General Meeting.

The Group management report also includes a detailed risk report, providing information on the Bank's responsible handling of the various types of risk. It may be found on pages 216 to 263 of this Annual Report.

During the financial year, shareholders and third parties receive additional information about the course of business by means of the interim report as at 30 June and interim financial information as at 31 March and 30 September of a given year. The interim report as at 30 June is also prepared in accordance with IFRS. In the interim financial information as at 31 March and 30 September, the statement of comprehensive income, balance sheet and statement of changes in equity are prepared in accordance with the applicable IFRS accounting, measurement and consolidation principles for interim reporting.

Shareholder relations, transparency and communication

The Annual General Meeting of shareholders takes place once a year. It decides on the appropriation of distributable profit (if any) and approves the actions of the Board of Managing Directors and the Supervisory Board, the appointment of the auditors and any amendments to the Articles of Association.

If necessary, it authorises the Board of Managing Directors to undertake capital-raising measures and approves the conclusion of profit and loss transfer agreements. Each share entitles the holder to one vote.

The Supervisory Board submitted a remuneration system for the members of the Board of Managing Directors to the 2022 Annual General Meeting for approval in accordance with Art. 120a (1) AktG. This proposed system had been enhanced in fundamental respects. The Annual General Meeting approved the remuneration system with 84.6% of votes in favour. The current remuneration system and the resolution of the Annual General Meeting are published on Commerzbank Aktiengesellschaft's website.

The Bank's shareholders may submit recommendations or other statements by letter or e-mail or may present them in person. Since the 2020 financial year, there has also been an orderly process regulated in the Engagement Policy for contacting Commerzbank Aktiengesellschaft as a shareholder. At the Annual General Meeting, the Board of Managing Directors or the Supervisory Board comment or reply directly. Shareholders may codetermine the course of the Annual General Meeting by submitting countermotions or supplementary motions to the agenda. Shareholders may also request an Extraordinary General Meeting be convened. The reports and documents required by law for the Annual General Meeting, including the Annual Report, as well as the agenda for the Annual General Meeting and any countermotions or supplementary motions may be downloaded from the internet.

Commerzbank Aktiengesellschaft informs the public – and consequently shareholders as well – about the Bank's financial position and financial performance four times a year. Corporate news that may affect the share price is also published in the form of ad hoc releases. This ensures that all shareholders are treated equally. The Board of Managing Directors reports on the annual financial statements and the quarterly results, as well as on the Bank's future strategy, at press conferences and events for analysts and investors.

Commerzbank Aktiengesellschaft uses the options offered by the internet for reporting purposes, providing a wealth of information about the Group at https://www.commerzbank.com. In addition to the rules of procedure of the Board of Managing Directors and the Supervisory Board, the Articles of Association of Commerzbank Aktiengesellschaft are also available online. The financial calendar for the current and the upcoming year is also published in the Annual Report and on the internet. It shows the dates of all the significant financial communications, notably the annual press conference and analyst conferences and the date of the Annual General Meeting.

We feel an obligation to communicate openly and transparently with our shareholders and all other stakeholders. We intend to continue meeting this obligation in the future.

Details pursuant to Art. 315a and Art. 315 (4) of the German Commercial Code (HGB)

Information under takeover law required pursuant to Art. 315a of the German Commercial Code (HGB) and explanatory report

Share capital structure
The share capital of Commerzbank totalled €1,240,223,329.00 at the end of the financial year. It is divided into 1,240,223,329 no-par-value shares. The shares are issued in bearer form. Commerzbank has issued only ordinary shares with the same rights and obligations. Each share has one vote.

Restrictions on voting rights and transfers; nature of voting control for employee shares
We are not aware of any restrictions on voting rights or the transfer of shares. In general, the voting right in cases under Art. 136 of the German Stock Corporation Act is suspended by law for the shares concerned. Pursuant to Art. 71b of the German Stock Corporation Act, rights may also not be exercised for treasury shares.

Employees who hold Commerzbank shares exercise their rights of control like any other shareholders, in accordance with the law and the Articles of Association.

Equity holdings that exceed 10% of the voting rights
According to the German Securities Trading Act (WpHG), every investor who reaches, exceeds or falls below certain proportions of voting rights through acquisition, sale or in any other way must notify us and the Federal Financial Supervisory Authority (BaFin). The lowest threshold for this notification requirement is 3%. According to the notification of voting rights dated 4 June 2013, the Financial Market Stabilisation Fund, Federal Republic of Germany, holds a stake of 17.15% in the voting capital of Commerzbank Aktiengesellschaft. Provided that the voting rights are unchanged, the Financial Market Stabilisation Fund would hold a stake of approximately 15.75% in the voting capital of Commerzbank Aktiengesellschaft following the capital increase in April 2015 and the share buyback in June 2023.

Shares with special rights granting powers of control
There are no shares with special rights granting powers of control.

Appointment and removal of the members of the Board of Managing Directors; amendments to the Articles of Association
The members of the Board of Managing Directors are appointed and removed by the Supervisory Board pursuant to Art. 84 of the German Stock Corporation Act and Art. 6 (2) of the Articles of Association. Before members of the Board of Managing Directors are appointed it must be demonstrated to the German Federal Financial Supervisory Authority (BaFin), the Deutsche Bundesbank and the European Central Bank (ECB) that they are fit and proper and have sufficient time available. Being fit and proper requires them to have sufficient theoretical and practical knowledge of the Bank's business and management experience (Art. 24 (1) no. 1, Art. 25c (1) of the German Banking Act (KWG), Art. 93 of Regulation (EU) No 468/2014 (SSM Framework Regulation)). Pursuant to Art. 6 (1) of the Articles of Association, the Board of Managing Directors must comprise a minimum of two people; otherwise, the Supervisory Board defines the number of members on the Board of Managing Directors in accordance with Art. 6 (2) of the Articles of Association. If there is a vacancy on the Board of Managing Directors for a required member and the Supervisory Board has not appointed a new member, in urgent cases one will be appointed by a court pursuant to Art. 85 of the German Stock Corporation Act.

Any amendment to the Articles of Association requires a resolution of the Annual General Meeting under Art. 179 (1) sentence 1 of the German Stock Corporation Act. Unless the law mandates a majority of the share capital represented at the date of resolution, a simple majority of the capital represented, in addition to a simple majority of the votes, is sufficient to pass resolutions (Art. 19 (3) sentence 2 of the Articles of Association). The authority to amend the Articles of Association, provided such amendments affect merely the wording of an article with no change in substance, has been transferred to the Supervisory Board under Art. 10 (3) of the Articles of Association in compliance with Art. 179 (1) sentence 2 of the German Stock Corporation Act.

Powers of the Board of Managing Directors to issue and buy back shares
The Board of Managing Directors is authorised, subject to the detailed provisions of Art. 4 (3) and (4) of the Articles of Association in effect on 31 December 2023, to increase the share

capital, with the approval of the Supervisory Board, on one or more occasions until 30 May 2028, but by no more than a total of €563,560,935.00 by issuing new shares:

- By up to €438,325,172.00 against cash contributions (Authorised Capital 2023/I). The Board of Managing Directors is authorised, with the approval of the Supervisory Board, to exclude subscription rights in order to (i) exclude fractional amounts from the subscription rights or (ii) issue employee shares to employees up to a proportional amount of the share capital of €15,000,000.00.
- By up to €125,235,763.00 against cash or non-cash contributions (Authorised Capital 2023/II). The Board of Managing Directors is authorised, with the approval of the Supervisory Board, to exclude subscription rights in order to (i) exclude fractional amounts from the subscription rights; (ii) to the extent necessary, grant subscription rights to new shares to holders of conversion or option rights; (iii) increase the share capital against contributions in kind; or (iv) issue new shares against cash contributions to the extent of no more than 10% of the Bank's share capital at the time the authorisation becomes effective or at the time the authorisation is exercised, whichever amount is lower, if the issue price of the new shares is not significantly lower than the stock market price for shares of the same class at the time the issue price is determined. For the determination of the maximum limit of 10% of the share capital, the offsetting rules set out in the Articles of Association apply.

The proportional amount of the share capital attributable to those shares issued in exchange for cash or contributions in kind subject to exclusion of shareholders' subscription rights must not, in aggregate, exceed 10% of the share capital of the Bank existing at the time when the Annual General Meeting adopts the resolution. If shares are issued to members of the Board of Managing Directors, members of the management or employees of Commerzbank Aktiengesellschaft and its Group companies within the meaning of Art. 18 (1) of the German Stock Corporation Act, subject to the exclusion of shareholders' subscription rights, the Board of Managing Directors may make use of the authorisation only up to a maximum total amount of 3% of the share capital existing at the time when the Annual General Meeting adopts the resolution. For the determination of this 3% limit, the offsetting rules set out in the Articles of Association apply. For details of the authorised capital, particularly regarding maturities and terms and conditions of exercise, please refer to the detailed explanations in Note 59.

The Board of Managing Directors was authorised by the Annual General Meeting on 13 May 2020 in accordance with Art. 71 (1) no. 8 of the German Stock Corporation Act to acquire own shares in a volume of up to 10% of the share capital existing at the time of the resolution or of the share capital existing at the time of the exercise of the present authorisation, whichever amount is lower, until 12 May 2025. Together with the Bank's treasury shares purchased for other reasons and held by the Bank or attributable to it pursuant to Art. 71a ff. of the German Stock Corporation Act, the shares purchased on the basis of this authorisation must at no time exceed 10% of the Bank's share capital.

At the discretion of the Board of Managing Directors, the shares may be acquired on the stock exchange or by means of a public purchase offer addressed to all shareholders. The permissible consideration for the acquisition of the shares (excluding ancillary costs) is subject to certain limits specified in the authorisation for both acquisition options. If, in the event of a public purchase offer, the volume of shares offered exceeds the intended repurchase volume, acceptance may be made in proportion to the respective shares offered. Provision may be made for preferential acceptance of small numbers of up to 50 shares of the Bank offered for purchase per shareholder (minimum allotment). The authorisation to acquire own shares may be exercised once or several times, in whole or in partial amounts, and in combination with the aforementioned acquisition options.

The Board of Managing Directors was authorised to use repurchased shares as follows in accordance with the resolution of the Annual General Meeting:

- sale of treasury shares on the stock exchange or by means of an offer to all shareholders;
- sale of treasury shares against a non-cash contribution for the purpose of acquiring companies, parts of companies or equity interests in companies as well as other assets;
- in the event of the sale of treasury shares by means of an offer to all shareholders, the granting of a subscription right for holders of conversion or option rights, as would be due to them after exercising the conversion or option right or after fulfilment of a corresponding conversion or option obligation;
- issue of treasury shares (i) as employee shares to employees up to a proportional amount of the share capital of €15,000,000.00 or (ii) as a component of remuneration through the granting of shares to members of the Board of Managing Directors, members of the management or employees of Commerzbank Aktiengesellschaft and its Group companies within the meaning of Art. 18 (1) of the German Stock Corporation Act;
- sale of treasury shares other than on the stock exchange or by means of an offer to all shareholders, provided that the purchase price is not significantly lower than the stock market price of the shares at the time of the sale. This authorisation may be exercised only if it is ensured that the number of shares sold on the basis of this authorisation does not exceed 10% of the existing share capital of the Bank at the time the authorisation takes effect or at the time the authorisation is exercised, whichever amount is lower. For the determination of

the maximum limit of 10% of the share capital, the offsetting rules set out in the authorisation apply.

The Board of Managing Directors may make use of the authorisations to exclude subscription rights for the use of treasury shares as employee shares, as a component of remuneration by providing shares to members of the Board of Managing Directors, members of management or employees and for the issue of treasury shares in return for non-cash contributions to members of the Board of Managing Directors, members of management or employees by means of the contribution of claims to variable remuneration components, bonuses or similar claims against the Bank or its Group companies only up to a total maximum of 3% of the share capital existing at the time the resolution is adopted by the Annual General Meeting. For the determination of this 3% limit, the offsetting rules set out in the authorisation apply.

The aforementioned authorisations to use treasury shares may be exercised once or several times, in whole or in part, individually or jointly. The treasury shares may be used for one or more of the aforementioned purposes. Shareholders' subscription rights in respect of resold Commerzbank shares have been excluded to the extent that these shares are used in accordance with the authorisations set out in points 2 to 5 above.

The Board of Managing Directors was further authorised to redeem shares acquired on the basis of this authorisation without the implementation of the redemption requiring a further resolution by the Annual General Meeting.

In addition to the authorisation described above, the Board of Managing Directors was authorised by the Annual General Meeting on 13 May 2020, pursuant to Art. 71 (1) no. 8 of the German Stock Corporation Act, to acquire own shares by using put or call options and forward purchase contracts too. Accordingly, the Bank may sell put options to third parties and purchase call options from third parties for physical delivery as well as enter into forward purchase agreements for which there are more than two trading days between the conclusion of the purchase agreement for the own shares and the settlement by delivery of the shares (hereinafter collectively "Derivatives"). The terms and conditions of these derivatives must ensure that the derivatives entail delivery of only shares that have themselves been acquired in compliance with the principle of equal treatment; the acquisition of shares on the stock exchange is sufficient for this purpose. Under this condition, a combination of the aforementioned derivatives may also be used. The authorisation to acquire own shares using derivatives may be exercised once or several times, in full or in partial amounts.

All share purchases using derivatives are limited to shares up to the amount of 5% of the share capital existing at the time of the adoption of the resolution by the Annual General Meeting on this authorisation or of the share capital existing at the time of the exercise of this authorisation, whichever amount is lower. The term of each derivative may not exceed 18 months and must be determined in such a way that the acquisition of shares through the exercise of the derivatives occurs no later than 12 May 2025.

The price (excluding ancillary costs) agreed in a derivative for the acquisition of a share upon the exercise of options or the settlement of forward purchases is subject to certain limits specified in the authorisation, as is the acquisition price to be paid by the Bank for options, the sales price received by the Bank for options and the forward price agreed by the Bank for forward purchases.

If own shares are acquired using derivatives in compliance with the above provisions, a right of the shareholders to enter into such derivative transactions with the Bank is excluded by analogous application of Art. 186 (3) sentence 4 of the German Stock Corporation Act. Shareholders have a right to tender their shares in the Bank only to the extent that the Bank has an obligation to them under the derivative transactions to take delivery of the shares. Any further right to tender is excluded.

The rules described above for directly repurchased shares apply to the use of shares acquired using derivatives.

Material agreements in the event of a change of control following a takeover bid

In the event of a change of control at Commerzbank due to a merger or transfer of assets, an extraordinary right of termination in favour of certain contract parties has been negotiated by Commerzbank under ISDA master agreements. In general, the right of termination is also conditional upon a material deterioration in Commerzbank's credit standing. In the event of this type of termination, the individual agreements signed under these master agreements would have to be settled at market value, which can be determined on any stock exchange trading day. However, the possibility cannot be excluded that, if an individual customer with an especially large volume of business terminates a contract, Commerzbank's assets, liabilities, financial position and financial performance could nevertheless be heavily impacted due to the Bank's potential payment obligations.

Compensation agreements in the event of a takeover offer

There are no compensation agreements in the event of a takeover offer, either with the members of the Board of Managing Directors or with employees of Commerzbank.

Details pursuant to Art. 315 (4) of the German Commercial Code (HGB)

The aim of the internal control and risk management system in respect of financial reporting is to ensure that the annual financial statements of Commerzbank Aktiengesellschaft and the Commerzbank Group provide a true and fair view of the assets, liabilities, financial position and financial performance in accordance with the applicable accounting standards under the German Commercial Code and IFRS. The internal control system and the risk management system at Commerzbank are linked with each other, both with a view to financial reporting. Below, we shall therefore use the term ICS (internal control system). Details of the risk management system can be found in the risk report on page 219 f.

The objective of proper and reliable financial reporting is endangered if material information in the financial reporting is erroneous. It is irrelevant whether this is due to one single matter or a combination of several. Risks to financial reporting may arise from errors in the accounting processes. Fraudulent behaviour can also result in the misstatement of information. The Bank therefore has to ensure it minimises the risks of incorrect statement, measurement or presentation of material information in the financial reporting. The Commerzbank ICS is designed to provide reasonable assurance that the relevant legal requirements are complied with, that business is conducted in a proper and cost-effective manner and that financial reporting is complete and accurate.

Legal basis and guidelines

Art. 315 (4) of the German Commercial Code requires capital market-oriented companies to describe the material features of their ICS in the management report. Commerzbank follows the principles for bank-specific organisation of the internal control system set out in the Minimum Requirements for Risk Management (MaRisk).

The Bank's internal control system is structured in line with the internationally recognised framework developed by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). Commerzbank derives the following objectives from this:

- that business processes be effective and efficient,
- that applicable laws and regulations be observed and
- that financial reporting be reliable.

As regards the risk assessment of the reporting process required by COSO in respect of the reliability of financial reporting (for example, ensuring that all transactions are fully and correctly recognised in the financial statements), the Bank follows the recommendations of the International Standard on Auditing (ISA) 315.

Organisation

The written rules of procedure form a sound basis for good corporate governance that provides strategic direction for the Group as a whole while taking account of risk elements.

These rules are defined as the transparent description, to be updated on an ongoing basis, of the organisational structure and processes of a company, including powers. The binding standard required by regulation for the organisational structure is set down in the policy on the written rules of procedure and the process framework. These form the framework for descriptions and documentation of instructions, including processes. Documenting and updating the organisational structure are seen as part of the written rules of procedure and sets consistent and binding minimum requirements as a governance framework for all corporate units. The primary feature is the principle of clear allocation of responsibility, starting with the schedule of business responsibilities for the Board of Managing Directors and then for the global functional leads for Group functions, and ending with administrative cost approval authorities at the lower management levels. The scope and structure of the governance framework follow both the legal and regulatory requirements and also the "Commerzbank corporate constitution" approved by the Board of Managing Directors. The governance framework translates the main guiding principles of the corporate constitution into practical rules and comprises the following elements:

- schedule of business responsibilities for the Board of Managing Directors,
- business remits of the units,
- rules of procedure,
- organisational charts and
- approval authorities for administrative costs.

The organisational control and monitoring units that ensure a functioning and efficient control structure are aligned in three successive levels at Commerzbank Aktiengesellschaft. The three lines of defence model is a central element in Commerzbank's corporate constitution. In addition, where tasks in the Bank by their nature cannot be combined, they are organised into different areas applying the principle of separation of functions. Strict checks are also carried out using the dual-control principle to minimise risks in financial reporting.

In accordance with MaRisk, responsibility for implementing, executing, applying, refining and reviewing the Bank-wide ICS lies with the Board of Managing Directors. The Board of Managing Directors is responsible for designing the Group-wide ICS and demonstrating that it is appropriate, while the CFO is responsible for designing the ICS over financial reporting and ensuring its operating effectiveness for this purpose. The CFO is responsible for the design of the ICS through appropriate and effective control steps and for embedding these into the various processes. The Board of Managing Directors is also responsible for ensuring that the financial statements for the parent company and Group are properly prepared.

The Supervisory Board is supported in its oversight of the financial reporting primarily by the Audit Committee set up for this purpose. It provides support in monitoring the accounting process and the effectiveness of the risk management system (especially the internal control system), compliance and the internal audit function. It also provides support in monitoring the performance of the annual audit, particularly with regard to the independence of the auditor and the services provided by the auditor. The Audit Committee also monitors remediation of deficiencies identified by the auditor within the scope of the follow-up and reporting done by the internal audit function (Group Audit).

Group Audit reports to the Supervisory Board and its appointed committees in line with regulatory requirements and by means of summary quarterly reports about the work it has carried out and its material findings. Group Finance (GMF), which reports directly to the CFO, is responsible for ensuring that the financial statements are drawn up in compliance with the relevant laws and internal and external guidelines. Within GMF, the Financial & Management Reporting unit is responsible for the intranet-based provision of accounting guidelines. Implementation of these accounting guidelines supports consistent and correct financial reporting across the Group. The cluster delivery organisation within GMF is responsible for the operation and ongoing technical and functional development of the infrastructure for core finance processes.

Controls to minimise risk

Controls at the Bank are integrated directly into operating processes, either technically or manually (i.e. by means of organisation). Technical controls are used in the IT systems employed and consist, for example, of check sums and verification digits. Technical controls are often complemented by manual controls such as screen approvals carried out by the responsible employees. Further measures such as approval authorities, the separation of functions and the issuing of IT permissions also help increase data quality. Additional controls are in place during further processing to check that the data entered is complete and accurate.

Monitoring by Group Audit

Group Audit (GMA) is the internal audit function and provides independent, objective and risk-oriented auditing and advisory services on behalf of the Board of Managing Directors. It supports the Bank in achieving its business objectives, using a systematic and targeted approach to evaluate the effectiveness of risk management, controls and management and monitoring processes and to help to improve them. The scope of its work encompasses all the Bank's activities, irrespective of whether they have been outsourced or not.

Group Audit is directly accountable to and reports to the full Board of Managing Directors. In performing its duties, it has a full and unrestricted right to information. GMA performs its functions autonomously and independently. Particularly with regard to reporting and the assessment of audit results, GMA is not subject to any directives. GMA's activities complement the work of the subsidiaries' internal audit departments within the framework of Group risk management. It may involve these departments in its auditing activities.

GMA promptly prepares a written report on each audit; recipients include the responsible members of the Board of Managing Directors. On the basis of internal and external audit reports, GMA oversees and documents the steps taken to remedy any reported deficiencies within the period of time specified for this. If the required action is not taken in time, an escalation process comes into effect. Besides its quarterly summary reports, GMA also prepares an annual report on the audits that it has carried out during the course of the financial year, adherence to the audit plan, significant deficiencies according to MaRisk and the corrective measures taken and presents this report to the Board of Managing Directors.

The financial reporting process

The financial reporting processes at Commerzbank are supported by IT systems integrated into each process. The annual financial statements of Commerzbank Aktiengesellschaft in Germany are produced using a financial architecture consisting of a financial data warehouse that provides a consistent repository of basic information, and standard SAP software for the financial function. The parent company in Germany therefore has a single solution using consistent financial data for the financial statements under both IFRS and the German Commercial Code.

As part of the input process for financial reporting, all information relevant for drawing up the financial statements of Commerzbank Group under IFRS and Commerzbank Aktiengesellschaft under the German Commercial Code is submitted to GMF by the reporting units. Data is transmitted via an online data entry functionality directly into SAP ECCS consolidation software, which has been adapted to the Bank's requirements. Subsidiaries submit IFRS data; German and foreign branches also submit data under the German Commercial Code. Data is automatically checked for consistency before transmission to GMF. Once the plausibility checks have been successfully completed, the individual reports can be finalised. GMF uses this data to prepare the separate financial statements of Commerzbank Aktiengesellschaft, to take all the necessary steps to produce the Group financial statements and to perform further plausibility checks.

Drawing up the Group financial statements involves individual consolidation steps (e.g. consolidating equity, liabilities, income and expenses), currency translation and the elimination of intra-Group profits.

IFRS segment reporting is done on a separate IT system. This involves reconciliation with the data from accounting.

Measures to further enhance the ICS for financial reporting

The ICS for financial reporting has been adapted to meet the needs of the Commerzbank Group and it is enhanced further on an ongoing basis. To this end, Control Environment Finance (CEF) has been permanently implemented at Group Finance. CEF is based on the GMF "process map". This is a top-down representation of all key processes, which is refined with descriptions of procedures and in which the risks in relation to the reliability of financial reporting are determined, applying the COSO framework. The Bank also follows the recommendations of International Standard on Auditing (ISA) 315.

Suitable controls are implemented to minimise the risks identified. With respect to the effectiveness of the ICS, the way in which the controls are designed in the form of appropriate steps and embedded into the respective processes and the way the controls are performed at the operating level are decisive factors in minimising risk.

The ICS for financial reporting is reinforced by regular assessment of the effectiveness and efficiency of key controls and regular checks on how controls are implemented.

This procedure ensures that risks are identified and minimised and that any potential negative developments on the operational side are avoided.

Other

No material changes have been made to the financial reporting ICS since the reporting date.

Combined separate non-financial report

Section	Content	Concerns in accordance with the CSR-RUG
About this report	• Statutory requirements and background	
1. Taking responsibility	• Introduction • Relevant milestones in 2023 • External assessment of our sustainability performance	
2. Anchoring sustainability in our strategy Governance structures consolidated Key issues analysed Pursuing net zero target	• Establishment and management of our sustainability strategy • Focus topics for sustainability management • Our road to net zero emissions	• Environmental protection • Respect for human rights
3. Responsible management Making our stance clear Evaluating environmental and social criteria Reducing financed emissions Incorporating EU taxonomy Managing environmental risks	• Guidelines provided via the ESG framework • Sustainability as part of risk management • Science-based emissions reductions • Classification under the EU taxonomy • Materiality of climate and biodiversity risks	• Environmental protection • Respect for human rights
4. Supporting the customer transformation Sustainable financing Sustainable investments and capital market products Ensuring data security Maintaining dialogue	• Sustainability as an opportunity for the Bank • Financing the energy revolution • Supporting the customer transformation • Defending against cybercrime • Focus on customers	• Treatment of customers
5. Leading by example Reducing operational emissions Embodying collegiality Promoting diversity and equal opportunity Ensuring integrity and compliance Working for the good of society	• Climate protection in our own company • Our responsibility as an employer • Women in management positions • Acting according to ethical values • Social commitment	• Environmental protection • Social responsibility • Treatment of employees • Respect for human rights • Anti-corruption
Appendix TCFD recommendations in the non-financial report TNFD recommendations in the non-financial report Progress report “Principles for Responsible Banking” (PRB) Further information within the scope of the EU Taxonomy	• Disclosure standards on the impacts of climate change and nature-related opportunities and risks • Standard for responsible banking and targets for key business areas • Calculation basis for the Green Asset Ratio and other quantitative information, for example sector-specific information	

About this report

This combined non-financial report for Commerzbank Aktiengesellschaft and the Commerzbank Group [1] has been prepared in accordance with the requirements of the German Act on Strengthening Corporate Non-Financial Reporting (CSR-Richtlinie-Umsetzungsgesetz, CSR-RUG). Alongside the parent company, it covers in particular the material subsidiaries according to the risk inventory, Commerz Real AG, mBank S.A. and Commerzbank Finance & Covered Bond S.A.

As required by law, we provide information in this report on environmental protection, treatment of employees, social responsibility, respect for human rights and the fight against corruption and bribery. As customer focus is key factor in our success, we also report on the treatment of customers. To identify the topics to report on, we conducted a materiality analysis of non-financial issues that are key to understanding the business performance and situation of Commerzbank and that are significantly impacted by our business activities (see section “Key topics analysed”). The description of the business model can be found in the “Structure and organisation” section of the (Group) management report. Apart from the description of the business model, references to further information in the management report do not form part of this non-financial report. Other references to information outside the management report are marked accordingly.

[1] Unless stated otherwise, the information in this report relates to the Group.

The directives stipulated by Commerzbank Aktiengesellschaft apply to the entire Group because it is defined as the "global functional lead". If relevant arrangements at the subsidiaries differ from these policies, these arrangements are explained in this report. Commerzbank Finance & Covered Bond S.A., which as at the end of 2023 had around 30 remaining employees and was exclusively managing a run-off portfolio, did not have any additional information to contribute on material non-financial issues in 2023.

No new material non-financial risks were identified as part of the annual risk inventory that had not already been taken into sufficient account in the Bank's risk management. We are not aware of any material risks in this regard, either from the Bank's own business activities or in connection with business relations, products or services, that would be highly likely to have a severe negative impact on the non-financial aspects, now or in the future. Further information on our risk management can be found in the Group risk report.

In the interests of providing focused information to the recipients of our financial reporting, we have refrained from using a reporting framework. Nevertheless, this non-financial report is guided by the standards of the Global Reporting Initiative (GRI) where relevant for the defined issues. Detailed information on the sustainability work of Commerzbank Aktiengesellschaft is also presented in the GRI sustainability reporting, which is available online. In this non-financial report, we take into account the requirements of the Task Force on Climate-related Financial Disclosures (TCFD), of which we have been a member since 2020 (see table "TCFD recommendations in the non-financial report" on page 78 f.). This year, we are also aligning ourselves for the first time with the requirements of the Taskforce on Nature-related Financial Disclosures (TNFD), which we joined in April 2023 (see table "TNFD recommendations in the non-financial report" on page 80 f.). We have also included information required by the EU Taxonomy Regulation. Our progress report on the Principles for Responsible Banking of the United Nations Environment Programme Finance Initiative (UNEP FI) is also integrated into this report and summarised as a tabular index at the end of the report.

The United Nations Sustainable Development Goals (SDGs) form a further basis for our sustainability efforts. In this report, we show how our activities support the achievement of these global sustainability goals (see SDG symbols at the start of the relevant section). Financing renewable energy, for example, contributes towards SDG 7, which seeks to ensure access to affordable and clean energy. A detailed overview of our contribution to target achievement can be found in the sustainability section of Commerzbank's website.

This non-financial report was subject to a limited assurance engagement performed by the auditing firm KPMG in accordance with ISAE 3000 (Revised)[2]. The report on the engagement can be found in the Group's Annual Report under "Further information".

1. Taking responsibility

Our society is facing challenges from multiple sides. 2023 was overshadowed by the ongoing Russian war of aggression in Ukraine, Hamas' terrorist attack on Israel, a deteriorating German economic climate and devastating natural disasters. In times when society and the economy are fighting an uphill battle, it is more important than ever that we stand by our customers.

In our ESG framework, we disclose all the key building blocks of our sustainability strategy. It is where we bundle all the information relevant to our stakeholders on sustainability issues in the customer business, on our sustainable product solutions as well as on our guidelines and exclusion criteria. Transparency and fairness towards our customers are cornerstones of doing business sustainably. Treating our employees responsibly – even and especially at times of economic challenges and great upheaval – is another.

With our net zero commitment – i.e. the promise to reduce our carbon footprint to net zero – we as a financial intermediary are driving sustainability. We follow binding rules for dealing with environmental and social risks, which we continuously review and adapt as necessary. We have a clear position on controversial topics such as fossil fuels, arms, deforestation and mining.

In the following, we explain in detail how we specifically fulfil our responsibility towards the environment, society, our customers and employees, which successes we have achieved in the year under review and what we are still working on. We outline what matters to us and what we stand for. The chart "Milestones in 2023" summarises our key activities, which we discuss in the body of the report. To highlight our progress in the individual areas, we specify strategic KPIs (key performance indicators) and other key figures.

Our sustainability rating and ranking results and our inclusion in the relevant indices demonstrate that we are on the right track. In 2023, major rating agencies for sustainability gave Commerzbank Aktiengesellschaft ratings that were mainly positive. For example, Sustainalytics gives us a "medium risk" rating, while CPD rates us "B". In S&P Global's Corporate Sustainability Assessment, Commerzbank achieved a score of 54 – an improvement of 8 points on the previous year. In addition, we continue to be listed in sustainability indices such as FTSE4Good. On top of this, two of our projects received the German Award for Sustainability Projects 2023 in the year under review: specifically, the ESG framework and the environmental internship. Out of the total 283 nominations received, Commerzbank scored top marks

[2] External sources of documentation referred to in the combined separate non-financial report or the "Principles for Responsible Banking" progress report did not form part of the limited assurance engagement by KPMG.

from the jury, composed of representatives from science, business and the media, in the categories "Strategy – Large companies" and "Teaching / education". Our subsidiary neosfer was also recognised for its Impact Solutions platform. An overview of the ratings and awards can be found in our Sustainability Factsheet, which is published online and constantly updated.

Our subsidiary mBank also performs well in this respect: MSCI ESG rated mBank as "A" during the year under review, while Sustainalytics assessed its risk profile as "low". mBank is also listed in the WIG-ESG index of the Warsaw Stock Exchange.

Milestones in 2023

January 2023
Revised policy on arms and surveillance technology formulates clear exclusions and restrictions

January 2023
Updated position on human rights strengthens our social responsibility in our core business

March 2023
SBTi confirms Commerzbank's CO2 reduction targets

April 2023
Joining the Taskforce on Nature-related Financial Disclosures (TNFD) sets the basis for reporting on biodiversity

June 2023
Commerzbank honoured twice with the German award for sustainability projects

September 2023
Commerzbank announces joining the Partnership for Carbon Accounting Financials (PCAF)

November 2023
Organisation of the German Sustainable Finance Summit

December 2023
Action Plan 2.0 links inclusion even more closely with our commitment to diversity and sustainability

December 2023
Deforestation target sets specific requirements for customers in deforestation-relevant sectors

2. Anchoring sustainability in our strategy

The transformation into a sustainable economy affects our customers and ourselves in equal measure. We want to play an active role in shaping this change. Sustainability has been an integral part of our corporate strategy since as far back as 2020. The "Strategy 2027" published in November 2023 is based on the three pillars of growth, excellence and responsibility. Responsibility represents the entire sustainability spectrum of environmental, social and governance.

The United Nations Sustainable Development Goals (SDGs) and the Paris climate target of limiting global warming to well below 2°C provide the framework for our work. To this end, we are constantly expanding our range of innovative, environmentally friendly products and our sustainable solutions for customers. We are also driving forward the sustainable transformation of our banking operations. Our sustainability strategy is grounded in our commitment to combating climate change. With that in mind, we have set ourselves ambitious net zero targets and are pursuing these with consistency and conviction. In addition, we tackle issues that are moving into the focus of the sustainability debate, such as biodiversity protection and a resource-conserving circular economy. We need to find strategic solutions to these issues in conjunction with our customers.

Our commitment to sustainable transformation is also made clear by our voluntary undertakings. For example, we were one of the first signatories of the Net-Zero Banking Alliance of the United Nations Environment Programme Finance Initiative (UNEP FI). By joining the "Taskforce on Nature-related Financial Disclosures" (TNFD) in 2023, we have underlined our resolve to make an active contribution to preserving biodiversity. An overview of all our memberships in the field of sustainability is published online.

Governance structures consolidated

Among other matters, the Supervisory Board advises and monitors the Board of Managing Directors with regard to sustainability issues. This includes, for example, checking this non-financial report. The Environmental, Social and Governance Committee (ESG Committee) generally meets four times a year. Together with the Audit Committee, it assists the Supervisory Board in assessing whether the management 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. The ESG Committee also advises the Board of Managing Directors on ESG issues.

As part of the optimisation of the remuneration system for the Board of Managing Directors, the Supervisory Board has linked Commerzbank's sustainability strategy to the variable remuneration of members of the Board of Managing Directors in a binding manner by adding an explicit ESG sub-target within the Group target, accounting for 20% of Group target achievement. The Group target itself accounts for the majority (60%) of variable remuneration for members of the Board of Managing Directors. As a result, ESG targets have been explicitly embedded in the variable remuneration system since the 2023 financial year for all members of the Board of Managing Directors via the Group target. They complement any other ESG targets within the department and individual targets that may have already been in place in previous years. Alongside other ESG criteria, the Bank's sustainability targets are also embedded in the remuneration system for our employees as target criteria. As an integral component of the qualitative targets, these criteria – together with target achievement in the quantitative element – determine the amount of variable remuneration in the non-pay-scale remuneration model.

The Board of Managing Directors develops the Commerzbank Group's strategy, discusses it with the Supervisory Board and ensures it is implemented. Sustainability issues are included in the annual strategy process for the overall bank strategy and are discussed as required in meetings of the Board of Managing Directors. Each member of the Board of Managing Directors is responsible for implementing sustainability measures within their own divisional remit.

The Group Sustainability Board enables holistic management of the Bank's sustainable orientation

The central sustainability management function reports to the Chairman of the Board of Managing Directors and regularly informs him about progress on sustainability issues and activities. A cross-divisional decision-making and escalation body for sustainability enables the sustainable orientation of the business model to be managed holistically. With this Group Sustainability Board, we have firmly embedded the wide-ranging issue of sustainability within the Bank's organisation. The board sets the Bank's strategic sustainability targets and monitors the measures for their implementation and management. In addition, the divisions and segments report regularly on the progress of their sustainability activities and the implementation of regulatory sustainability requirements. The Group Sustainability Board is chaired by the Chairman of the Board of Managing Directors. The Board also includes other members of the Board of Managing Directors and heads of divisions.

By making Group Sustainability Management the overarching sustainability area within the strategy unit, Commerzbank is underlining the strategic priority of this topic. It is responsible for the ongoing development of the sustainability strategy and comprehensive governance. At the same time, Group Sustainability Management manages the "Sustainability 360°" Group-wide programme and thereby coordinates the sustainability work of Commerzbank in an overarching way. It also ensures the implementation of strategic sustainability initiatives such as the Principles for Responsible Banking of the UNEP FI.

The external Sustainability Advisory Board, led by the Chairman of the Board of Managing Directors, ensures a constructive and critical dialogue with our stakeholders. The six experts from the fields of politics, academia, society, NGOs, trade unions and SMEs represent a broad spectrum of content. Previous meetings included the discussion of topics such as the circular economy, biodiversity and social sustainability. The input from the Sustainability Advisory Board supports us in the further development of our sustainability strategy.

Under the three lines of defence approach, ESG risks are viewed as a horizontal type of risk and are therefore managed across various control units at the Bank. Group Sustainability Management also acts the second line of defence for social (S) and governance (G) risks, serving as a central point of oversight. Environmental (E) risks are dealt with within the risk control function. The Chief Environmental Risk Officer (CERO) and the associated Environmental Risk Control unit deal specifically with climate and biodiversity risks. Together, these two units monitor the impact of ESG risks on the Bank's risk profile.

The relevance of sustainability is also reflected in Commerz Real's organisational structure. A central department for strategic sustainability issues began its work in May 2023. This Centre of Competence Sustainable Transformation & Strategy is part of the Real Estate Asset Management & Sustainability (RE-AMS) division. The department is responsible for devising the sustainability strategy of Commerz Real and its subsidiaries, and also supports and monitors the operational implementation of this strategy. The department management reports to the general representative for RE-AMS, who in turn reports on sustainability issues directly to the Board of Managing Directors.

At mBank, the Sustainable Development Committee, chaired by the Chief Risk Officer, is responsible for managing sustainability. It coordinates sustainability activities and proposes them to the Board of Managing Directors. The committee also monitors the implementation of the ESG strategy and the progress of ESG initiatives, and approves related measures. Furthermore, the Board of Managing Directors maintains regular dialogue with the Supervisory Board on sustainability issues, while the Risk Committee of the Supervisory Board addresses sustainability matters on a quarterly basis. In addition, the evaluation of mBank's top 100 managers is partly (10%) linked to ESG targets.

Keeping an eye on regulatory developments

Commerzbank monitors the growing number of regulatory requirements at national, international and EU levels. As part of this, Group Sustainability Management keeps an eye on developments relating to sustainability issues and coordinates implementation with the relevant units of the Bank. The aim is to further integrate sustainability and ESG risks into the Bank's strategy, governance and risk management, and to create suitable conditions for mobilising capital. The current focus of regulatory requirements is on considering the effects of climate change on business activities and on ensuring standardised disclosure of the Bank's contribution to the transformation.

Corporate responsibility also means seeking regular dialogue with external and internal stakeholders. Commerzbank maintains contact with numerous organisations and groups that have a relationship with the Bank. In addition to employees, these include above all customers, the capital market, the financial sector, suppliers and service providers, the media, non-governmental organisations, politicians, civil society and academics.

Corporate responsibility also means seeking regular dialogue with external and internal stakeholders

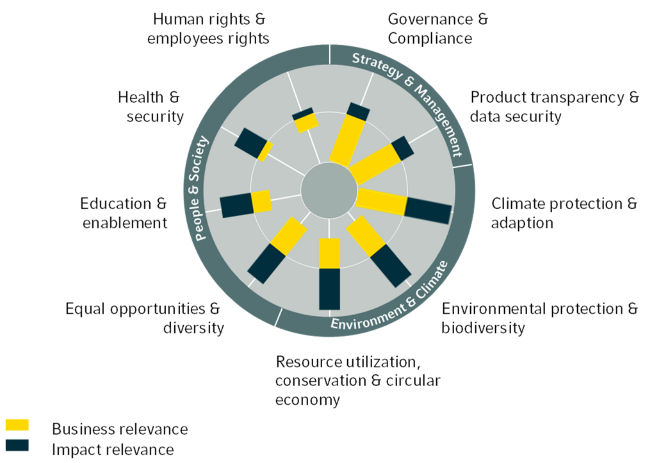
Commerzbank also engages in regular dialogue with national and international regulatory and supervisory authorities. The Bank's aim here is to get to know the needs and interests of its stakeholders and present its own perspective. The outcome of these discussions can be incorporated into the corporate strategy as a decision-making and planning aid. For example, the Bank regularly discusses the potential impact of our business activities on human beings and the environment with non-governmental organisations. In November 2023, Commerzbank hosted one of the nine events held during the seventh Sustainable Finance Summit of the Green and Sustainable Finance Cluster Germany. The programme welcomed the banks of the Net-Zero Banking Alliance Germany and discussed the topic of climate-neutral banks as well as the key role they play in transforming the economy.

Key issues analysed

This non-financial report is based on the materiality analysis from 2022, which we used to identify the sustainability topics that are most relevant to us. For this purpose, potential sustainability topics were analysed along the two established materiality perspectives. To measure the impact perspective, we conducted an exposure analysis to reveal "sustainability hotspots". These are in countries and sectors where Commerzbank is particularly active, and where sustainability indicators in the defined areas are significantly below average. The business perspective – i.e. the question of how high the opportunities and risks of these sustainability issues are for business success – was established in a management workshop.

Nine topics are consequently material for us. They relate to all three sustainability dimensions – environmental, social and governance – and currently form the focus of our sustainability management activities. Climate change continues to have the highest relevance for the Bank. At the same time, topics such as biodiversity and circular solutions have shifted into greater focus than in previous materiality analyses. To apply the materiality analysis in the Bank's operations, the results were incorporated into the Bank-wide strategy process and discussed at the level of the Board of Managing Directors.

Results matrix for the materiality analysis



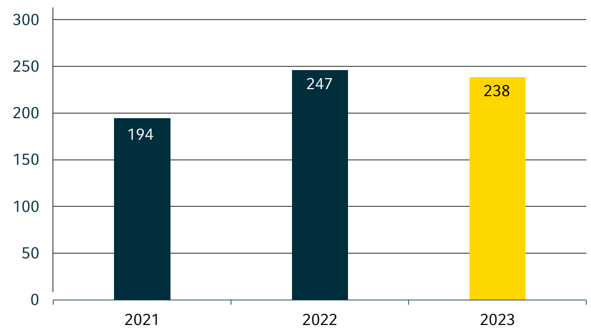
In mid-2023, we carried out a new materiality analysis pursuant to the requirements of the Corporate Sustainability Reporting Directive (CSRD) passed by the EU at the end of 2022. The new guideline came into force in 2023, meaning we will have to implement it for the first time from the 2024 reporting year. It therefore has no relevance for current reporting. A Group-wide project to ensure timely implementation was started in 2023. The next non-financial report will be aligned to the new CSRD requirements.

Pursuing net zero target

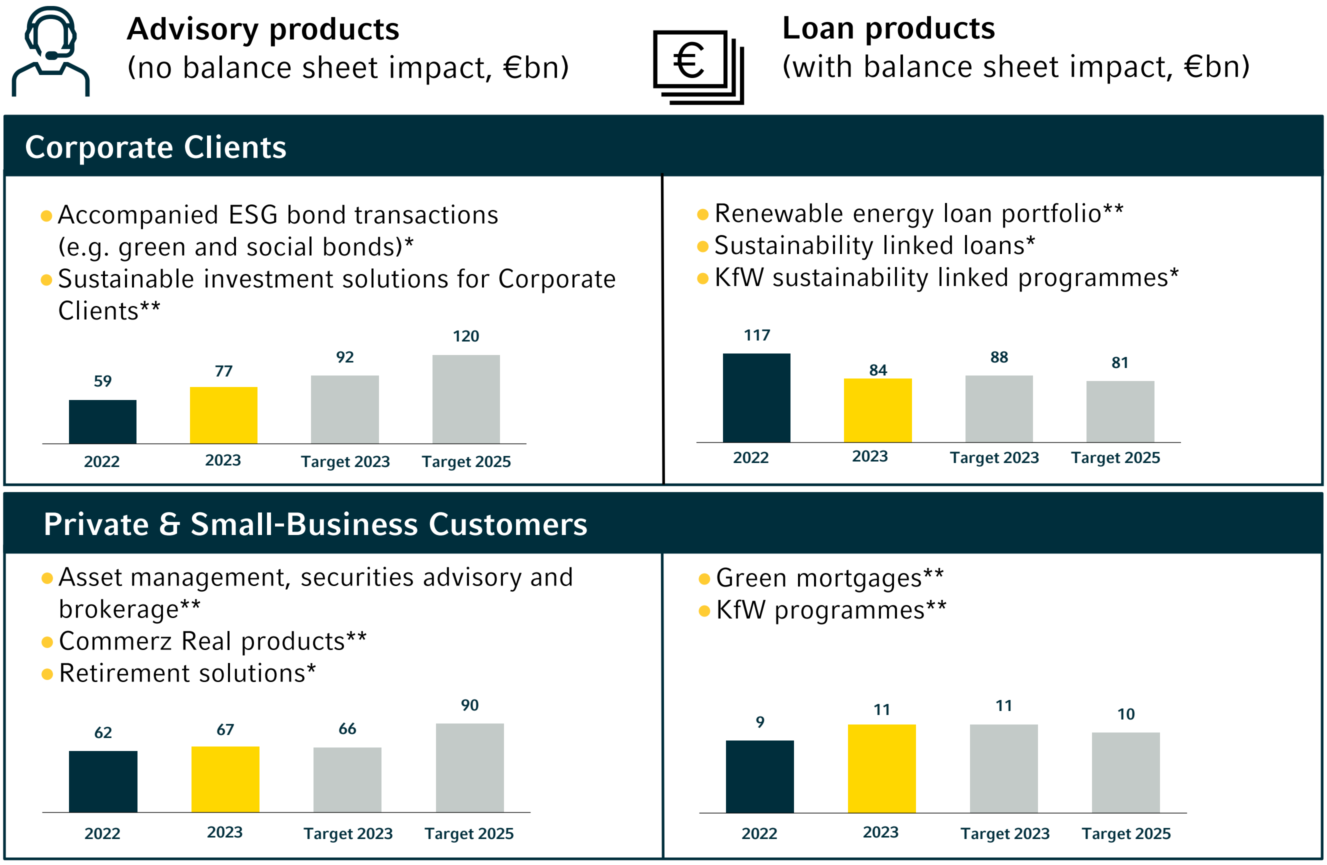
Our net zero commitment is at the heart of the sustainability strategy adopted by the Board of Managing Directors. It is based on two pillars: We support our customers in their sustainable transformations and set a good example ourselves. We are pursuing this by means of three specific targets:

- By 2050 we are aiming for net zero CO_2 emissions from our entire lending and investment portfolio. To measure progress reliably, we use CO_2 reduction targets from the Science Based Targets initiative (SBTi). We are already using this method to align our portfolios with the Paris Agreement and will also base our management on it from 2025 at the latest (see "Reducing financed emissions").
- By 2025, we will mobilise €300bn for sustainable financial products. These products represent our sustainable business volume, with €100bn attributable to the Private and Small-Business Customers segment and €200bn to the Corporate Clients segment. The goal of mobilising around €300bn by 2025 takes into account not only the provision of capital, but also funds that customers were able to obtain on the capital market with the help of Commerzbank, for example via sustainable bonds and sustainable loans. In the ESG framework, we disclose the criteria we use to classify financial products as sustainable and transparently describe the composition of the sustainable business volume. In view of factors such as the evolving EU Taxonomy, we will realign the volume target accordingly. We will also further expand the range of sustainable products offered in our business divisions (see "Taking climate-related risks into account in lending" and "Sustainable investments and capital market products"). Key figure: By the end of 2023, Commerzbank Aktiengesellschaft had mobilised €238bn for sustainable financial products, out of a target of €300bn by the end of 2025.

Volume of sustainable financial products
€bn



There was a significant increase in 2023 for sustainable bonds in particular with a total volume of €61bn. Due to a notable slowdown in sustainable financing on the credit market in 2023, the volume of new business in this area fell to €75bn compared to the previous year. The reason for this includes the tense interest rate environment and the effects of the macroeconomic downturn. A detailed overview of all products contributing to this goal can be found on page 76 (table "Composition of the €300bn target").



* New business. ** Existing business.

- We want to reduce the CO_2 emissions of our own banking operations to net zero as early as 2040. We already achieved our target of reducing greenhouse gas emissions at Commerzbank Aktiengesellschaft by a further 30% by 2025 versus 2018 back in 2022 – three years ahead of schedule. We expect our suppliers to be climate-neutral by 2040. Our own CO_2 emissions in 2023 were 76,591 tonnes (see “Reducing operational emissions”).

The status of target achievement is regularly ascertained and reported internally and externally. For target 1 – managing the portfolio based on CO_2 intensity, working towards net zero – we are publishing a status report for the first time in 2023 (see “Reducing financed emissions”). The Group Sustainability Board, chaired by the Chairman of the Board of Managing Directors, reviews the progress towards these three strategic sustainability targets. Our sustainability strategy is implemented within the Group programme “Sustainability 360°”. The customer segments, Risk Management and numerous other relevant Group divisions are involved in the Group-wide initiative, as is Commerz Real. The programme represents an overarching framework for all sustainability activities and ensures that cross-cutting issues are closely joined up, a coordinated approach is taken and tracking is strict. A steering committee consisting of members of the top management of the relevant divisions monitors progress every two months. The status of the programme is regularly reported to the Board of Managing Directors.

Organisational chart for the 360-degree strategic initiative

Commerz Real has been pursuing its Sustainable4Life sustainability strategy since 2020 and has embedded it in the business strategy in the four impact areas of Portfolio & Investments, Directives & Processes, Team & Stakeholders and Innovation & Digitalisation.

At mBank, too, the ESG agenda is a key component of the business strategy for 2021 to 2025. It is guided by the United Nations Sustainable Development Goals that are relevant for it, and by the UNEP FI Principles for Responsible Banking. The strategy sets out how mBank assumes responsibility for issues such as climate change, for the financial situation of its customers, and for society and investors. mBank has committed to achieving carbon neutrality in its direct emissions (Scope 1) and those of the energy it purchases (Scope 2) by 2030. mBank plans to become completely carbon neutral – including its loan portfolio – by 2050. To this end, in 2022 it became the first Polish bank to join the Partnership for Carbon Accounting Financials (PCAF).

This alliance enables the carbon footprint of the loan portfolio to be determined in accordance with recognised standards.

mBank is also a member of the Science Based Targets initiative (SBTi) to ensure that it implements its decarbonisation targets in line with the Paris Agreement. As part of its strategy, mBank has also undertaken to introduce at least one new ESG-compliant product per year in both the retail and corporate customer segments. For example, in 2022 it began offering Eco mortgage loans to retail banking customers for financing environmentally friendly buildings. This product is in line with the objectives of the EU Taxonomy Regulation. mBank already granted more than 700 of these loans for energy-efficient homes in 2023, with a total volume of around €85m (about 374m Polish zloty).

3. Responsible management

One objective agreed under the 2015 Paris Agreement was to bring global financial flows into line with climate targets. Private finance is also needed to support our efforts to gradually decarbonise the global economy. Funding for new projects and technologies is intended to reduce greenhouse gas emissions and promote climate change adaptation measures. This can be done, for example, by promoting renewable forms of energy (See “Supporting the customer transformation”) or forgoing certain transactions such as financing new coal mines or coal-fired power stations. We too want to prevent our business activities from having a negative impact on the environment and on society and to avoid or mitigate any risks that might result.

Making our stance clear

Through our ESG framework we have made our understanding of and commitment to sustainability transparent for all stakeholders. The framework creates a Bank-wide standard that enables stringent management of all relevant products, processes and activities and ensures the sustainable transformation of Commerzbank. The focus is on our core business, specifically our customer and product portfolio. The ESG framework provides an overview of our sustainability directives and exclusion criteria. It is updated on a continual basis to reflect both regulatory developments as well as our own progress.

The Bank has formulated industry-specific requirements for controversial topics such as armaments, deforestation and fossil fuels. For example, the Fossil Fuels Policy regulates the entire coal value chain from coal production, through infrastructure, to coal-fired power generation at power plants. The value chain is also subject to comprehensive regulation for customers and the customer business from the oil and gas sector (upstream, midstream, downstream).

The Bank has adopted a clear stance on controversial issues such as arms, deforestation and fossil fuels

Exclusion criteria were defined for particularly critical businesses and business relationships. This includes, for example, financing for oil and gas production projects (conventional and unconventional production methods), as well as the decision not to finance new construction or expansion of coal mines, coal infrastructure or coal-fired power plants. Exclusion criteria were also defined for other areas such as nuclear power and deforestation. For years now, environmental and biodiversity aspects have been integrated into the core business by means of minimum environmental standards and corresponding exclusion criteria, and compliance with these standards has been monitored.

Evaluating environmental and social risks

Sustainability in the core business is assessed by the Reputational Risk Management department at Commerzbank Aktiengesellschaft. We do not limit ourselves to what is legally required; instead, we consider the legitimacy of all transactions. In view of the special risks associated with fossil fuels and armaments, the Board of Managing Directors has passed its own binding directives on these matters that define many of the relevant transactions and business relationships in these areas as being subject to assessment, and encompass exclusion criteria.

When it comes to armaments, we recognise the basic right of states to defend themselves and do not question the need for the German armed forces to exist or to be adequately equipped. We therefore continue to finance arms manufacturers who produce weapons and armament systems for the Federal Republic of Germany and its allies. Nevertheless, we have tightened and expanded the requirements and criteria for the arms industry applying to Commerzbank Aktiengesellschaft, which have been in place since 2008. The Board of Managing Directors approved the new Arms and Surveillance Technology Policy in January 2023. It preserves the fundamental parameters of the old policy, which means that Commerzbank will not fund arms business in conflict zones or areas of tension, or business relating to what are termed “controversial weapons”. In addition, the new policy now also governs the approach in relation to autonomous weapons and surveillance technology. For example, Commerzbank does not participate in transactions or projects relating to fully autonomous weapon systems.

In December 2023, we also expanded our position in the areas of deforestation and agricultural commodities and defined new exclusion criteria. The expanded position on the forestry, soy, beef and palm oil sectors stipulates that companies from relevant and defined regions must have mandatory memberships and certifications in order to become or remain customers of Commerzbank. Existing customers must comply with these requirements by the end of 2025 at the latest.

We are committed to respecting human rights and contribute to their promotion and protection

Commerzbank is committed to respecting human rights and wants to help promote and uphold these within its scope influence, for example in its dealings with employees, suppliers and customers. We describe in detail how we address this matter in our Position on Human Rights. In the Reputational Risk Management department, business transactions and business relationships in sectors in which human rights play a significant role, such as mining, ship dismantling or the cotton sector, are intensively researched, analysed and assessed in detail. Commerzbank Aktiengesellschaft has also worked intensively on implementing the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG), which entered into force on 1 January 2023 (see “Managing compliance risks”).

Commerzbank Aktiengesellschaft’s Reputational Risk Management department thus defines the criteria for and limits of business operations and assesses transactions, products and customer relationships after careful analysis. The assessment process starts in the front office: as soon as an issue defined as sensitive by the Bank is affected, Reputational Risk Management must be brought in. The assessment uses a five-point scale and can result in a rejection of the product, the transaction or the business relationship.

According to the risk inventory, reputational risk is one of the main non-quantifiable risk types in the Commerzbank Group and is therefore managed as part of the overall risk strategy. All sensitive issues, positions and directives are reviewed regularly and updated as necessary.

mBank in Poland operates its own Reputational Risk Management function based on its commitment to the United

Nations Global Compact. mBank's risk management strategy is based on three pillars: supporting sustainable growth, striving for prudent and stable risk management, and strengthening its skills in managing ESG and cyber risks. mBank has formulated its own exclusion criteria for various sectors based on the EU's climate and energy policies. These include the mining and energy sectors, among others: for example, financing for the construction or expansion of hard coal and lignite mines is excluded. mBank's reputational risk strategy is reviewed annually and coordinated with the parent company.

Recognising impacts on biodiversity

Global economic performance hinges on functioning ecosystem services. A look at the current state of ecosystems and species inventories makes it clear that the time for action is now. To help us monitor and manage our impact on biological diversity going forward, in 2023 we carried out a second impact analysis. This analysis, performed using the "ENCORE" tool, was updated and expanded compared to the previous year. ENCORE provides a science-based link between economic activities and biodiversity-damaging impacts. In our analysis, we compared the business volume of the sectors we finance with the tool's external data.

Our deforestation target sets concrete requirements for our customers in sectors and regions where this is a relevant issue to measure their commitment to combating deforestation

As a major financier of the German economy, we are also active in sectors that have an adverse impact on biological diversity. Compared to the overall portfolio, however, we have little exposure to some of the hardest-hit sectors (agriculture or the textile industry, for example). Sectors with elevated impacts on biodiversity that have a sufficiently large exposure include the energy and automotive sectors. Water consumption, soil and water pollution, and waste have been identified as key drivers of biodiversity impacts across our portfolio.

Significant sectors with an increased negative impact on biodiversity

NACE code	Sector	Portfolio share
35	Energy supply	4.9%
46	Wholesale (excluding motor vehicle trade)	3.5%
29	Manufacture of motor vehicles and motor vehicle parts	2.6%
28	Mechanical engineering	2.4%
20	Manufacture of chemical products	1.5%

The impact analysis enabled us to identify potential fields of action and strategic priorities and we plan to develop further analyses, measures and products to protect biodiversity. The main challenges in determining biodiversity-related impacts are the availability of relevant data and a lack of standardised metrics and targets. We are therefore striving to make further improvements to the data basis (for example, in relation to location-specific data) and consequently to the results of the impact analysis.

As the topic becomes more and more relevant to society, regulatory requirements are also increasing. These include the Kunming-Montreal Global Biodiversity Framework and the new edition of the National Biodiversity Strategy (NBS 2030). For this reason, we expect an active transformation of the economy in the medium to long term, bringing with it a reduction in the negative impact on things provided by the ecosystem. Biodiversity aspects are already incorporated in our ESG financing offering through their definition as sustainable uses in our ESG framework.

To underpin the methodological and conceptual progress required in defining biodiversity targets, we actively participated in the Nature Target Setting Working Group of the UNEP FI Principles for Responsible Banking, which published its results in November 2023. We were able to take these results into immediate account we adopted a target on deforestation in December 2023 – a topic that plays a key role in preserving biodiversity. With this target in mind, we set concrete requirements for our customers in sectors and regions where this is a relevant issue to measure their commitment to combating deforestation (see section "Evaluating environmental and social risks").

In this non-financial report, we are guided by the requirements of the Taskforce on Nature-related Financial Disclosures (TNFD) for the first time. For future reports, we expect more comprehensive and detailed compliance with the requirements of the TNFD thanks to an improved data basis and methodological advances.

Reducing financed emissions

We are pursuing the strategic goal of reducing the CO_2 emissions of our entire loan and investment portfolio (referred to as “finance emissions”) to net zero by 2050. To get us to this target, we have identified CO_2-intensive sectors in our portfolio and set concrete sector-specific reduction targets for these based on the SBTi methodology. The sectors currently classified as especially emissions-intensive are power generation, aviation, automotive manufacturing, commercial real estate financing, and the production of cement, iron and steel. We will likewise consider the retail mortgage financing portfolio, which is deemed optional in the SBTi analysis. This means that we take into account the most CO_2-intensive elements of the supply chain, so it can be assumed that if these sectors are transformed, other parts of the portfolio will be transformed as well. Corresponding 2030 targets for reducing emission intensities were initially formulated for the specified portfolios and validated by the SBTi. This makes Commerzbank the first German bank with validated SBTi targets. Depending on SBTi methodology availability, we also aim to set portfolio-specific long-term goals (until 2050) in the next few years.

On the way to achieving a net zero portfolio, we have identified and analysed carbon-intensive industries

As announced in September 2023, Commerzbank has joined the Partnership for Carbon Accounting Financials (PCAF). 2023 also saw us switch our method of calculating portfolio intensities to the internationally recognised PCAF standard. In the course of applying this standard, we additionally recalculated the starting point in the kick-off year 2021 and determined new target values for 2030 (see chart for reduction targets based on the Sectoral Decarbonization Approach). The targets remained as ambitious as before, or became slightly more ambitious, because another sector (cement) moved from a 1.8°C pathway to a 1.5°C pathway. We still await final confirmation of the adjusted targets from the SBTi. Additionally, we have developed something we call the SBTi Net Zero Dashboard, which serves as a controlling instrument for the SBTi-relevant sectors. Our aim is to support companies in the real economy in their transformation process. We want to achieve sustainable reductions in financed emissions and steer our entire loan and investment portfolio towards our net zero target by 2050 at the latest.

As part of the SBTi framework, we apply two methods for our net zero target: first, the Sectoral Decarbonization Approach (SDA), a method for setting sector-specific intensity targets; and second, the temperature score, which financial institutions use to calculate the current “temperature score” of their portfolio based on their borrowers’ public emission reduction targets.

The table below sets out the sector-specific CO_2 reduction pathways that we have defined for the period to 2030. The percentage reductions derive from the applicable emission intensity for the baseline year 2021 and the targets for 2030. The emission intensities are calculated on the basis of transactions relevant to the balance sheet in both Commerzbank’s loan portfolio and its investment portfolio (Bank’s own banking book). The portfolio targets are published in our ESG framework where they, along with the status of target achievement, are updated on a regular basis. It is planned to publish the current reduction pathways for the temperature score portfolio together with the disclosure report.

Reduction targets under the Sectoral Decarbonisation Approach (SDA)

Asset class[1]	Sectors	CO_2 reduction pathways for the period to 2030[2]			Utilisation (YE2023)	Financed emissions (YE2023)
Consumer loans	**Retail mortgage financing**	**57%**	(1.5°)	2021: 45.8 kg CO_2e /m² 2023: 44.4 kg CO_2e /m² 2030: 19.8 kg CO_2e /m²	€96.6bn	4.49 Mt CO_2e
Project financing/ corporate loans and investments	**Energy**	**74%**	(1.5°)	2021: 97.3g CO_2e /kWh 2023. 64.9g CO_2e /kWh 2030: 25.6g CO_2e /kWh	€8.5bn	
Corporate loans	**Commercial real estate, commercial use**	**67%**	(1.5°)	2021: 87.4 kg CO_2e /m² 2023: 89.0 kg CO_2e /m² 2030: 28.4 kg CO_2e /m²	€8.5bn	
	Commercial real estate, residential use	**57%**	(1.5°)	2021: 36.6 kg CO_2e /m² 2023: 36.9 kg CO_2e /m² 2030: 15.8 kg CO_2e /m²		
Corporate loans and investments	**Iron and steel**	**36%**	(1.8°)	2021: 1.4 t CO_2e /t steel 2023: 1.2 t CO_2e /t steel 2030: 0.9 t CO_2e /t steel	€0.2bn	
	Cement	**23%**	(1.5°)	2021: 0.7 t CO_2e /t cement 2023: 0.8 t CO_2e /t cement 2030: 0.5 t CO_2e /t cement	€0.1bn	
	Automotive manufacturing	**31%**	(1.8°)	2021: 172g CO_2e /pkm 2023: 148g CO_2e /pkm 2030: 118g CO_2e /pkm	€0.3bn	
	Aviation[3]	**22%**	(1.8°)	2021: 796g CO_2e /tkm 2023: 785g CO_2e /tkm 2030: 620g CO_2e /tkm	€1.2bn	

[1] Customers in the SDA sectors for which no emissions data is available are included in the temperature score. In doing so, we comply with the minimum coverage requirements of the SBTi.
[2] The specified CO_2 reduction pathways represent the actual status at the end of each year, with 2021 considered the base year and 2030 the target year.
[3] The SDA target for aviation generally does not yet form part of the SBTi validation. This is because the SBTi's aviation SDA methodology is currently still designed for the real economy and has not yet been approved for financial institutions.

Achieving the SBTi reduction pathways presents a necessary challenge and a vital opportunity at the same time – something that Commerzbank would like to tackle together with its customers. In order to reduce sector-specific emission intensities, the customers in Commerzbank's portfolio will need to make major transformation efforts themselves. Ultimately, however, the green transformation is a joint task for the entire real economy, financial system, politics and society.

The SDA-relevant loan and investment portfolio consists of customers whose main activities can be attributed to the most CO_2-intensive industrial sectors. The main drivers of sector-specific emission intensities are the portfolio composition resulting from customers' drawdown patterns (utilisations), and the CO_2 emission intensities of the respective customers themselves. Since the variables mentioned are subject to certain fluctuations over time, the sector intensities shown also exhibit volatility in the same way.

In the area of energy generation, the Commerzbank portfolio at the end of 2023 is performing much better than the target pathway. Of particular note here is the Bank's strategic focus on project financing in the area of renewable energies. Commerzbank plans to expand this position further over the next few years. The emission intensity trend in the customer portfolio is also largely satisfactory in the automotive manufacturing, iron and steel sectors.

Developments are challenging, especially in the cement sector as well as in the private and commercial real estate finance sector. The trend in the cement sector is primarily due to changes in the total lending of individual large corporate clients with a high CO_2 intensity in 2022, when no established SBTi management was in place, which could not be compensated for in 2023. In real estate financing – in contrast to other sectors – the extent to which a transformation can be implemented in the (very long-term) existing business is limited for legal reasons. It is to be expected that existing business will also improve thanks to increasing modernisation and the use of sustainable energy sources. However, the time horizon involved is very long-term and the process cannot be actively controlled by the Bank. The lever for transforming these portfolios lies much more in new business. The nationwide collapse in the real estate finance business (due in part to the extensive construction freezes on the back of market uncertainties and price increases) therefore had a negative impact on achieving targets in this sub-portfolio. Future developments here will be heavily dependent on a possible upswing in the new construction business as well as on the political and legal framework conditions supporting the transformation.

We take the SBTi targets into account in our portfolio management. For the management of significant individual transactions in CO_2-intensive sectors, we have therefore established a process for evaluating relevant exposures in relation to our strategic sustainability targets, including the net zero (SBTi) sector target pathways. The tools for SBTi portfolio management will be progressively expanded. In the 2023 reporting year, we defined general guidelines in a concept for managing and ensuring the achievement of SBTi targets for the Corporate Clients, Private and Small-Business Customers and Treasury business segments, which we will operationalise further in 2024.

Incorporating EU taxonomy

With the European Green Deal, which envisages greenhouse gas neutrality by 2050, the EU has set itself ambitious sustainability goals. The financial system can make a crucial contribution to transforming the economy by directing capital flows towards sustainable investments. As a uniform classification system, the EU Taxonomy Regulation is intended to support financial market participants in recognising sustainable economic activities by applying comparable criteria. It thus provides key guidance for the development of new green products and services and helps us assess the sustainability of businesses, partners and customers. As described in this report, the "klimaVest" impact fund and the Commerz Real Renewable Energies Fund II of Commerz Real, which is geared to professional and semi-professional investors, are for example, in line with the criteria of the EU Taxonomy. In addition, our sustainable transformation based on the EU Taxonomy criteria can increasingly be supported by differentiated pricing going forward.

The activities included in the EU Taxonomy Regulation may be particularly relevant in terms of their impact on the climate and environment – both positive and negative.

For the 2023 reporting year, transactions subject to the requirements of the EU Taxonomy need to be screened for alignment for the first time. This allows a statement to be made on whether the respective business can be described as sustainable within the meaning of the EU Taxonomy, i.e. whether it makes a positive contribution to one of the defined environmental objectives, does no significant harm to any of the other objectives, and complies with the minimum social safeguards.

The scope of the report has been expanded compared to the previous two years, which significantly enhances transparency regarding the sustainability of business partners and their activities.

Transactions that finance or invest in economic activities within the meaning of the EU Taxonomy, referred to as Taxonomy-eligible transactions, must generally be screened for Taxonomy alignment.

An economic activity is considered a "Taxonomy-eligible economic activity" if it is included in the delegated acts enacted according to Art. 10 (3), Art. 11 (3), Art. 12 (2), Art. 13 (2), Art. 14 (2) and Art. 15 (2) of the Taxonomy Regulation. This applies regardless of whether this economic activity meets all the technical screening criteria set out in these delegated acts (cf. Art. 1 No. 5 of Delegated Regulation (EU) 2021/2178 to Art. 8 of the Taxonomy Regulation (EU) 2020/852).

An economic activity is considered a "Taxonomy-aligned economic activity" if it meets the requirements set out in Art. 3 of the Taxonomy Regulation (cf. Art. 1 No. 2 of the Delegated Act to Art. 8 of the Taxonomy Regulation). This also includes compliance with the "technical screening criteria" set out in Art. 3 d).

The EU Taxonomy supports financial market participants in recognising sustainable economic activities by applying comparable criteria

For banks, the scope of reporting is specified in Delegated Regulation (EU) 2021/2178, which describes in particular the reporting tables and calculation methods for the individual key performance indicators (KPI) (Annexes V and VI). Where this does not provide clear specifications regarding the calculation method, we have made reasonable assumptions.

Concerning the non-legally binding Draft Commission Notice[3] for the EU Taxonomy published at the end of December 2023, we performed a gap analysis from our previous interpretation based on the information available up to that point. In our opinion, the document contains various clarifications as well as new, expanded requirements. We have not taken the content into full account in the current reporting. For example, we currently do not pass on Taxonomy Quotas from parent companies required to publish a non-financial report (NFR) to subsidiaries. It has not yet been possible to determine a final implementation procedure due to the late publication date. We will evaluate this further in 2024.

[3] Title of EU publication: Draft Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets (third Commission Notice).

The most important KPI for credit institutions is the green asset ratio (GAR), which specifies the ratio of relevant Taxonomy-aligned assets to a bank's total covered assets. The GAR relates to the material items within our assets, specifically the lending and investment business, including loans, bonds and equity instruments.

In addition to the GAR, we are publishing the following performance indicators in this report for the first time (see the Notes, starting on page 93 ff.):

- GAR (flow): indicates the inflow of new Taxonomy-aligned assets relative to the total covered assets. The inflow is clearly identified by the start date of a transaction, which is defined depending on the transaction type. For loans, the flow is the gross carrying amount of the new business active on the current reporting date and received in the reporting period. For securities, the flow corresponds to all securities received in the reporting period, regardless of whether the position still exists as at the current reporting date.
- Financial Guarantees (FinGuar KPI): indicates the ratio of Taxonomy-aligned financial guarantees in relation to the total covered financial guarantees.
- Assets under Management (AuM KPI): indicates the ratio of Taxonomy-aligned assets under management in relation to the total covered assets under management.

The KPIs are determined twice because the disclosures by the companies (counterparties) are included in the calculations, and both turnover-based and CapEx-based KPIs are available.

We have not yet provided the flow size for AuM and financial guarantees (AuM KPI, FinGuar KPI) for the current reporting year because of unclear information regarding the calculation methodology. According to our interpretation, this cannot be determined until the next reporting date.

Information on prior-year comparisons can generally only be provided on the next reporting date. As a result, the corresponding sections of the table are not filled in the Notes. They will be added in the next report.

The EU taxonomy only covers certain parts of our business. Some transactions are completely excluded, for example the trading portfolio (until the 2026 financial year) and transactions with governments [4] or central banks. In addition, the GAR denominator includes portfolios that cannot be reported as Taxonomy-aligned, for example loans to SMEs.

The populations of numerator and denominator therefore differ significantly from one another.

The green asset ratio (GAR) specifies the ratio of relevant Taxonomy-aligned assets to a bank's total covered assets

The transactions that are relevant for the numerator are generally transactions with companies that are required to submit a non-financial report (NFR) in accordance with the Non-Financial Reporting Directive. In order to identify these companies, we used data from an external data provider on companies required to publish a non-financial report, which we combined with our customer information. Certain transactions with households and local authorities are also taken into account. In the case of special financing for special purpose vehicles (SPV's) that are not regularly required to submit a non-financial report, we applied a 'look through' approach. Here, we consider the use of proceeds to be most important and are including this accordingly in the reporting.

Two procedures are used to screen our risk positions for Taxonomy eligibility or Taxonomy alignment. A distinction is made based on whether the use of the proceeds by the borrower/issuer is unknown (general-purpose loans and securities) or known (loans with a purpose).

General-purpose loans and securities are weighted using the turnover-based and CapEx-based KPIs of the borrower/issuer and are thus included in the calculation of the GAR in the two calculation variants.

The calculation of the GAR and AuM KPIs includes equities with the issuer's turnover-based or CapEx-based KPIs as well as certain funds (according to Art. 8 and Art. 9 of the Sustainable Finance Disclosure Regulation (SFDR)) with the product-specific KPI. We do not carry out a 'look through' for other funds. For bonds where the issue proceeds were allocated to a specific sustainable purpose, the issuers have not yet provided product-specific KPIs whose calculation methodology meets the Taxonomy requirements. Until the newly enacted EU Green Bond Standard is applicable and product-specific taxonomy quotas are available, all bonds will be assessed using the issuer's turnover-based and CapEx-based KPIs.

We assess general purpose loans and securities on the basis of external data relating to our counterparties' KPIs. The information provided by the data providers refers to the companies' disclosures for the 2022 reporting year. If no information was available, we assessed these positions as Taxonomy-non-eligible or Taxonomy-non-aligned.

[4] We also include transactions with regional governments.

Risk positions towards relevant subsidiaries of companies required to publish a non-financial report are generally assessed based on the subsidiary's disclosed KPIs. If no KPIs are available at subsidiary level, we assess these risk positions as Taxonomy-non-eligible or Taxonomy-non-aligned.

When screening loans where the use of proceeds is known, the assessment is based on the information provided by the borrower about the activities for which the proceeds are used. If the use of funds (financed economic activity) is described in the Taxonomy Regulation, we assess these loans as Taxonomy-eligible.

In order to determine whether a transaction can be classified as Taxonomy-aligned, we examine the comprehensive technical screening criteria, which differ depending on the economic activity. A check is also carried out to determine that none of the other objectives are significantly harmed and that the criteria for social minimum safeguards are met.

We have established appropriate procedures to assess Taxonomy eligibility and Taxonomy alignment. We rolled out software solutions in 2023 that allow us to implement (partially) automated processes when screening for Taxonomy alignment, making the process more streamlined and efficient.

We generally assess Taxonomy alignment for Taxonomy-eligible transactions that are essential to our business activities and, where necessary, introduce new processes to collect relevant information about our customers.

In cases where we did not have access to the required information and evidence (for checking the technical screening criteria) and this could not be ascertained with reasonable effort, we classified these items as Taxonomy-non-aligned.

The KPIs were calculated using the Bank's central data warehouse, which also forms the basis for the financial reporting. The mBank data were collected locally and then integrated into the Group figures. The calculation was based on gross carrying amounts.

The green asset ratio in the reporting period is as follows:

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

In %		Total environmentally sustainable assets[1]	KPI[2] (turnover)	KPI[2] (CapEx)	% coverage (over total assets)[3]	% of assets excluded from the numerator of the GAR (Article 7 (2) and (3) and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 (1)) and Section 1.2.4 of Annex V)
Main KPI	**Green asset ratio (GAR) stock**	**2.28**	**2.34**	**2.43**	**32.98**	**36.25**	**30.77**
Additional KPIs	**GAR (flows)**	**0.72**	**0.76**	**0.79**	**6.70**	**9.75**	**22.44**
	Trading book[4]				X	X	X
	Financial guarantees	0.00	0.04	0.10	X	X	X
	Assets under management	0.00	6.04	6.86	X	X	X
	Fees and commissions income[5]				X	X	X

[1] Based on own assumption: Percentage of assets for which the use of proceeds by the borrower / issuer is known (over total GAR assets).
[2] Based on the Turnover KPI and CapEx KPI of the counterparty.
[3] Percentage of assets covered by the KPI over banks´ total assets .
[4] For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR.
[5] Fees and commissions income from services other than lending and AuM. Institutions shall disclose forward-looking information for these KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.

Our Taxonomy-aligned volume and thus the green asset ratio is characterised by retail mortgage financing and special financing for SPV's in the field of renewable energies in the European Economic Area.

The current reporting of Taxonomy-aligned volume relates to environmental objectives 1 and 2. Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplements the EU Taxonomy with technical screening criteria for four additional environmental objectives.

With respect to the four additional environmental objectives, financial firms will initially only have to provide information regarding Taxonomy eligibility from the 2023 reporting year onwards. The full reporting requirements for Taxonomy alignment will apply starting from the 2025 reporting year.

Taxonomy-eligible activities must be assigned to one – specifically– the most relevant – environmental objective. Double counting is not permitted. The Taxonomy eligibility of loans where the use of proceeds is known was screened for all six environmental objectives. The loans were consequently assigned to the first environmental objective (climate change mitigation). There was no remaining amount that could be allocated to other environmental objectives. For general-purpose loans and securities, we only had company KPIs for the first environmental objective – climate change mitigation – and, to a limited extent, also for the second environmental objective – climate change adaptation.

Accordingly, the columns in the templates for data on environmental objectives three to six are empty and have been hidden by us in this report.

The extension of the EU taxonomy to include nuclear and gas entered into force on 1 January 2023, so the corresponding company data will be included in this report for the first time (for general-purpose loans and securities). The financed economic activities in the nuclear and gas sector are part of the green asset ratio (stock). In addition, we are required to report the shares in the GAR (stock) in separate templates in the Notes. We have not identified any loans where the use of proceeds is known in the nuclear and gas sector.

Commerzbank's own understanding of sustainability in these activities is described in greater detail in the ESG framework. We have a principle of not financing any new nuclear power plants. The same is true for uranium mines. We have strict requirements for transactions involving fossil fuels and generally take a critical view of these transactions. At the same time, we see the need for gas as a transition technology over the coming years to ensure continued stability of supply. We therefore critically scrutinise financing for the construction of gas-fired power plants on a case-by-case basis.

Managing environmental risks

Commerzbank defines environmental risks as both climate-related and biodiversity risks.

Comprehensive assessment of climate-related risks

At Commerzbank, we do not consider climate-related risks as a separate type of risk, but as a horizontal risk. This can materialise across the different known types of risk such as credit risk or market risk. In 2023, we carried out another comprehensive materiality analysis for environmental risks across all risk types for the Commerzbank Group as part of the annual risk inventory process, taking into account the requirements of the European Central Bank's "Guide on climate-related and environmental risks". In this process, all risk types assessed as material in the risk inventory were evaluated in terms of factors such as their materiality in relation to climate-related risks. Both transition and physical risks were considered and a materiality assessment was carried out in each case. This classification into materially affected and non-materially-affected risk types is based on both a time dimension and a risk type-specific dimension.

An integral part of risk governance is the materiality analysis for climate-related risks

The time dimension is divided into short, medium and long-term time horizons. For each specified time horizon, an assessment is first carried out for climate-related and biodiversity risks, which can then be further divided into physical and transition risks. The materiality threshold on which this classification is based is consistent with the established risk thresholds from the risk inventory for all risk types. Materiality for each risk type is determined on a scenario basis and, where possible and appropriate, also on a quantitative basis. This provides the foundation for ensuring holistic consideration of the effects resulting from the risk types materially affected by environmental risks as part of Commerzbank's ICAAP. A comprehensive qualitative analysis of possible transmission channels is carried out, and in general scenario-based quantification is added. The climate scenarios used include those formulated by the Network for Greening the Financial System (NGFS). The internally established scenario analysis and stress testing infrastructure are used for this purpose.

Transition risks arise for companies as a result of the transition to a lower-emission and more sustainable economic system (e.g. owing to regulatory or legal changes in energy policy, changes in market sentiment and preferences, technological innovations or greenwashing risks). Physical risks, by contrast, arise as a result of changing climatic conditions and the associated more extreme and more frequent acute weather events, such as floods or heatwaves, or chronic effects, such as rising sea levels.

As a result of the analysis, the influence of climate-related risks for the risk types credit risk, market risk, operational risk (including compliance and cyber risk), reputational risk and business risk was confirmed as material. No materiality was established for property value risks, liquidity risks and model risks. A risk type is considered to be materially influenced by climate-related risks as soon as it is materially affected by either transition climate-related risks or physical climate-related risks in one of the three specified time horizons.

Climate-related risk materiality assessment[1]

Material risk types	Climate-related risk materiality assessment					
	Physical risks			Transition risks		
	Short term	Medium term	Long term	Short term	Medium term	Long term
1 Credit risk (including counterparty risk)	No	No	Yes	No	No	Yes
2 Market risk	No	No	No	No	No	Yes
3 Operational risk (including compliance and cyber risk)	No	No	No	Yes	Yes	Yes
4 Reputational risk	No	No	No	Yes	Yes	Yes
5 Property value risk	No	No	No	No	No	No
6 Business risk	No	No	No	Yes	Yes	Yes
7 Liquidity risk	No	No	No	No	No	No
8 Model risk	No	No	No	No	No	No

[1] The short-term time horizon is up to one year, the medium-term time horizon two to five years, and the long-term time horizon more than five years (at least ten years were considered).

The findings of the materiality analysis feed into business strategy, the overall risk strategy and the sub-risk strategies as well as into other core elements of the Bank's internal process to ensure an adequate capital position, such as the internal stress test framework and the risk-bearing capacity concept. Particularly in the case of risk types materially affected by climate-related risks, environmental risks are managed within the risk function responsible for the respective risk type. The materiality analysis for climate-related risks is an integral part of the Commerzbank Group's risk governance. In addition to the annual materiality analysis, we carry out internal climate stress tests too.

As a financial institution of the German economy, we are also active in sectors that are particularly exposed to climate-related physical or transition risks. However, we have little exposure to some of the hardest-hit sectors (agriculture, for example). Sectors that could potentially be more heavily affected by climate-related risks and that have larger exposures are, for example, the energy sector, the automotive sector and mechanical engineering, as well as (commercial) real estate finance.

Owing to the geographical focus of our portfolio in Germany and Europe, we are comparatively less affected by physical climate-related risks, such as hurricanes and rising sea levels. The materiality analysis shows that both transition and physical climate-related risks are material to credit risk over a long-term time horizon.

Reputational risk is one of the Commerzbank Group's main non-quantifiable risk types (see "Evaluating environmental and social risks"). Reputational risks were classified within the materiality analysis as material overall, particularly due to greenwashing risks. Quantitative effects were evaluated using bank-specific and risk-type-specific scenarios, including expert estimates. Reputational risk is now considered within the context of environmental risk as part of regular central risk reporting. Additional appropriate control measures have been implemented, such as a greenwashing risk internal control framework and the screening of new sustainable products to identify greenwashing.

Detailed reporting on the risk types is published online in the ESG appendix of the disclosure report.

Taking climate-related risks into account in lending

In order to manage the effects of climate-related risks in Commerzbank Aktiengesellschaft's lending business, we are systematically optimising our processes and methods. We must understand and actively manage the associated risks, not least in connection with our strategy, in order to support the transformation of companies to a more environmentally friendly and climate-neutral economy. We combine specific findings from scenario analyses (including sector- or country-specific effects of climate-related risks) with an individual risk analysis at customer level.

We are continually updating our processes and methods to manage the effects of climate-related risks in the lending business

The findings from the scenario and credit risk analyses are aggregated in a structured assessment ("score"). We factor this score into the individual loan decision. Depending on the score, increased requirements or restrictions are triggered on a portfolio-specific basis. We also use the score as part of our portfolio analysis and management. Portfolio-specific guidelines, which are anchored in the credit risk strategy, limit the share of loans with heightened climate-related risk. These processes and procedures are mandatory components and incorporated in full into the credit risk analysis.

We take a portfolio-specific approach and thus take appropriate account of the differences in terms of those affected and the risk drivers.

In the particularly relevant portfolios such as corporate clients, special financing, banks and commercial real estate finance, we have supplemented the qualitative risk analysis in the individual loan decisions with these specific aspects for the analysis of climate-related risks. We will progressively extend this approach to other portfolios and include smaller companies, for example. In our target state, we want to integrate climate-related risks – as far as possible – into the quantitative credit risk analysis and thus fully reflect them across the process, including in pricing and reporting.

Another key aspect is adding continuously to our specialists' expertise in climate-related risk, which enables us to discuss the challenges and work together with our customers to assess the risks on an equal footing. We deepen this know-how with the support of external consultants, academia and various initiatives.

Climate-related risks – both physical and transition risks – also play a major role in Commerz Real's asset management. The Bank uses future scenarios based on the representative CO_2 concentration pathways set out by the Intergovernmental Panel on Climate Change to accurately determine the exposure of assets and the portfolio. In its risk assessment, including scenario analyses, Commerz Real relies on tools such as the Carbon Risk Real Estate Monitor (CRREM) and the Climate Excellence Tool. The CRREM tool shows climate pathways using asset class and country-specific CO_2 and final energy target values for a 1.5° and a 2.0° scenario. The Climate Excellence Tool, on the other hand, allows for a site-specific evaluation of physical climate-related risks for different scenarios.

In this way, Commerz Real tries to perform a risk analysis that is as accurate as possible for the location on the basis of existing data and to derive specific measures to prevent damage at an early stage. The results feed into the risk assessment and the sustainability assessment of all real estate transactions and are taken into account accordingly in the management phase. The basis of climate risk management is collecting all consumption and emissions data and location data in a way that is as reliable as possible. To this end, Commerz Real has implemented a sustainability data management system and also uses external partners to collect data on a global level.

Understanding biodiversity risks

Commerzbank considers both climate-related risks and biodiversity risks. These are also regarded as horizontal risks for the Bank. As with climate-related risks, the classification of biodiversity risk for material risk types is a central component of the annual materiality analysis. Following the initial 2022 report, the scope of the analyses and methodology were expanded and improved in the year under review. The expert-based assessment of biodiversity risks and their impact within the Bank includes a driver and transmission channel analysis, which in the year under review was also supported by the first qualitative consideration of biodiversity-related scenario narratives. The two narratives considered each had a physical and/or transition risk focus. Physical biodiversity risks arise from a loss or degradation of things provided by the ecosystem which are vital to the economic system (e.g. availability of water, pollination or genetic diversity). Transition risks, on the other hand, describe risks that arise as a result of the transformation process towards a more sustainable and environmentally friendly economy. Such risks could arise if the water price increases significantly for a company with high water consumption (for example, due to regulatory requirements).

To summarise, credit risk, reputational risk and business risk are materially affected by biodiversity risks. The focus here is primarily on medium- and long-term transition risks.

Biodiversity risk materiality assessment[1]

Material risk types	Biodiversity risk materiality assessment					
	Physical risks			Transition risks		
	Short term	Medium term	Long term	Short term	Medium term	Long term
1 Credit risk (including counterparty risk)	No	No	Yes	No	No	Yes
2 Market risk	No	No	No	No	No	No
3 Operational risk (including compliance and cyber risk)	No	No	No	No	No	No
4 Reputational risk	No	No	No	No	Yes	Yes
5 Property value risk	No	No	No	No	No	No
6 Business risk	No	No	No	No	Yes	Yes
7 Liquidity risk	No	No	No	No	No	No
8 Model risk	No	No	No	No	No	No

[1] The short-term time horizon is up to one year, the medium-term time horizon two to five years, and the long-term time horizon more than five years (at least ten years were considered).

Analysis of biodiversity risk in credit risk

The physical risk analysis for credit risk focuses on assessing the extent to which sectors in which Commerzbank is represented through credit exposures are dependent on the things provided by the ecosystem. The risk assessment additionally incorporated external data from ENCORE, which classifies each sector's degree of dependency. The data concerning dependence of an economic activity on the things provided by the ecosystem was considered together with the business volume in the respective sector. The materiality analysis revealed that some sectors are more dependent on things provided by the ecosystem, such as wholesale and the chemicals and food sectors. Overall, around 10% of the portfolio has a high dependency and around 29% has a medium dependency on things provided by the ecosystem. The biggest driver of physical biodiversity risks is dependence on water. A more in-depth analysis based on the approach to climate-related risks is planned for the future, supported by appropriate scenarios – where available – and more advanced assessment methods.

In the case of transition biodiversity risks for credit risk, the assessment included the adverse impact of business activities on the environment and the potential consequences resulting from anticipated future regulatory changes to protect biodiversity. According to the assessment, high transition risk exists if both the adverse impact and the foreseeable regulatory changes are classified as likely. Commerzbank identified the chemicals and beverages sector as well as the extraction of crude oil and natural gas as high transition risk sectors for the Bank. Overall, 4% of the portfolio was rated as having a high transition risk, and 24% a medium transition risk.

With respect to credit risk, physical biodiversity risks are more relevant than transition risks as few concrete transformation processes are discernible at the present time.

Biodiversity risks also play an important role at Commerz Real. This applies especially to our fund products, which meet the transparency obligations under Article 8 or Article 9 of the EU Disclosure Regulation and aim for or intend to ensure a minimum proportion of Taxonomy-aligned investments. For example, in the case of “klimaVest” and the Commerz Real Renewable Energies Fund II, which was issued for professional and semi-professional investors, impact and ESG due diligence is carried out as part of the purchasing process for every potential investment. Any adverse impacts on biodiversity are examined and evaluated alongside the other environmental targets of the EU Taxonomy. The funds strive to ensure that their investments do not go to wind or solar plants built in protected areas and that these plants do not have a significant adverse impact on local biodiversity.

4. Supporting the customer transformation

Combating climate change and the loss of biodiversity requires not only favourable political conditions and new technical solutions, but above all adequate financial resources. This poses numerous opportunities for us as a bank. The energy revolution and reduction in CO_2 emissions are creating a need for new technologies and products requiring large investments. At the same time, our customers are facing new types of non-financial challenges: from collecting data and managing their own carbon footprints to making decisions on their technological direction in the context of the energy transition. In addition, interest in sustainable investment opportunities is growing, which is why we are developing products and services that take account of these changes while offering an environmental or social benefit.

We provide our customers with expert advice on transforming their business models. We align our offering with their interests, evaluate our business success in part based on their satisfaction, and incorporate sustainability into our dialogue formats. Ensuring data security also makes a significant contribution to customer satisfaction. We continuously check this level of satisfaction and ensure that we involve our customers at the appropriate points.

Sustainable financing

We develop sustainable products with market analyses, the Bank’s own technical and product expertise and regulatory requirements in mind. These products support our customers in their sustainable transformation and at the same time provide incentives for companies and private individuals to become more sustainable. We draw on classic product development practices, agile methods and direct dialogue with customers. The products prioritised for development are determined in equal measure by the requirements of the Bank’s own sustainability strategy, customer needs, economic considerations and regulatory requirements.

When integrating ESG aspects into our products, services and consulting processes, in the future we will focus not only on the climate, but also on other topic areas identified in the materiality analysis, such as environmental protection and biodiversity. In the Corporate Clients segment, we rely on risk and sales data to evaluate the ESG dimensions of our portfolio. These offer sustainable business opportunities and at the same time allow us to provide advisory services and financing products to support our customers in their own transformations. The sales and lending departments work closely together to address the specifics of ESG issues. mBank also reviews and evaluates new products in terms of their impact on the environment and society (including customers). This encompasses sustainability aspects such as greenhouse gas emissions and climate change, waste and the circular economy, and equal access to financial services.

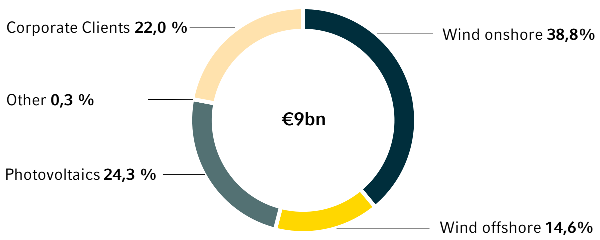
Promoting renewable energy

Commerzbank Aktiengesellschaft has long, wide-ranging experience with renewable energy. Corporate and project financing along the value chain have been part of our portfolio since the 1980s and will continue to be a growth area for us in the future. The core business of the Centre of Competence Energy (CoC Energy), which has sites in Hamburg and New York, is the global provision of finance to wind and solar parks as well as related technology. The plants that are financed are operated in particular by independent power producers, project developers, institutional investors and utilities.

The total financing commitment of the Centre of Competence Energy (CoC Energy) in 2023 was around €9bn

Commerzbank Aktiengesellschaft is currently one of the largest financiers of renewable energy in Europe and further expanded its international portfolio share in the year under review. 2023 once again saw us realise financing for wind farms and solar parks as well as add new projects and refinancing transactions in Europe and the USA. One of the flagship projects in the year under review was the Boitzenburger Land solar park. We are the sole financing partner for this project, which has a volume of €100m. The solar park supplies around 65,000 households with green electricity every year. CoC Energy's total financing commitment in 2023 was around €9bn.

Renewable energy portfolio
bn€ | financing commitments as at 31 December 2023)



As part of its 2021–2025 business strategy, mBank has committed to mobilising approximately €2.1bn (10bn Polish zloty) to finance green investments, particularly in renewable energy sources.

At the end of 2023, mBank's total renewable energy portfolio had a value of €909m (3.98bn Polish zloty). In 2023 alone, mBank provided around €261m (1.15bn Polish zloty) for seven photovoltaic projects, two wind farm projects and two hybrid projects comprising photovoltaic and wind farm investments. In addition to financing large-scale projects, mBank offers financial support for smaller renewable energy projects with a rated output of up to 5 megawatts.

Commerz Real contributes directly to shaping the energy revolution by investing in renewable energy. It also sources electricity from renewable sources for the properties held by its funds and special funds, where local markets permit.

Demonstrating sustainable finance solutions

Commerzbank Aktiengesellschaft offers corporate customers sustainable bilateral credit products (green loans) used to fund sustainability-related projects. Corporate financing can also take the form of KPI-linked loans and ESG rating-linked loans, where the conditions are based on the extent of the company's transformation efforts. Indicators for this include individually agreed key figures, some of which are externally validated, such as reductions in CO_2 emissions. Another measurement parameter is the sustainability rating, which shows a company's sustainability efforts in comparison to sector performance. The Bank is also working on expanding its financing offering with sustainability components.

We are additionally incorporating sustainability considerations into the development of traditional financing solutions. We advise businesses about the advantages of public promotional loans such as KfW's energy efficiency programmes or its climate protection initiative for small and medium-sized enterprises. We keep an eye on new products and product evolutions from the public funding bodies and offer these to our customers.

In the Private and Small-Business Customers segment, the offering includes financing for energy-efficient buildings. The green mortgage loans scheme, for example, offers preferential financing conditions for the construction, modernisation or acquisition of buildings – for own or third-party use – whose energy value does not exceed 50kWh per square metre of usable floor space.

This applies equally to all multi-dwellings as well as residential and commercial buildings where the share of income from commercial rent is less than one third. The green "KlimaDarlehen", an individual loan for self-employed people and small businesses (formerly "green CBU"), also finances sustainable commercial investments. Examples of these include heat or electricity generation from sustainable, renewable sources and investments in electric and hydrogen mobility. The intended uses of these projects meet the definition of environmentally sustainable activities under the ESG framework, meaning that the financing goes towards climate protection or climate adaptation activities.

Responsibility in the lending business for the Private Customers segment also takes account of potential changes in a customer's economic situation. This also includes identifying customers with signs of financial problems early on – and thus before the emergence of problems threatening their existence, if possible – and suggesting measures to be taken which will, ideally, lead to an orderly repayment process.

Sustainable investments and capital market products

In the investment business, too, we want to contribute to sustainable development and take advantage of the associated business opportunities, for example by offering sustainable funds, integrating sustainability matters into asset management and using sustainable capital market instruments. We also take our customers' sustainability preferences into consideration as standard when giving investment advice.

Developing sustainable bonds and loans

In 2007, we were involved in issuing the world's first green bond. Since then, we have supported a large number of companies in preparing and issuing sustainable bonds. In the 2023 reporting year alone, Commerzbank acted as lead manager for the issue of 76 sustainable bonds with a total volume of €61bn (2022: €46.6bn), an increase of more than 30% year on year. This volume is included in the sustainable business volume in accordance with the criteria set out in the ESG framework.

Commerzbank acted as lead manager for the issue of 76 bonds with a total volume of €61bn in 2023

The transactions supported in 2023 again included a number of issues from companies that for the first time linked their capital market transactions with their sustainability strategy. In addition, Commerzbank supported a growing number of green and social bonds in Swiss francs in 2023 with a volume of more than CHF 1bn. Through our involvement in various interest groups and professional associations, such as the ICMA Green Bond Principles and the Climate Bonds Initiative, we also make a contribution to furthering the development of the market for sustainable bonds. In total, the Bank has already assisted in the issue of more than 280 sustainable bonds.

In addition, Commerzbank Aktiengesellschaft arranges, structures and places sustainable promissory note loans and syndicated loans, particularly in the form of ESG-linked loans, for corporate customers of varying sizes across a wide range of sectors. In these transactions, we regularly act as sustainability coordinator in order to develop ambitious ESG structures, working on behalf of the banking consortium in close consultation with the companies. ESG-linked loans are a comparatively new but very fast-growing product category, and now represent the most common form of sustainable syndicated loans. The terms of the loans are linked to sustainability criteria, predominantly in the form of sustainability-related KPIs or a borrower ESG rating. If the borrower meets the predefined targets for these KPIs or the underlying rating, the interest rate is lower – with higher interest rates applying if they are not met. Sustainable promissory note loans operate in essentially the same way. Since 2017, we have been participating in working groups of the Loan Market Association to actively shape the implementation of sustainability in the syndicated loan market.

Due to the challenging market environment, Commerzbank only just missed the targets it set for itself for concluding new sustainable loans and promissory note loans with a volume of €75bn in 2023. This also includes 65 sustainable syndicated loans and promissory note loans for companies at the global level with a total transaction volume of €74.7bn (Commerzbank loan commitments of around 6%). Syndicated loans accounted for the major part of the volume.

In 2023, Commerzbank was involved in 65 sustainable syndicated loans and promissory note loans for companies at the global level with a total transaction volume of €74.7bn

Sustainability aspects are also playing an increasingly important role in the Bank's own investments. As part of its liquidity management activities, Commerzbank Aktiengesellschaft is increasingly investing in sustainable bonds and building up its own ESG portfolio. To this end, the Bank plans to invest an increasing proportion of its own assets in green, social and sustainability bonds.

By the end of 2023, their volume within the liquidity portfolio had reached around €3.1bn. Commerzbank takes sustainability aspects into account in its company pension scheme in Germany, with asset managers only selected for the pension plan if they have signed the UN Principles for Responsible Investment (PRI).

Managing customers' money sustainably

As a signatory to the UN PRI, the Asset Management unit at Commerzbank Aktiengesellschaft is committed to incorporating sustainability aspects into its analysis and decision-making processes and making an active contribution to responsible investment decisions. Asset Management therefore offers wealthy individuals as well as corporate and small-business customers various solutions that take environmental and social factors into consideration. In particular, customers can agree on individual sustainable asset management in which the security selection not only takes exclusion criteria and sustainability ratings into account, but also aims to invest in companies with sustainable business activities. In 2023, "Vermögensverwaltung Nachhaltigkeit" (Sustainable Asset Management) celebrated its 10th anniversary. The overall picture shows that the integration of ESG criteria does not engender any systematic disadvantages for performance and improves risk management.

Overall, the proportion of sustainable investments, which under the ESG framework feed into the sustainable business volume, has increased significantly in recent years and as at the end of 2023 accounted for 12.5% of Commerzbank Asset Management's AuM.

The digital and sustainable asset management offering "cominvest green" from the Commerzbank brand comdirect gives customers the choice between a wide range of exchange-traded funds (ETFs) that reduce adverse effects in terms of ESG. In addition, the motif investing product allows customers to make targeted investments in megatrends without advice. The funds, ETFs and equities are sorted into themes such as robotics, health, technology and sustainability, which customers can then use to compile their portfolio. These products are also available to select for other investment formats such as savings plans.

With the acquisition of a majority stake in Aquila Capital Investmentgesellschaft at the beginning of 2024, Commerzbank Aktiengesellschaft is expanding its range of offerings for customers in sustainable asset management. The investment company specialises in essential real asset investments such as renewable energies and sustainable infrastructure projects. The transaction is still subject to the necessary regulatory approvals but is expected to be completed during the second quarter of 2024.

mBank is also active in this segment, and private customers can now invest in ETF-based equity and bond portfolios that promote environmental and social aspects. Two of the seven model portfolios offered by mBank currently meet these requirements, with an expansion planned for the future. The value of assets invested in ESG asset management strategies for private customers at end-2023 was virtually unchanged year on year at €34m (151m Polish zloty). The share of these ESG investment strategies of the total volume in the model portfolios of this customer group was 32%, thus remaining on a comparable level with the previous year.

Commerz Real combines sustainable investment opportunities with a direct contribution to shaping the energy revolution: Numerous investments have followed since the first investments were made in solar energy via funds back in 2005. The portfolio has also been expanded to include onshore and offshore wind turbines. The Commerz Real Group holds stakes in 55 ground-mounted solar parks and 41 onshore/offshore wind farms with an annual total rated output of around 1,573 megawatts, making it one of the largest German asset managers in this segment today. A further 511 megawatts of total rated output can be realised by 2028 through the completion of six previously acquired solar park development projects. The assets under management in renewable energy stood at around €3.3bn at the end of 2023.

In 2020, Commerz Real launched "klimaVest", the first open-ended real asset fund in the renewable energy sector aimed at private investors, with redemption rights in the form of a European Long-Term Investment Fund (ELTIF). Since 2021, the fund has met the transparency requirements to qualify as a sustainable financial product under Article 9 of the EU Disclosure Regulation. "klimaVest" invests mainly in facilities for the generation of renewable energy and in the infrastructure of the energy revolution. The fund's investment objective is to generate risk-adjusted returns for investors while making a positive contribution to the achievement of environmentally sustainable objectives within the meaning of the EU taxonomy and in accordance with the Paris Agreement. "klimaVest"'s volume stood at around €1.3bn as at the end of 2023.

For professional and semi-professional investors, the Commerz Real Renewable Energies Fund II combines the topics of sustainability and returns in the form of an impact fund. In pursuing its investment objective, it strives to help limit global warming in the long term in line with the climate protection goals outlined in the Paris Agreement. By investing in environmentally sustainable renewable energy systems such as wind farms and photovoltaic systems, the fund promotes the energy transformation by ensuring or increasing the proportion of green electricity in the power grid. The fund also complies with the transparency requirements set out in Article 9 of the EU Disclosure Regulation.

In addition, Commerz Real sets great store by sustainability in managing its real estate assets, such as with hausInvest. With €17.3bn in assets at the end of 2023, the fund is one of the largest open-ended real estate funds in Europe. In 2021, it became one of the first open-ended real estate funds to promote environmental and/or social objectives pursuant to Article 8 of the Disclosure Regulation. The fund has expanded its investment strategy accordingly. The aim is to reduce the portfolio's CO_2 footprint to

14 kilogrammes per square meter by 2050. In 2022, hausInvest decided to meet the requirement level for environmentally sustainable investments under the EU taxonomy and the minimum requirements for sustainable investments for the purposes of the EU Disclosure Regulation. The taxonomy states that their minimum share is 5% of the fair value of the real estate belonging to the special fund. In determining the fair value mentioned above, project developments are included from the time of their completion and properties held by real estate companies are included in proportion to their ownership interest.

Since May 2023, the Smart Living Europe Fund has been the first institutional real estate fund from Commerz Real to meet the transparency requirements in accordance with Article 8 of the EU Disclosure Regulation. To this end, a minimum share of 10% (measured by the market value of the real estate held in the portfolio) is maintained in sustainable investments in accordance with Article 3 of the EU Taxonomy.

Trading or offsetting emissions

Commerzbank Aktiengesellschaft is a participant in the European Emissions Trading Scheme (EU ETS) and the UK Emissions Trading Scheme (UK ETS). It advises companies on the procurement of carbon emissions rights and on the associated risk management aspects, and helps to implement the resulting trading strategies. In addition, there is the option of voluntarily offsetting a company's unavoidable carbon emissions with certificates from emission reduction projects. As a member of the World Bank's Carbon Pricing Leadership Coalition, the Bank also participates in the global debate on carbon pricing. In equipment leasing, Commerz Real has incorporated the topic of sustainability into its business via its subsidiary Commerz Real Mobilienleasing (CRML). CRML's PRO Climate Lease also offers the option, in parallel with the financing business, to support projects aimed at avoiding or absorbing CO_2 emissions via individual CO_2 offsets.

Ensuring data security

The protection of customer data and compliance with banking secrecy requirements are of the utmost importance in this era of increasing digitalisation. They are fundamental to the satisfaction of our customers and to trust within a long-term business relationship. That is why data security is a key issue for us in terms of responsible banking.

Responding to cyber crime

With the increasing digital networking of state, business and society, cyber security and cyber resilience are becoming more and more important. Commerzbank scrutinises not only its own information, premises and IT systems, but also those of its customers and service providers, including any independent transport routes. Cyber security is a driver of customer confidence and thus an important competitive factor. With that in mind, it is crucial to ensuring the security of our systems. As part of the critical infrastructure, the financial industry is subject to enhanced legal requirements.

Data security is a key issue for us as part of responsible banking

We want to adequately address both this trend and future challenges relating to the management of cyber risks. Cyber and information security risks are managed by the Group division Group Risk Management – Cyber Risk & Information Security (GRM-CRIS), which reports to the Group Chief Information Security Officer. In addition to established security functions such as the ISO 27001 certified Information Security Management System, the focus is on managing cyber risk appropriately and on strengthening Commerzbank's cyber resilience. To cover the human element, we also rely on our employees being highly security and risk-conscious. We promote this via a special, multi-award-winning information security awareness campaign. GRM-CRIS also addresses the interplay between cyber and information security risks and other types of risk relating to areas such as HR, procurement, business continuity management (BCM) and physical security.

mBank also attaches great importance to the security of its IT systems and the data they contain, deploying suitable organisational and technical solutions. Every employee of mBank in Poland is required to complete cyber security training once a year. The Bank's security department also includes a 24-hour security operations centre (SOC).

Employees and customers can report all cyber security matters to the SOC, including identified incidents, attempted attacks and suspicious transactions. mBank also offers free support when customers have been victims of cyber crime.

Ensuring data protection

Commerzbank Aktiengesellschaft takes the protection of personal data very seriously and complies with the applicable data protection rules, in particular the provisions of the EU General Data Protection Regulation and the Group Data Protection Policy. The purpose of this policy is to ensure a consistently high level of data protection in the Group and to respect the fundamental rights and freedoms of data subjects. It includes principles applicable Group-wide for the collection, processing, use and international transmission of personal data.

Making sparing, proportionate, necessary use of personal data only within the legally permissible limits is a right under the Charter of Fundamental Rights of the European Union, to which Commerzbank is expressly committed. This also includes processing only for a specific purpose and ensuring transparency towards and the provision of information to the data subject. Commerzbank also transfers personal data to third parties only if this is lawful and it is not apparent that there is a risk to the fundamental rights and freedoms of the data subject; this includes transfers of personal data to authorities. Personal data is deleted as soon as it is no longer required for business purposes and there is no other legitimate reason preventing deletion. We can demonstrate that we comply with the principles governing the processing of personal data.

Commerzbank investigates inquiries, complaints, requests for information and breaches of personal data protection without delay and keeps in close communication with the data subject, especially when there may be risks to their fundamental rights and freedoms. In addition, data subjects can contact Commerzbank's data protection officer at any time. To raise our employees' awareness of data privacy and data security issues and keep them informed, there are regular training sessions and mandatory educational programmes.

Commerz Real has a central data protection officer and data protection coordinators in the departments. In Poland, mBank's data protection officer and the associated team support the Bank's business units, based on the Personal Data Security Policy and the Policy for Personal Data Management over Time.

Given that the Bank has almost 11 million private and small-business customers in Germany and around 5.8 million private and small-business customers in Poland, the Czech Republic and Slovakia, plus around 25,500 corporate client groups worldwide, the number of data protection complaints was again comparatively low in 2023. For example, the data protection officer of Commerzbank Aktiengesellschaft in Germany received 221 customer complaints by the end of the year under review. In most cases, the complaint was that data had been put to unauthorised use or had become known to third parties.

Using big data responsibly

Efficient and holistic data processing offers great opportunities for all segments and Group divisions: as a basis for decision-making in the management of operational processes, for more detailed and faster analysis, and for improved service and cross-selling. At Commerzbank Aktiengesellschaft, responsibility for this area lies with the Big Data and Advanced Analytics (BDAA) Group unit. As a centre of competence for machine learning (ML) and artificial intelligence (AI), BDAA is also responsible for the Group's AI strategy, in particular the further development of AI governance within the framework of the three lines of defence, as well as the establishment and provision of basic AI functionality and selected use cases.

Efficient and holistic data processing offers great opportunities

AI governance furthermore involves the employer side and the Group Works Council developing a common understanding of the use of AI and ML at Commerzbank in order to integrate employees and their know-how into new processes and changed ways of working. This allows the advantages of these technologies to be exploited while at the same time avoiding errors and misuse. BDAA provides methods for efficiently designing Group-wide models to calculate credit and operational risk as well as capital requirements, and to perform stress testing. This helps to ensure regulatory compliance and improve capital efficiency. To comply with the high data protection standards, Commerzbank Aktiengesellschaft works with pseudonymisation, anonymisation and micro-segmentation.

Maintaining dialogue

For us, product transparency and fairness towards our customers mean providing holistic and comprehensible advice on financial products, their risks and possible alternatives in accordance with long-term needs. This also includes documenting the advisory process in transparent fashion. In recent years, we have introduced new products and services with particular customer benefits. These include a green ecosystem, green mortgage loans and the new "money mate" investment solution.

All Group units actively engage with their customers so as to take account of usage requirements in the (further) development of products and services. This ensures that the customer and/or user experience (CX/UX) with our products, services and channels meets up to our quality standards. From idea development and conception to design and development, customers are involved in the various product stages. This gives rise to a continuous dialogue, including in a UX studio set up specifically for this purpose. The comdirect brand also carries out activities to foster customer loyalty within the "comdirect community", where customers and others with an interest in the financial markets can discuss products and other financial topics with one another as well as with the Bank.

All Group units actively engage with their customers so as to take account of usage requirements

Commerzbank Aktiengesellschaft's Corporate Clients segment takes account of regular customer surveys on specific topics in order to develop its range of products and services. This provides us with information on customer preferences and requirements, which can be used in the design of products and processes. In addition, Commerzbank Aktiengesellschaft actively involves its customers through various customer advisory councils. In a central advisory council and various regional advisory councils, selected figures from companies, institutions and public life have the opportunity to enter into direct dialogue with the Board of Managing Directors, find out about the performance of the business and contribute their experience and expectations.

Surveying target groups

SME topics are at the heart of Commerzbank's "Unternehmerperspektiven" initiative (Business Owners' Views). Once a year it surveys owners and top-level managers from companies of different sizes and from different industries. In 2023, 1,500 companies were surveyed as part of a study entitled "Wirtschaft nach der Zeitenwende: Wie resilient ist der Mittelstand" (Economy after the turn of the century: How resilient are SMEs?). The study employs a breakdown based on industry and size, with size brackets ranging from annual sales of €2–15m to over €250m. The survey of first-level managers focused on core topics such as current challenges and dealing with crisis situations, assessing company resilience and preparing for future crises.

Improving advisory services

With the amendment of the MiFID II Directive as part of the EU Action Plan on Financing Sustainable Growth, it became mandatory to ask about sustainability preferences when providing investment advisory and financial portfolio management services. Our investment advisory teams received intensive training on this topic. As part of the fact-finding stage, we educate customers about the three sustainability standards defined in the guideline and ask about their sustainability preferences. Where they have a sustainability preference, customers subsequently decide on the share of their investments to be put into sustainable assets. The advisory universe in the Private and Small-Business Customers segment comprises some 500 financial instruments that meet at least one of the sustainability standards defined by MiFID II. Regardless of this, sustainability is generally an integral part of various consulting tools, for example in dialogue with our small-business customers and in wealth management.

Commerzbank Aktiengesellschaft is building up a green ecosystem for sustainability-related issues that lie outside our core competencies. In 2023, we launched the Impact Solutions platform together with our subsidiary neosfer. This free Internet platform hosts a variety of sustainable solutions and services for our corporate and small-business customers, including providers from the areas of energy efficiency, mobility, resource conservation and consulting services. In this way, we offer innovative companies the opportunity to position themselves on the market and gain access to a large customer base. At the same time, we support our customers in driving forward their sustainable transformation.

On top of this, we have entered into several cooperation partnerships, among them with Global Changer, a technology company with environmental services that helps our corporate and small-business customers reduce their CO_2 emissions and thus achieve their climate targets.

Private customers can use a CO_2 calculator in the banking app and on the Commerzbank website to work out their approximate personal carbon footprint based on a questionnaire about their mobility and consumption habits and their living situation. This application is supplemented by information on sustainable lifestyles and sustainable product offerings from Commerzbank. Our private customers also receive advice on the topic of "acting sustainably" in their online banking via the "FinanzKompass" digital advisory tool, where we give individual recommendations on changes they can make in their day-to-day lives such as activating their electronic mailbox to save paper.

To make Commerzbank's products and services available to all interested parties and customers, we also go to great lengths to ensure that our branches and online offering are fully accessible.

Around two-thirds of our branches are accessible at ground level. We strive to ensure accessibility for all user groups where possible whenever we renovate a branch or install an ATM. All self-service terminals in the self-service areas of Commerzbank Aktiengesellschaft are equipped with (partial) read-aloud functions for the visually impaired. Further information on our efforts to be inclusive, including towards our employees, can be found under “Driving inclusion”.

5. Leading by example

We are conscious of our responsibility as a company and want to make an active contribution to the transformation to a resilient society that is both socially and environmentally sustainable. That is why we not only want to support our customers in their transformations, but also to set a good example ourselves. We will achieve this, among other ways, by continuously reducing our environmental footprint. At the same time we want to be a reliable partner for our stakeholders, and our actions are guided by ethical values such as integrity and fairness.

In addition, we take our responsibility as an employer seriously and promote diversity and equal opportunities in practice. Lastly, we positively influence our environment through our voluntary commitment to charitable causes and our foundations.

Reducing operational emissions

Commerzbank Aktiengesellschaft has had an ISO 14001-certified environmental management system in place ever since 2009, followed in 2015 by an energy management system certified to ISO 50001. We have established an integrated environmental and energy management system (iUEMS) in accordance with our environmental guidelines, which defines the responsibilities, behaviour, processes and specifications for the implementation of the operational environmental and energy policy and documents these in a structured manner. The focus is on optimising resource consumption, particularly where we can have a direct impact on the environment, such as in building management and business trips.

First and foremost, the iUEMS serves to continuously improve our own environmental and energy performance. At the same time, it helps minimise risk: by regularly observing and checking the current situation, any need for action can be identified at an early stage and preventive measures can be taken.

This integrated management system forms a basis for ensuring our business has a sustainable orientation. The overarching materiality analysis is used to determine the focus topics of the iUEMS as part of measuring their internal relevance for our own banking operations. The topics of climate protection and adaptation, environmental protection, biodiversity, resource use and conservation, and circular solutions were classified as relevant. We also measure and analyse potentially influential environmental impacts with regard to these topics, with a strategic focus on the aspect of climate protection.

The focus is on optimising resource consumption, particularly where we can have a direct impact on the environment

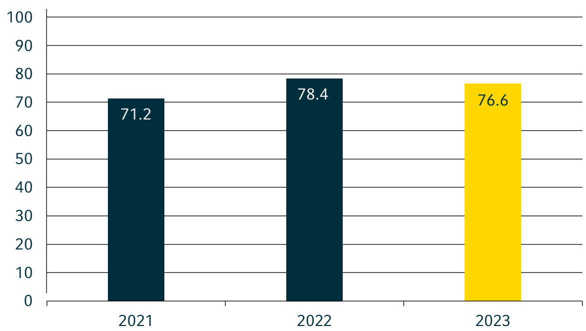
We achieve savings in our operational emissions through efficient and sustainable building management in particular, and we are taking various measures to achieve this. Among other things, we have implemented software to optimise building management technology at two locations. The programme controls the operation of the systems in a forward-looking manner, taking into account the weather.

We continuously review the energy efficiency of our buildings using defined energy performance indicators. We were able to reduce the electricity consumption measure at both locations. Following this positive experience, we are now examining the introduction of such software at additional locations.

In addition, special attention is paid to making travel activities as environmentally friendly as possible and thus preventing CO_2 emissions. The business travel policy therefore envisages rail as the preferred means of transport. This also means avoiding air travel wherever possible. The Bank subsidises electric vehicles in its car leasing schemes. In addition, Commerzbank pays its employees in Germany a monthly mobility allowance of €20 for commuting by public transport, which since 2023 also applies to the Deutschlandticket. The range of climate-friendly alternatives also includes bicycle leasing programme.

Key figure: In 2023, Commerzbank Aktiengesellschaft generated 76,591 tonnes of CO_2-equivalent total emissions.

Total CO_2 equivalent emissions
1,000 tons



This is slightly higher than in 2021, which had been heavily impacted by coronavirus measures, but well below the emissions of previous years. The reasons for this include technical adaptations for energy efficiency in building management and changes in occupational mobility, as well as the progress made with implementing the "Strategy 2024" programme. We had set ourselves the goal of reducing our greenhouse gas emissions by 30% by 2025 (relative to the base year 2018). We in fact already achieved this goal in 2022, with CO_2 emissions of 78,402 tonnes, equating to a decrease of 34.9%. We were able to reduce our operational carbon footprint even further in 2023, despite the resurgence in business travel. Our 2023 CO_2 emissions of 76,591 t constitute a decrease of 36.4% compared to the 2018 base year. We have been offsetting Commerzbank Aktiengesellschaft's currently unavoidable emissions in Germany since 2015, and globally since 2021. The Bank thus operates in a mathematically climate-neutral manner.

Operational CO_2 emissions of Commerzbank Aktiengesellschaft

	2023		
Tonnes CO_2 equivalents	Germany	Other countries	Total
Scope 1	16,717	701	17,418
Scope 2 location-based	52,768	6,599	59,367
Scope 2 market-based	7,883	4,984	12,867
Scope 3	37,630	8,676	46,306
Total	**62,230**	**14,361**	**76,591**

The table shows the CO_2 emissions of Commerzbank Aktiengesellschaft according to the global categorisation by the Greenhouse Gas (GHG) Protocol. Scope 1 designates the emissions caused directly, for example through the consumption of natural gas, heating oil or fuel. Scope 2 refers to emissions from purchased energy. These can be calculated based on either the energy mix actually purchased ("market-based") or the statistical country mix ("location-based"). We use market-based scope 2 emissions to calculate our total emissions. Scope 3 captures other indirect emissions from the upstream and downstream value chain. These include paper and water consumption, business travel and commuting, and other emissions from energy supply. The indirect emissions from our financial products ("financed emissions") are not included in the calculation of the operational carbon footprint. Commerzbank determines its greenhouse gas emissions on the basis of the standard developed by the Association for Environmental Management and Sustainability in Financial Institutions (VfU). This is based on international guidelines for environmental and climate reporting, such as the GHG Protocol, CDP and the Global Reporting Initiative. Emissions are calculated as CO_2 equivalents. To calculate the carbon footprint, consumption is first determined for the respective categories (e.g. paper and water consumption) and then converted into CO_2 equivalents using specified conversion factors. This results in aggregated CO_2 equivalents in the individual categories (see disclaimer on page 77).

Embodying collegiality

The corporate success of the Commerzbank Group is based on qualified and motivated employees. Our approximately 42,000 colleagues worldwide contributed their knowledge and experience to our work processes in 2023. A fundamental appreciation of the importance of fairness, respect of others and lived diversity is anchored in our company values and our Code of Conduct; it is our responsibility as an employer to ensure its implementation. Commerzbank Aktiengesellschaft aims to offer its staff a working environment characterised by a spirit of partnership. Our human resources policy makes it possible to promote the development of each individual employee and collegial cooperation, even in a challenging economic setting.

Commerzbank aims to offer its staff a working environment characterized by a spirit of partnership

Commerzbank Aktiengesellschaft made good progress in the year under review with the transformation of the Bank as part of "Strategy 2024" and the resulting loss of jobs. The necessary headcount reduction has been achieved almost in its entirety. This is being done in a socially acceptable manner, and the majority of employees have left or will have left the Bank with retirement arrangements by the end of 2024.

The Bank's far-reaching changes have demanded a lot from employees over the past three years. This is also reflected in the results of the most recent "Pulse Check" survey in autumn 2023. The majority of employees at Commerzbank Aktiengesellschaft enjoy their work, consider collaboration with their direct manager to be based on a relationship of trust and value the freedom they are granted to make decisions. However, the survey also revealed need for action, including in the areas of workload and trust in top management, as well as regarding the willingness to recommend Commerzbank as a financial service provider and as an employer. In individual follow-up processes, the responsible members of the Board of Managing Directors and their management boards are now pursuing measures to improve those areas that were rated as inadequate in their respective segment. But that is not all: With the "Strategy 2027", the workforce-related satisfaction scores will be used from 2024 onwards as a control variable alongside established financial indicators and customer satisfaction.

We also focused in the year under review on challenges such as demographic change and the resulting shortage of skilled workers. In 2023, Commerzbank entered a new phase of transformation and is explicitly focusing on the next generation as an investment in the future. One of the pledges made as part of the young talent campaign was to recruit and nurture graduates, as part of which apprentices or students combining a degree course with work placement are promised a permanent employment contract if they exhibit the appropriate personal and professional suitability. Accordingly, the young talent campaign marks the first integral component of the strategic recruiting initiative, which focuses on planning and implementing the investments in recruiting personnel to Commerzbank that are needed following the headcount reduction phase over the course of 2023 and 2024. In 2023, these included increasing recruiter capacities and introducing a campaign to recruit new employees through existing employees at the Bank. In view of the changed labour market, we have formulated the medium-term goal of refining our approach to recruiting, placing the applicant at the centre.

Further initiatives to ensure that the Bank has a healthy pipeline of future talent are firmly embedded in the HR strategy: our extensive training offering, innovative learning programmes and the opportunity to pursue many different development paths should make the Bank attractive for talented young people.

As part of the Sustainability Report in accordance with the Global Reporting Initiative (GRI Report), we provide detailed information on personnel-related topics.

Developing employees

Commerzbank Aktiengesellschaft offers optional and mandatory training modules, such as seminars, workshops and e-learning courses, designed to prepare employees for the transformation of the banking sector resulting from digitalisation and develop their skills on an ongoing basis. The voluntary basic qualification on the topic of sustainability for all employees of Commerzbank Aktiengesellschaft in Germany was supplemented by an advanced qualification in 2023. This qualification is specifically designed for employees with customer contact, helping us to strengthen our expertise in front-facing positions and consolidate the understanding of sustainability among the workforce.

We have also expanded the compulsory and standard qualifications to include a third pillar that revolves around self-determined, interest-based digital learning. With "Lernzeit+" (Learning Time+), Commerzbank Aktiengesellschaft provides all employees with an optional working time quota. Access to this digital offering is provided via the learning experience platform cliX.

The voluntary basic qualification on the topic of sustainability was supplemented by an advanced qualification in 2023

Commerz Real offers a model in HR management in which employees can choose between variable working hours and trust-based flexitime. It also attaches great importance to the ongoing training of its employees. Virtual formats such as the Sustainability Session and Digi Sessions are a platform for cross-disciplinary presentation and discussion of the topics of sustainability and digitalisation in the real estate and renewable energy sectors and in equipment leasing. Commerz Real also permits all employees to use the "Learning Time+" model to devote to twelve hours of their working time per quarter on further education or training courses. In 2023, Commerz Real, in collaboration with the German Society for Sustainable Building (DGNB), launched its first mandatory basic training on sustainable, ESG-compliant real estate management for all employees. The training provides up-to-date knowledge on the topic of sustainability and its application in industry standards and practices, making an important contribution to implementing the Sustainable4Life sustainability strategy.

Maintaining health

Health is the basis for a properly functioning organisation and workforce alike. That makes strategic health management another key element in Commerzbank Aktiengesellschaft's HR activities. Advancing digitalisation and the associated opportunities for mobile working are constantly changing the requirements in the world of work. We want to empower employees and managers to deal with this change under their own responsibility and in a way that promotes health. To this end, we offer them a wide range of preventive measures such as professional advisory and information services. The employee offering includes traditional in-person appointments as well as alternatives such as webinars, audio formats and video consultations with company doctors and with Employee Assistance Programme advisors.

In occupational healthcare management, we place a particular focus on prevention. Information, education and exchange formats play an important role in this regard. With the regular health dialogue introduced in 2023 as an exchange platform for those involved in occupational healthcare management at Commerzbank, we are providing impetus and also developing offerings for responsible management. Commerzbank also supports senior staff in health prevention with an employer-financed check-up.

Health is the basis for a properly functioning organisation and workforce alike

The same applies to Commerz Real. As part of its commitment to its employees' health and satisfaction, the company both develops its own concepts and implements measures in cooperation with the parent company. Since 2022, Commerz Real has been rolling out the new Com.Work office concept across the board. Employees can get involved in redesigning the office space. In addition to offices that can be booked flexibly, spaces are also being created for intensive video calls, interaction or relaxation, for example.

As the pandemic stabilised, mBank introduced a hybrid working model, which is implemented according to the specific circumstances in sales and contracts units, in operations and in IT. It combines the advantages of office work and working from home and allows the best workplace to be chosen based on the specific tasks to be done. mBank has also launched the "Energised for Health" advice programme. This includes courses and training to help employees cope with stress and pressure.

Promoting diversity and equal opportunities

For more than three decades, our Diversity Management unit has been working to achieve an open and fair environment in which everyone feels appreciated. Diversity and inclusion are anchored throughout the Group using a governance structure with representatives from all areas of the Bank. The central committee for strategic alignment is the Global Diversity Council, which is chaired by the member of the Board of Managing Directors responsible for Human Resources. With all business units taking part and support provided by regional councils at various locations abroad, this approach makes it possible to take country-specific differences and needs into account.

Globally, the Group employs people from 122 nations. Their diverse origins vitalise and enrich interactions. Differences in viewpoint and experience lead to new ideas.

Like its parent company, Commerz Real is a signatory to the Diversity Charter. Employee awareness of the issues of diversity and inclusion is raised through presentations, and human resources processes are checked to determine whether they ensure equal opportunities and diversity. Parallel to this, mBank in Poland is further developing its Diversity and Inclusion Policy and is a signatory to the Diversity Charter of the Responsible Business Forum. The Diversity and Inclusion Policy not only summarises mBank's efforts to date, but is also as a key component of the strategy for the coming years, in keeping with the ESG social responsibility goals.

Worldwide, the Commerzbank Group employs people from 122 nations

All measures to promote diversity at mBank are overseen by the member of the Board of Managing Directors responsible for diversity and inclusion, who is charged with building a diverse work environment and coordinating the initiatives planned in the policy and any measures resulting from this. Since 2022, all employees have completed e-learning courses on the topics of diversity and inclusion. In January 2023, mBank was for the third time listed in the global Bloomberg Gender Equality Index, which tracks the performance of public companies that actively promote gender equality in their working environment. mBank is also included on the "Diversity IN Check" list for 2023. This is published by the Responsible Business Forum and recognises the employers in Poland who are setting the bar in their management of diversity and inclusion.

Work-life balance

Alongside professional development, work-life balance is an important aspect of remaining attractive as a business. Within Commerzbank Aktiengesellschaft, this balance is ensured by concepts for different stages of life with specific offerings, such as flexible working time models, sabbaticals and programmes to facilitate the return to work after parental leave.

We also offer advisory and support services relating to childcare, home care and care for the elderly through pme Familienservice. With an ageing workforce, taking care of relatives is becoming increasingly important. Our offerings aim to raise awareness about how to strike a balance between caregiving and work and to impart knowledge about the topic of caregiving in our working environment.

We have agreed with the Works Council that we will continue and expand the working from home arrangements in Germany even after the coronavirus measures have been lifted. Provided that remote working is feasible from an operational perspective, branch employees were able to work remotely for up to 50% of their working hours; at headquarters and in the digital consulting centres, the figure was high as 70%. In addition to the positive experiences with flexible working during the coronavirus pandemic, the overriding factor that persuaded us to take this step was the clear desire of the workforce for greater flexibility in where they work. In 2023, Commerzbank worked with employee representatives on a new rule governing flexible and hybrid working. This will come into force from spring 2024.

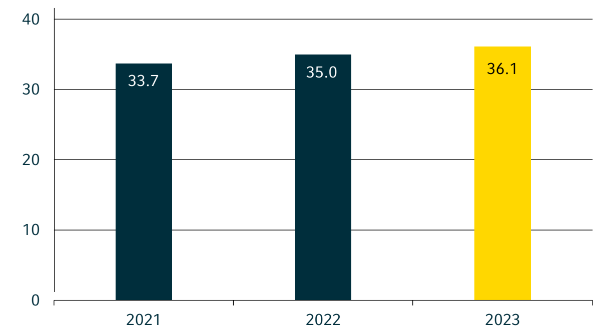
HR geared to different phases of life

Increasing equal opportunities

Although a small majority of Commerzbank staff are female (around 51%), women are not yet represented at management level to the same extent. For this reason, in recent years the measures designed to promote a good work-life balance have been further improved to open up fresh career opportunities for parents in particular. These include company childcare, part-time models – including for managers – and structured return-to-work options to prevent careers from stalling.

Key figure: At the end of 2023, 36.1% of management positions across the Group were held by women.

Women in leadership positions
in %



These measures enabled Commerzbank to increase the proportion of women in leadership positions to more than 36% Group-wide last year. The Board of Managing Directors has set a new goal of 40% across all management levels by the end of 2030 (management levels 1 to 4 and project managers at level 5). All divisions of Commerzbank Aktiengesellschaft are explicitly tasked with actively approaching suitable female employees during the recruitment process. For example, one Risk Management initiative focused on equality, mental health and internationalism under the banner "Colourful Group Risk Management". Group Services also celebrated the lived diversity of its workforce through the "COO.bunt" (COO.colourful) campaign. The aim is to further increase the proportion of female candidates for management positions when filling new positions. A detailed overview of the proportion of female employees broken down by management level can be found in our GRI Report.

Driving inclusion

The inclusion of people with disabilities is another integral component of our diversity strategy. With our inclusion action plan, which was published on the basis of the UN Convention on the Rights of Persons with Disabilities (UN CRPD), in 2018 we became the first bank in Germany to make a voluntary public commitment on the issue. In the action plan we have committed to goals and measures aimed at improving the situation of people with disabilities within Commerzbank. This includes employees, customers and suppliers of the Bank and encompasses barrier-free access to the workplace and to working tools as well as the implementation of accessibility in our digital offerings for customers. Our efforts apply equally to the next generation. With that in mind, we advertise on myAbility, a job platform for people with disabilities that aims to further promote diversity and inclusion. On top of that, in 2023 we continued to work on implementing appropriate measures and launched a follow-up action plan for Inclusion 2.0.

The result: Commerzbank Aktiengesellschaft has consistently exceeded the legal requirement of 5% employees with disabilities in recent years, and – at 5.6% the year under review – met the quota in 2023 as well.

Treating each other with respect

A working environment that is free from prejudice, typified by mutual respect and acceptance is essential for an atmosphere where everyone is able to thrive. This is especially important in a group such as ours that employs people from over 120 nations. We do not tolerate discrimination at Commerzbank. Any form of unfavourable treatment of people based on their gender, nationality, ethnic origin, religion or beliefs, disability, age, sexual orientation or gender identity constitutes a violation of human dignity and infringement of personal rights.

As part of our mission of promoting an open and honest approach to dealing with the topic of sexual orientation and the gender identity of employees, customers and business contacts, Commerzbank Aktiengesellschaft focused on several transgender initiatives in 2023. These included reviewing our processes and forms to ensure that customers are addressed in neutral terms, and also adding a gender-neutral option to the standard forms of address, for example when opening an account. In addition, since 2023, Commerzbank and comdirect have given people who are transitioning the opportunity to have their debit and credit cards reissued in a name that affirms their new gender, if they wish.

"More diversity. More acceptance. More Pride." was our motto for the 2023 Pride season

Through publication of the "Prout Performer" lists, the Prout@Work Foundation recognised individuals from business and public life who stand up for the interests of lesbian, gay, bisexual, trans, inter and queer people and become role models. Another ten Commerzbank employees received awards in the year under review.

Commerzbank also takes a clear stance in public. "More diversity. More acceptance. More pride." was our motto for the 2023 Pride season. At Christopher Street Day, we again took part in the parade with our own Commerzbank float. As in the previous year, the Commerzbank Tower was lit up to celebrate Pride, and colourful versions of the Bank's logo appeared in digital channels and applications.

Ensuring integrity and compliance

Integrity is the basis of our business model. We act in an attentive, trustworthy and reliable manner. The globally binding Code of Conduct summarises our understanding of impeccable ethical and moral behaviour. It goes beyond legal and regulatory requirements and sets standards for Commerzbank Group employees and service providers.

The focus of Commerzbank's compliance activities is on preventing and uncovering money laundering, terrorist financing, market abuse (insider trading and market manipulation), fraud, corruption and other criminal acts and ensuring compliance with financial sanctions and embargoes wherever the Bank does business, as well as on protecting investors. We also ensure that insider information and other confidential data about our customers and their transactions are protected in accordance with the need-to-know principle. Commerzbank Aktiengesellschaft's Compliance division has wide-ranging authority and escalation rights, including powers to obtain information and carry out investigations, enabling it to implement its requirements throughout the Group.

Managing compliance risks

As a proactive risk manager, Group Compliance manages compliance risk throughout the Group and thus lays the foundation for compliance with laws, ethical standards and regulations. Our goal is to effectively manage compliance risks and identify them at an early stage before they materialise. Compliance risks are identified and managed across all compliance risk types as part of the compliance programme that has been put in place and is continuously refined. Components of the programme include a regular Group-wide compliance risk analysis, internal safeguards, and controls to assess the adequacy and effectiveness of the compliance management system.

In order to satisfy the requirements of increasingly complex national and international legislation and regulations, the Group is continually developing its compliance risk management and bringing this in line with current developments and challenges.

In the area ofsanctions compliance, a top priority is the implementation of comprehensive sanctions and embargoes against Russia. Recent regulatory measures have focused on combating the evasion of sanctions and embargoes. To ensure that the imposed sanctions have the greatest possible effect, the most recent restrictive measures entail increasingly detailed requirements, including detailed exemption provisions, which must be observed when implementing the sanctions provisions.

The German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) came into force on 1 January 2023. One of its main objectives is to improve the protection of human rights in supply chains. Under the act, Commerzbank is required to identify and prevent violations of certain human rights and certain environmental obligations at direct and indirect suppliers and in its own business activities.

Within Commerzbank, the principles of the "three lines of defence model" also apply in this area, as part of risk management, with the goal of identifying, preventing and remedying risks and breaches in supply chains. Commerzbank has set up a comprehensive compliance programme to ensure that these requirements are met. Group Compliance will act in the second line of defence as the "global functional lead", in which capacity it will define minimum Group-wide standards for the Bank.

When the LkSG came into force, we updated and published a policy statement on the company's due diligence obligations with respect to human rights and environmental risks as well as Commerzbank's position on human rights. Furthermore, the Chief Compliance Officer was appointed as the Bank's human rights officer. 2023 saw the finalisation of the expanded compliance management system to include the requirements of the LkSG and its integration into the foreign units and relevant subsidiaries.

Group Compliance lays the foundation for compliance with laws, ethical standards and regulations

This global policy for the protection of human rights and the environment defines the principles for dealing with human and environmental rights in the supply chain and sets the minimum standards for fulfilling the requirements of the LkSG. The law requires that companies carry out an annual and event-based risk analysis. The focus here is on uncovering risks for vulnerable groups that arise from the operational business of Commerzbank Aktiengesellschaft – known as the "inside-out" perspective.

These legal requirements are specified in the handout on implementing a risk analysis according to the specifications of the German Act on Corporate Due Diligence Obligations in Supply Chains of the Federal Office of Economics and Export Control (BAFA) from August 2022.

Commerzbank carried out an initial risk analysis for the first time in 2022 and evaluated both Commerzbank Aktiengesellschaft's direct suppliers and its own business area. Limited inherent risks were identified among suppliers in relation to the legal positions of "forced labour and slavery", "disregard for occupational safety and work-related health risks", "withholding of appropriate wages" and "destruction of the natural basis of existence through environmental pollution". Risk-appropriate prevention measures were taken. However, no remedial action was necessary because there was no knowledge of past or imminent violations of the protected legal positions. Commerzbank has subsequently expanded the policy statement to include rights-holder groups, ship crews and groups of people dependent on fishing and tourism who could potentially be affected by these risks.

Commerzbank is firmly committed both to preventing and to punishing white-collar criminal acts and violations of legal, regulatory or internal requirements in connection with Commerzbank. To that end, Commerzbank has for many years operated an ISO data protection-certified electronic whistleblower system for submitting complaints and tips on issues in the categories of "human rights violations" and "environmental violations and risks". Reports can be made by name or anonymously. All information is treated in the strictest confidence and all personal data are protected.

Fighting corruption effectively

In our fight against corruption and bribery, we go further than simply focusing on statutory requirements such as the German Criminal Code, the UK Bribery Act or the US Foreign Corrupt Practices Act. We also adhere to the principles of the UN Global Compact and the OECD's Guidelines for Multinational Enterprises, and comply with the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. These external standards are supplemented with internal guidelines, which are reviewed at least annually and updated as needed: Commerzbank's Global Anti-Bribery and Corruption Policy (ABC Policy) actively seeks to combat bribery and other forms of corruption.

To this end, we conduct regular training sessions for our employees so that they can implement our guidelines competently and consistently. A central element of this is the annual anti-corruption training for all employees.

Business and functional units with heightened risk profiles and individuals who have an increased risk of bribery and corruption due to their functions at Commerzbank Aktiengesellschaft receive additional targeted training.

Through our Global Anti-Bribery and Corruption Policy, we actively seek to combat bribery and other forms of corruption

A team with special training in this type of risk is available to provide advice to all employees. Commerzbank has a zero-tolerance approach to corruption and other criminal acts by employees. Any employee who is proven to have breached this will face the full consequences under labour, civil and criminal law. Key figure: As in previous years, there were no known cases of corruption in the Commerzbank Group in 2023.

Working for the good of society

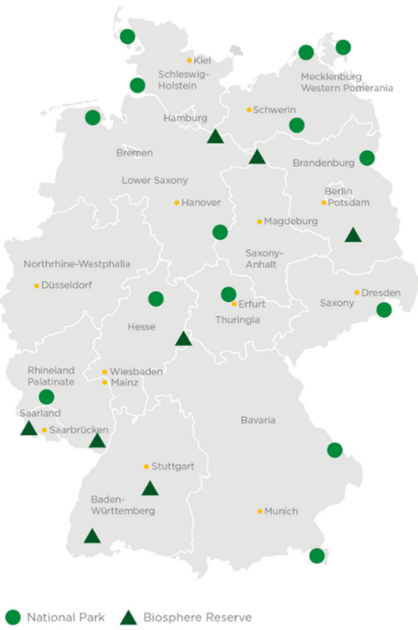
With regard to its social commitment, Commerzbank engages with its environment in a variety of ways. Various projects and initiatives developed together with partners from business and society contribute to the good of society. Commerzbank Aktiengesellschaft in Germany also donated a total of €690,113 to various institutions and organisations in the year under review.

As in the previous year, Commerzbank decided not to produce a big Christmas film for its customers in 2023 and instead donated the money to charitable causes. The donation by the Bank combined with the participation of employees and customers helped collect €500,000 for food banks in Germany in 2022. In 2023, the campaign benefited brotZeit e.V. – an association that promotes equal opportunities by providing free breakfasts at primary schools and schools for children with learning difficulties.

The Hamas terrorist attack on Israel likewise caused a great deal of shock and dismay at Commerzbank. In order to send a clear signal against all forms of hatred and anti-Semitism, we took a stand on the issue in October 2023 by means of an advertisement in two national Sunday newspapers, together with numerous other German companies.

One example of our social and environmental engagement is the Commerzbank environmental internship launched with the German national parks back in 1990. In 2023, it again provided around 60 students with practical experience in the areas of environmental education and public relations in national parks and biosphere reserves. Commerzbank finances the internships, while the umbrella organisation Nationale Naturlandschaften e.V. organises the programme, and the protected areas provide the interns with hands-on training and support. More than 2,000 students have now completed an environmental internship and subsequently applied their experience to business, politics, society or environmental protection.

Environmental internship partner



Commerzbank Aktiengesellschaft is also involved in the "Finanz-Heldinnen" ("financial heroines") initiative to get more women interested in finance. The initiative was set up in 2018 by a group of female comdirect employees with the aim of making a positive contribution to society. To help women become better acquainted with the topic of finance and make independent financial decisions, the financial heroines convey their knowledge through a variety of formats, including an online magazine, podcasts, afterwork events and an Instagram channel, as well as the bestselling book "Der Finanzplaner für Frauen" (Financial planner for women).

As a corporate citizen, Commerz Real wants to make an active contribution to society in the communities in which it operates. Donations of money, material and time are mobilised for this purpose each year. For example, Commerz Real makes a financial contribution to selected social organisations that support disadvantaged children. In addition, employees fulfil children's Christmas wishes with donations in kind as part of the "Wish Tree Campaign". At the Social Days 2023, just like in the previous year, employees were given the opportunity to invest their time for a good cause: on one day, more than 140 people embraced the spirit of social commitment and helped out on the ground in social meeting places. The aim was to improve networking for residents in places with greater social needs, to reduce prejudices and to improve living situations in the area. Commerz Real is also continuing its existing work supporting disadvantaged children and promoting digital education at schools.

In 2023, mBank was the exclusive banking partner and sponsor for the sixth time of the Great Orchestra of Christmas Charity Foundation (GOCC). Via its customers, mBank has raised a total of more than €22m (97m Polish zloty) for the initiatives selected by the GOCC Grand Finale over the last six years.

The war in Ukraine is a constant presence, especially in neighbouring Poland. mBank started a partnership with a non-governmental organisation – the Polish Centre for International Aid (PCPM) – allowing customers to donate money to help people fleeing the war. The Bank's online payments enable donations to be linked directly to this organisation. More than €3m (14m Polish zloty) were donated by customers. Customers can deposit money via online banking, the mobile app or the website using the "Ich helfe" (I'd like to help) button developed with Paynow. PCPM provides these funds for the reconstruction of destroyed Ukrainian cities, schools, hospitals and other critical infrastructure, so that refugees can return to their homes. A Ukrainian primary school for around 230 students was housed at mBank's premises in the 2022/2023 school year.

Foundations for the future

Various foundations supported by the Group over the long term also make a significant contribution to society. As a corporate foundation, the Commerzbank Foundation promotes the social responsibility of its founding company to work towards a society fit for the future. Its motto is: Participation creates the future. With its independent foundation, Commerzbank takes responsibility for its sustainable commitment to be a "good citizen" of the community that goes beyond its actual business activities. Since it was established in 1970, the Commerzbank Foundation has built up many partnerships across Germany and has thus become a firmly established provider of support in the world of German foundations. In its more than 50-year history, it has provided a total of around €40m to support well over 1,000 projects relating to cultural, social and scientific activities. Its partnership network ranges from museums and theatres to non-profit social organisations and scientific institutions, from national lighthouse projects to exemplary local initiatives.

The Commerzbank Foundation focuses on culture, social issues and science

The funding always supports cultural education and mediation, social participation for disadvantaged people and incentives for young researchers. In addition, seven social foundations have been established to provide financial support to active and retired employees in unforeseeable emergencies. The common aim of all the foundations is to make a long-term and sustainable contribution to the future viability of society. Commerzbank Aktiengesellschaft provided a total of €638,000 in funding for these foundations in 2023, covering expenses such as staff, workstations, premises costs and other operating costs.

Commerzbank provided a total of €638,000 in funding for the seven social foundations in 2023

mFoundation in Poland focuses on mathematical literacy. It supports children, parents, teaching staff, students and young scientists with multiple funding programmes. In 2023, this included programmes for schools and nursery schools and a competition for the best academic thesis in mathematics. Young artists are another focal point. Through its "M für mBank Malkunst-Sammlung" (M for mBank painting collection) fund, the Bank buys paintings by up-and-coming Polish artists. These artworks are selected on behalf of mBank by a committee of highly regarded representatives of the art market and a representative of mBank. By the end of 2023, the collection consisted of 131 works of art.

Composition of the €300bn target[1]

Sustainable products	Allocation to the €300bn volume target
Products in the Private and Small-Business Customers segment	
• Green mortgage loans	Commerzbank includes the entire portfolio of green mortgage loans in its sustainable business portfolio.
• KfW programmes for private and small-business customers	Commerzbank includes the entire portfolio of credit lines granted in these products in the sustainable business portfolio. In addition, future programmes with clear environmental benefits are included in the calculation from the time they become available.
• KlimaDarlehen (formerly Green CBU)	Commerzbank includes the entire portfolio of commercial universal loans with a sustainability-oriented purpose in the sustainable business portfolio.
• Sustainable asset management	The assets managed in Commerzbank's sustainable asset management are deemed to be entirely sustainable assets.
• Securities advisory	All assets under management in the categories "Article 8 product" and "Article 9 product" according to the EU disclosure Regulation are considered sustainable products at Commerzbank.
• klimaVest	Commerzbank calculates the total volume of the fund as the volume of sustainable products, minus the volume held in Commerzbank depositories, in order to avoid double counting with the securities advisory category
• hausInvest	Commerzbank calculates the total volume of the fund as the volume of sustainable products, minus the volume held in Commerzbank depositories, in order to avoid double counting with the securities advisory category
• Commerz Real Renewable Energies Fund II SCA SICAV-RAIF[2]	Commerzbank counts the entire volume of the fund as part of the volume of sustainable products. Since this is a special fund for (semi-)professional investors in the form of a reserved alternative investment fund (RAIF) within the meaning of the Luxembourg law of 23 July 2016 on reserved alternative investment funds, the shares issued are not recorded electronically, which means that double counting with the securities advisory category can generally be ruled out.
• Provisions	These are provisions in accordance with Allianz's sustainable investment strategy. Commerzbank includes the new business volume concluded by our customers in the respective financial year in the sustainable business volume.
• Securities business comdirect and onvista	The volume of products defined as ESG products in accordance with the EU Disclosure Regulation is added to the sustainable business portfolio (assets under management).
Products in the Corporate Clients segment	
• Financing of renewable energies	Commerzbank includes all financing commitments from the CoC Energy in its sustainable business volume.
• Sustainable bonds	Commerzbank allocates the total volume of sustainable bonds in whose issue it was involved as lead manager in the respective financial year to the sustainable business volume of that financial year.
• ESG/Sustainability-linked loans and promissory note loans	Commerzbank includes the total volume of these products in which it was involved by means of participation, coordination, structuring, syndication or placement in the respective financial year, in the sustainable business portfolio of that financial year.
• Public funding programmes for corporate clients	Commerzbank includes the respective volume of new business in the sustainable business portfolio. In addition, future programmes with clear environmental benefits are included in the calculation from the time they become available.
• Investment management	For the securities business, Commerzbank has made a classification in line with the EU Disclosure Regulation, which is described in more detail in the ESG Framework. In the Corporate Clients segment, all portfolio items in the "ESG products" and "ESG impact products" categories are also considered sustainable products. In addition, the sustainable business portfolio also includes investments brokered by the Corporate Clients segment in cooperation with external asset managers (e.g. special funds) and investments in companies pursuing a recognised sustainable strategy.
• Foreign trade finance	The applicable criteria to which parts of Trade Finance transactions are allocated to sustainable business volume are based on the sustainable use of proceeds of bilateral loans (see Sustainable loans and promissory note loans).[3]

[1] Further information and explanations on the individual products can be found in the ESG framework on the Commerzbank website.
[2] Included for the first time in 2023.
[3] Only trade finance products for which a loan amount is actually extended, e.g. pre-export or post-import financing, are included in the sustainable business portfolio.

Disclaimer

The CO_2eq emissions were determined according to VfU standard 1.1 (standard of the Association for Environmental Management and Sustainability in Financial Institutions) using the key figures in the version dated July 2022. External verification was performed based on ISO 14064-3 by DNV Business Assurance Zertifizierung GmbH. DNV is one of the world's leading providers of accredited management system certifications and considers itself an expert in assurance and risk management. DNV is committed to impartiality in its certification activities. The audit includes the qualitative and computational inspection of data and content, including conducting interviews with various specialists. The focus of the audit is on identifying data gaps and inconsistencies and evaluating methods for extrapolation. There is no complete review of the underlying data to achieve unlimited assurance.

The VfU standard is aligned with international environmental and climate reporting standards such as GRI and the GHG Protocol. The determined and verified consumption quantities are multiplied in the VfU tool by CO_2eq emission factors, which are based on the EcoInvent database. EcoInvent is a platform of scientific and public institutions constituting one of the world's largest databases in the field of environmental accounting. Quality assurance is provided by scientific processes and assessments (critical review / peer review). In our capacity as user of the factors, we cannot evaluate these processes ourselves. The greenhouse gas conversion factors are provided by Greendelta. Greendelta's selection of EcoInvent processes and GHG factors was reviewed by the Öko-Institut research institute. The VfU has integrated additional control instances (both for the data in the database and for the selection of data used in the VfU tool).

More detailed information on consumption values can be found in Commerzbank's GRI Report 2023, which will be published in summer 2024.

Appendix

TCFD recommendations in the non-financial report

Recommendation	Statement	Reference
Governance		
• Disclose the organisation’s governance around climate-related risks and opportunities	Commerzbank has a comprehensive sustainability governance setup. The Group Sustainability Board, which is a decision-making and escalation body chaired by the Chairman of the Board of Managing Directors, sets the Bank’s strategic sustainability targets and monitors the measures for their implementation and management. Group Sustainability Management is responsible for the ongoing development of the sustainability strategy and coordinates all of Commerzbank’s sustainability activities through the Group programme “Sustainability 360°”. The Bank’s sustainability governance is supplemented by the ESG Committee of the Supervisory Board and an external Sustainability Advisory Board, led by the Chairman of the Board of Managing Directors, to ensure a constructive and critical dialogue with our stakeholders.	• Anchoring sustainability in our strategy: Governance structure consolidated • Anchoring sustainability in our strategy: Pursuing net zero target • Responsible management: Making our stance clear
Strategy		
• Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation’s business activity, strategy and financial planning, where such information is material	Sustainability has been an integral part of our corporate strategy since as far back as 2020. Our current “Moving forward” strategy is based on the three pillars of growth, excellence and responsibility. Responsibility represents the entire sustainability spectrum of environmental, social and governance (ESG). Our net zero commitment forms the core of our sustainability strategy, which was approved by the Board of Managing Directors and published in the ESG framework. This strategy is subdivided into “transformation finance” and “sustainable finance” and defines exclusion criteria and minimum standards. As part of the materiality analysis, nine topics – including, in particular, climate protection and adaptation as well as biodiversity – were identified as material for us and incorporated into the annual Bank-wide strategy process in 2022.	• Anchoring sustainability in our strategy: Key issues analysed • Anchoring sustainability in our strategy: Pursuing net zero target • Responsible management: Making our stance clear • Responsible management: Reducing financed emissions
Risk management		
• Disclose how the organisation identifies, assesses, and manages climate-related risks	A cross-risk-type materiality analysis for climate-related and biodiversity risks that considers both transition and physical risks confirms our classification that climate-related and biodiversity risks should not be considered separate risk types, but rather horizontal material risks. The individual risk assessment for lending also includes scenario and risk analyses of impact and resilience with regard to climate-related and biodiversity risks.	• Responsible management: Managing environmental risks • Responsible management: Understanding biodiversity risks

Recommendation	Statement	Reference
Metrics and targets		
• Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material	By 2050, we aim to reduce the CO_2 emissions from our entire lending and investment portfolio to net zero using science-based CO_2 reduction targets from the Science Based Targets initiative (SBTi). As part of these efforts, we published our portfolio intensities in emissions-intensive sectors for the first time in 2022 and had them validated by SBTi. We want to reduce the CO_2 emissions of our own banking operations to net zero as early as 2040 and we expect climate neutrality from our suppliers by 2040. We aim to mobilise €300bn for sustainable financial products by 2025 and have already achieved €238bn of this amount.	• Anchoring sustainability in our strategy: Pursuing net zero target • Responsible management: Reducing financed emissions • Supporting the customer transformation: Sustainable financing • Leading by example: Reducing operational emissions

TNFD recommendations in the non-financial report

Recommendation	Statement	Reference
Governance		
• Disclosure of the organisation's governance with regard to nature-related dependencies, impacts, risks and opportunities	Commerzbank has adopted a holistic approach to sustainability governance (see "TCFD recommendations in the non-financial report") that also takes into account nature-related dependencies, impacts, risks and opportunities. This governance is supplemented by an external advisory board that provides valuable input on the topic of biodiversity, among other things.	• Anchoring sustainability in our strategy: Governance structure consolidated • Anchoring sustainability in our strategy: Key issues analysed • Responsible management: Evaluating environmental and social risks • Leading by example: Managing compliance risks
Strategy		
• Disclosure of nature-related dependencies, impacts, risks and opportunities on the organisation's business model, strategy and financial planning, where such information is material	In order to reduce our impact on nature, we have been integrating appropriate exclusion criteria into our core business for many years. We also classify the nature-related application of funds in the ESG framework as sustainable financing with a view to supporting corresponding lending opportunities. The protection of biodiversity therefore plays a crucial role achieving our goal of mobilising €300bn for sustainable financial products. As part of a new risk and impact analysis, expanded to include an initial scenario analysis, we have determined the key sectors in the loan portfolio with nature-related risks and impacts. The main drivers of risks and negative impacts have also been identified. The protection of biodiversity is likewise taken into account in our own banking operations as part of the integrated environmental and energy management system and with respect to measures aimed at optimising the consumption of resources.	• Anchoring sustainability in our strategy: Key issues analysed • Anchoring sustainability in our strategy: Pursuing net zero target • Responsible management: Recognising impacts on biodiversity • Responsible management: Understanding biodiversity risks • Responsible management: Analysis of biodiversity risk in credit risk • Supporting the customer transformation: Sustainable financing • Leading by example: Reducing operational emissions
Risk and impact management		
• Description of the process used by the organisation to identify, assess, prioritise and monitor nature-related dependencies, impacts, risks and opportunities	As part of a new materiality analysis in 2022, the topic of diversity was identified as material and incorporated into the annual Bank-wide strategy process. The topic is therefore increasingly being pursued at a strategic level and shifting into the focus of sustainability management. The analysis of nature-related risks and impacts incorporated two TNFD scenario narratives and was carried out using the "ENCORE" tool. On the basis of the results, we identified potential areas of action and strategic priorities and will develop further analyses and measures to protect biodiversity. Biodiversity has additionally been classified as essential for our own banking operations and is taken into account accordingly.	• Responsible management: Making our stance clear • Responsible management: Recognising impacts on biodiversity • Responsible management: Understanding biodiversity risks • Supporting the customer transformation: Sustainable financing • Leading by example: Reducing operational emissions Other sources and reports: • Disclosure report in accordance with CRR
Metrics and targets		
• Disclosure of the metrics and targets used to assess and manage key nature-related dependencies, risks and opportunities	The results of the risk and impact analysis form the basis for defining strategic measures. For this reason, we are striving for improved quantification of biodiversity going forward in order to make it easier to manage the overall process and define strategic goals more effectively. Commerzbank has identified a potential of €300bn in sustainable financial products by 2025 across all ESG aspects. This includes financing with a positive effect on	• Responsible management: Recognising impacts on biodiversity • Responsible management: Understanding biodiversity risks • Responsible management: Evaluating environmental and social risks • Anchoring sustainability in our strategy: Pursuing net zero target Other sources and reports:

Recommendation	Statement	Reference
	biological diversity. On the issue of deforestation, we have formulated a concrete target by 2025 that we would like to achieve through active dialogue with customers.	• Disclosure report in accordance with CRR

Progress report "Principles for Responsible Banking"

The progress report on the Principles for Responsible Banking (PRB) of the United Nations Environmental Programme Financial Initiative (UNEP-FI) is integrated into this non-financial report in the form of a tabular index. Reference is made to further details within this non-financial report and to supplementary documents.

Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

1.1 Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Commerzbank is the leading bank for SMEs (the Mittelstand) and a partner to some 25,500 corporate client groups and almost 11 million private and small-business customers in Germany. The Bank offers a comprehensive portfolio of financial services in two business segments – Private and Small-Business Customers and Corporate Clients.	Annual report • Basis of the Commerzbank Group: Structure and organisation • Economic report: Financial performance, assets, liabilities and financial position

1.2 Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

☒ Yes

☐ No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

☒ UN Guiding Principles on Business and Human Rights

☒ International Labour Organization fundamental conventions

☒ UN Global Compact

☐ UN Declaration on the Rights of Indigenous Peoples

☒ Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: TCFD, TNFD and non-financial report (CSR-RUG)

☒ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: regulatory requirements, positions and guidelines can be found in our ESG framework

☐ None of the above

We align our actions with ethical values such as integrity and responsibility. We are committed to respecting human rights and explain this in detail in our Position on Human Rights. The transformation into a sustainable economy affects us all. We aim to shape this change in a proactive manner. Sustainability has been an integral part of our corporate strategy since as far back as 2020. Climate-related risks are among the greatest challenges of our time. As a Bank, we consider it our obligation to review the impact of our financing and to manage our portfolios in accordance with the Paris climate target. We have joined the Science Based Targets initiative (SBTi), the Net-Zero Banking Alliance and the Task Force on Climate-related Financial Disclosures (TCFD), among others. By joining the Taskforce on Nature-related Financial Disclosures (TNFD) in 2023, we have underlined our resolve to make an active contribution to preserving biodiversity. Through our ESG framework, we provide our stakeholders with the greatest possible transparency regarding our understanding of sustainability. We create a Bank-wide standard that enables stringent management of all relevant products, processes and activities and ensures the sustainable transformation of Commerzbank.	Non-financial report • Taking responsibility • Supporting the customer transformation: Sustainable financing • Supporting the customer transformation: Sustainable investments and capital market products Other sources and reports • Page on the sustainability portal: Memberships and initiatives • Commerzbank's human rights position • ESG framework

Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly[5] and fulfil the following requirements/elements (a-d)[6]:

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Materiality analysis

As part of the materiality analysis for 2022, we identified the topic areas that are most relevant to us. A list of potential sustainability topics was analysed along two materiality perspectives – the "impact perspective" and the "business perspective". To measure the impact perspective, we conducted an exposure analysis to reveal "sustainability hotspots". These are in countries and sectors where Commerzbank is particularly active, and where sustainability indicators in the defined areas are significantly below average. The business perspective – i.e. the question of how high the opportunities and risks of these sustainability issues are for business success – was established in a management workshop.

Sustainable portfolio management using the SBTi method

We have set ourselves the strategic goal of reducing the carbon footprint of the Bank's entire loan and investment portfolio to net zero by no later than 2050. We take a holistic approach to our net zero commitment and manage sustainability across all relevant areas of the Bank. To make this approach transparent, we have joined the SBTi and manage our defined portfolios with a particular focus on the emission-intensive sectors.

Non-financial report
- Anchoring sustainability in our strategy: Key issues analysed
- Responsible management: Reducing financed emissions

Other sources and reports
- ESG framework

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

i) by sectors & industries[7] for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or

ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

Sustainable portfolio management using the SBTi method

Using the SBTi methodology, the Bank identified the CO_2-intensive sectors within its overall portfolio, determined the level of CO_2 pollution associated with these sub-portfolios and calculated concrete sector-specific reduction targets that are in line with the goals of the Paris Agreement. Our focus is on those areas of the value chain where high CO_2 emissions are generated or which cause high downstream CO_2 emissions. Accordingly, when setting the SBTi targets, we took into account the following segments of the value chain that are currently classified as especially emissions-intensive: power generation, aviation, automotive manufacturing, commercial real estate financing, and the production of cement, iron and steel. We will likewise consider the retail mortgage financing portfolio, which is deemed optional in the SBTi analysis.

The composition of the reduction pathways and portfolio targets under the SBTi method are published in the ESG framework. Further information on the portfolio breakdown can also be found in this non-financial report in the chapter "Reducing financed emissions" and in our disclosure report in accordance with CRR.

Non-financial report
- Responsible management: Reducing financed emissions

Other sources and reports
- CRR Report Annex 4
- ESG framework

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?[8] Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

[5] That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

[6] Further guidance can be found in the Interactive Guidance on impact analysis and target setting.

[7] Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here

[8] Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

Materiality analysis Nine topics were identified as material as part of the materiality analysis. These topics relate to all three sustainability dimensions – environmental, social and governance – and currently form the focus of our sustainability management activities. Climate change continues to have the highest relevance for the Bank. At the same time, topics such as biodiversity and circular solutions have shifted into greater focus than in previous materiality analyses. **Materiality analysis for environmental risks** At Commerzbank, we do not consider climate-related risks as a separate type of risk, but as a horizontal risk. This can materialise across the different known types of risk such as credit risk or market risk. The materiality analysis for environmental risks is carried out on a comprehensive basis across all risk types. In 2023, the analysis encompassed an assessment of all risk types that had been classified as material in the risk inventory in terms of factors such as the materiality of their impact in relation to climate-related risks. We provide a transparent overview of the results of the materiality analysis in the "Managing environmental risks" section of this non-financial report (page 57 ff.). **Biodiversity-specific impact analysis using "ENCORE"** In 2023, we carried out a second biodiversity-specific impact analysis, revised and expanded compared to the previous year, using the "ENCORE" tool. ENCORE provides a science-based link between economic activities and biodiversity-damaging impacts. In our analysis, we compared the business volume of the sectors we finance with the tool's external data. This allowed us to identify potential areas of action and strategic priorities and, building on this, to develop further analyses and measures to protect biodiversity. We provide a transparent overview of the results of the biodiversity-specific impact analysis in the "Evaluating environmental and social risks" section of this non-financial report (page 50 ff.).	Non-financial report • Anchoring sustainability in our strategy: Key issues analysed • Responsible management: Evaluating environmental and social risks • Responsible management: Reducing financed emissions • Responsible management: Managing environmental risks Other sources and reports • CRR Report Annex 4 • ESG framework
Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)[9]? Please disclose.	
Materiality analysis Nine topics were identified as material as part of the materiality analysis. These are recorded in the results matrix for the materiality analysis in this non-financial report (page 47). The sustainability strategy is grounded in our commitment to combating climate change. In addition, we tackle issues that are moving into the focus of the sustainability debate, such as biodiversity protection. These two topics represent prioritised impact areas.	Non-financial report • Anchoring sustainability in our strategy: Key issues analysed
d) For these (min. two prioritized impact areas): **Performance measurement:** Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context. In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex. If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this. *The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.*	
The transformation into a sustainable economy affects us all. We aim to shape this change in a proactive manner. We want to make our contribution to aligning global financial flows with the goals of the Paris Agreement and the EU Green Deal, and consequently promote climate-compatible development. **Materiality analysis** To apply the materiality analysis and the identified impact areas in the Bank's operations, the results were incorporated into the Bank-wide strategy process and discussed at the level of the Board of Managing Directors. **Sustainable portfolio management using the SBTi method** The portfolio targets are published in our ESG framework where they, along with the status of target achievement, are updated on a regular basis. The "Reduction targets under the Sectoral Decarbonization Approach (SDA)" table in this non-financial report (page 53) shows the CO_2 reduction pathways we have defined from here until 2030 by sector. The percentage reductions derive from the applicable emission intensity for the baseline year 2021 and the targets for 2030.	Non-financial report • Anchoring sustainability in our strategy: Key issues analysed • Responsible management: Reducing financed emissions Other sources and reports • ESG framework

[9] To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

Self-assessment summary

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?[10]

Scope:	☒ Yes	☐ In progress	☐ No
Portfolio composition:	☒ Yes	☐ In progress	☐ No
Context:	☒ Yes	☐ In progress	☐ No
Performance measurement:	☒ Yes	☐ In progress	☐ No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, human rights, gender equality, decent employment (see also the results matrix of the materiality analysis)

How recent is the data used for and disclosed in the impact analysis?

☐ Up to 6 months prior to publication
☐ Up to 12 months prior to publication
☐ Up to 18 months prior to publication
☒ Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: *(optional)*

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets[11] have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) **Alignment:** Which international, regional or national policy frameworks to align your bank's portfolio with[12] have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

Sustainability has been an integral part of our corporate strategy since as far back as 2020. We want to make our contribution to aligning global financial flows with the goals of the Paris Agreement and the EU Green Deal, and consequently promote climate-compatible development.

Climate protection (net zero targets)

Our net zero commitment is at the heart of the sustainability strategy adopted by the Board of Managing Directors. It is based on two pillars: We support our customers in their sustainable transformations and set a good example ourselves. We are committed to reducing all of our financed emissions to net zero, mobilising €300bn for sustainable products and achieving the net-zero standard in our banking operations. For this purpose, we have joined the Science Based Targets initiative (SBTi), the Net-Zero Banking Alliance and the Task Force on Climate-related Financial Disclosures (TCFD), among others.

Biodiversity

We are also keenly aware of the relevance of biodiversity, as evidenced by our affiliation with the "Biodiversity in Good Company" Initiative (BiGCI) and the Taskforce on Nature-related Financial Disclosures (TNFD). In December 2023, we adopted a target on deforestation that sets specific requirements for our customers in sectors and regions relevant to deforestation.

Women in management positions

In addition to the two topics of climate protection and biodiversity, we also focus on the social aspect of sustainability – analogous to the topics identified in the materiality analysis.

As a founding member of the Diversity Charter and a signatory to the UN Women Empowerment Principles, we are committed to equality within our organisation. Commerzbank intends to increase the proportion of women in management positions. To this end, our Board of Managing Directors has set a new and ambitious target of 40% across all management levels by the end of 2030.

Non-financial report
- Anchoring sustainability in our strategy
- Anchoring sustainability in our strategy: Pursuing net zero target
- Responsible management: Evaluating environmental and social risks
- Responsible management: Reducing financed emissions
- Responsible management: Managing environmental risks
- Leading by example: Promoting diversity and equal opportunities

b) **Baseline:** Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

[10] You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

[11] Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

[12] Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

Impact area	Indicator	Response
Climate protection	A.1.2	KPI 1: Net-zero CO_2 emissions in the loan and investment portfolio by 2050
	A.3.1	KPI 2: €300bn for sustainable products by 2025
	n.a.	KPI 3: Net-zero CO_2 emissions in banking operations by 2040

Impact area	Indicator	Response
Biodiversity	n.a.	Deforestation target

Impact area	Indicator	Response
Women in management positions	n.a.	40% across all management levels

Non-financial report

- Anchoring sustainability in our strategy: Pursuing net zero target
- Responsible management: Evaluating environmental and social risks
- Responsible management: Reducing financed emissions
- Responsible management: Managing environmental risks
- Leading by example: Promoting diversity and equal opportunities

c) SMART target: (incl. key performance indicators (KPIs)[13]): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

Climate protection (net zero targets)

KPI 1: Net-zero CO_2 emissions in the loan and investment portfolio by 2050

KPI 2: €300bn for sustainable products by 2025

KPI 3: Net-zero CO_2 emissions in banking operations by 2040

Biodiversity

To minimise deforestation in our customer portfolio, corporate customers that are active in sectors (forestry, soy, palm oil, beef) and regions relevant to deforestation must demonstrate their commitment to combating deforestation through relevant memberships (RSPO, GRSB) or certifications (FSC or PEFC, RTRS, RSPO) by the end of 2025 at the latest. We continually examine other relevant memberships and certificates and will take these into account if the level of ambition and acceptance are comparable.

Women in management positions

40% women in management positions across all management levels (management levels 1 to 4 and project managers at level 5) by 2030.

Non-financial report

- Anchoring sustainability in our strategy: Pursuing net zero target
- Responsible management: Evaluating environmental and social risks
- Responsible management: Recognising impacts on biodiversity
- Responsible management: Reducing financed emissions
- Responsible management: Managing environmental risks
- Leading by example: Promoting diversity and equal opportunities

d) Action plan: Which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

The Group Sustainability Management department takes the lead in coordinating and developing the Bank’s sustainability activities. This central sustainability function reports to the Chairman of the Board of Managing Directors and regularly informs him about progress on sustainability issues and activities.

Our sustainability strategy is implemented through the overarching strategic initiative Sustainability 360°.

Non-financial report

- Taking responsibility
- Anchoring sustainability in our strategy: Governance structures consolidated

[13] Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your…

	… first area of most significant impact:	… second area of most significant impact:	… third area of impact:
Alignment	☒ Yes ☐ In progress ☐ No	☒ Yes ☐ In progress ☐ No	☒ Yes ☐ In progress ☐ No
Baseline	☒ Yes ☐ In progress ☐ No	☒ Yes ☐ In progress ☐ No	☒ Yes ☐ In progress ☐ No
SMART targets	☒ Yes ☐ In progress ☐ No	☒ Yes ☐ In progress ☐ No	☒ Yes ☐ In progress ☐ No
Action plan	☒ Yes ☐ In progress ☐ No	☒ Yes ☐ In progress ☐ No	☒ Yes ☐ In progress ☐ No

2.3 Target implementation and monitoring (Key Step 3)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Climate protection (net zero targets)

KPI 1: The portfolio targets are published in our ESG framework where they, along with the status of target achievement, are updated on a regular basis.

KPI 2: By the end of 2023, Commerzbank Aktiengesellschaft had mobilised €238bn for sustainable financial products, out of a target of €300bn by the end of 2025.

KPI 3: In 2023, Commerzbank Aktiengesellschaft generated a total of 76,591 tonnes of CO2-equivalent emissions. We already achieved our interim goal (30% reduction in greenhouse gas emissions by 2025, starting from base year 2018) in 2022, with CO_2 emissions of 78,402 tonnes (decrease of 34.9%).

Biodiversity

We adopted our target on deforestation in December 2023.

Women in management positions

At the end of 2023, 36.1% of management positions across the Group were held by women.

Non-financial report

- Anchoring sustainability in our strategy: Pursuing net zero target
- Responsible management: Reducing financed emissions
- Responsible management: Managing environmental risks
- Leading by example: Promoting diversity and equal opportunities

Other sources and reports

- ESG framework

Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers[14] in place to encourage sustainable practices?

☒ Yes ☐ In progress ☐ No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

☒ Yes ☐ In progress ☐ No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities[15]). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Global efforts to combat climate change require not only favourable political conditions and new technologies, but also adequate financial resources above all. We will therefore mobilise €300bn for sustainable financial products by 2025. At the same time, the financing of green technologies and business ideas that could mitigate climate change also makes a concrete contribution towards the successful transition to a low-carbon, sustainable future economy.	Non-financial report • Anchoring sustainability in our strategy: Pursuing net zero target • Supporting the customer transformation: Sustainable financing • Supporting the customer transformation: Sustainable investments and capital market products

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

In order to drive forward sustainable transformation and support our customers in their transformation, we develop sustainable products that take into account regulatory requirements, market analyses and the Bank's own specialist and product expertise. These products support our customers in their sustainable transformation and at the same time provide incentives for companies and private individuals to become more sustainable. The sustainable products in the Private and Small-Business Customers segment include green mortgage loans, KfW programmes and sustainable asset management. The sustainable products in the Corporate Clients segment include the financing of green infrastructure, sustainable bonds, and ESG/sustainability-linked loans and promissory note loans. We publish details about our sustainable products in our ESG framework and in the "Supporting the customer transformation" section of this non-financial report.	Non-financial report • Supporting the customer transformation: Sustainable financing • Supporting the customer transformation: Sustainable investments and capital market products Other sources and reports • ESG framework

[14] A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

[15] Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups [16]) you have identified as relevant in relation to the impact analysis and target setting process?

☒ Yes ☐ In progress ☐ No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Corporate responsibility also means seeking regular dialogue with external and internal stakeholders. Commerzbank pursues an active and transparent dialogue with a view to satisfying the expectations and needs of its stakeholders, taking account of them in its corporate strategy and setting out its own perspective. We are in dialogue with the following stakeholder groups in particular: • Shareholders and investors • Research/academia • Customers • Suppliers • Media • Employees • Competitors/financial sector • Non-governmental organisations (NGOs) • Politics • Civil society Commerzbank maintains relationships with numerous organisations and groups which approach the company with requests, demands or suggestions. We prioritise dialogue with stakeholder groups which have a perceptible impact on Commerzbank's economic, environmental or social performance or are heavily affected by it. The discourse on important questions relating to social, economic and financial policy is of great importance to us. To promote a constructive and critical dialogue with our stakeholders, we have also founded an external Sustainability Advisory Board. The experts from the fields of politics, academia, society, NGOs, trade unions, and small and SMEs represent a broad spectrum of content and provide impetus for further development of our sustainability strategy. A detailed run-down of our dialogue with interest groups can be found in our Sustainability Report (GRI Report).	Non-financial report • Anchoring sustainability in our strategy: Governance structures consolidated • Anchoring sustainability in our strategy: Key issues analysed Other sources and reports • Sustainability Report (GRI 2-29)

[16] Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations.

Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

☒ Yes ☐ In progress ☐ No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Sustainability is deeply anchored in our governance structure. In the "Governance structures consolidated" section of this non-financial report, we provide a detailed run-down of our corporate governance structures with regard to sustainability.	Non-financial report • Anchoring sustainability in our strategy: Governance structures consolidated

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

The corporate values– integrity, performance and responsibility – form the basis of our corporate culture. Our Code of Conduct goes beyond legal and regulatory requirements and sets standards for Commerzbank Group employees. Our human resources policy makes it possible to promote the development of each individual employee as well as collegial cooperation overall at Commerzbank. For example, Commerzbank actively supports its employees in their personal development and provides targeted offerings to that end. We also offer our employees a wide range of information and advice on health-related topics and provide financial support within the scope of our occupational healthcare management. The Bank additionally offers a "Basic Sustainability Qualification" that enables employees to gain an even more comprehensive understanding of the topic of sustainability. For sales and sales-related functions, Commerzbank offers a detailed advanced qualification programme to ensure that it has the requisite professional expertise on this important topic. Further details about the company culture can be found in our Sustainability Report (GRI Report) and on our sustainability portal.	Non-financial report • Anchoring sustainability in our strategy: Governance structures consolidated • Leading by example: Embodying collegiality • Leading by example: Ensuring integrity and compliance Other sources and reports • Sustainability Report (GRI 401-407) • Page on the sustainability portal: Employees

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?[17] Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Through our ESG framework, we provide our stakeholders with the greatest possible transparency regarding our understanding of sustainability. We create a Bank-wide standard that enables stringent management of all relevant products, processes and activities and ensures the sustainable transformation of Commerzbank.	Non-financial report • Anchoring sustainability in our strategy: Key issues analysed • Responsible management: Managing environmental risks • Responsible management: Evaluating environmental and social risks Other sources and reports • ESG framework

[17] Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

☒ Yes ☐ No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

☒ Yes ☐ No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

☒ Yes ☐ In progress ☐ No

Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

☐ Yes ☒ Partially ☐ No

If applicable, please include the link or description of the assurance statement.

The information in this progress report on the Principles for Responsible Banking was reviewed by the auditing firm KPMG as part of the audit (limited assurance engagement) of the non-financial report.	Annual report • Further Information: Report on the audit of the non-financial report

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

☒ GRI
☒ SASB
☒ CDP
☐ IFRS Sustainability Disclosure Standards (to be published)
☒ TCFD
☒ Other: ESG-Framework, TNFD

Commerzbank provides regular and comprehensive information on the progress it has made on the Bank's sustainable orientation. We use various reporting formats for this purpose.	Other sources and reports • ESG framework • Sustainability report (GRI) • Page on the sustainability portal: Memberships and initiatives

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis[18] , target setting[19] and governance structure for implementing the PRB)? Please describe briefly.

In accordance with the requirements of the EU Corporate Sustainability Reporting Directive (CSRD) passed this year, we carried out a new materiality analysis in mid-2023, which will have a decisive influence on the next 12-month reporting period.	Non-financial report • Anchoring sustainability in our strategy: Key issues analysed

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

☐ Embedding PRB oversight into governance	☐ Customer engagement
☐ Gaining or maintaining momentum in the bank	☐ Stakeholder engagement
☐ Getting started: where to start and what to focus on in the beginning	☒ Data availability
☒ Conducting an impact analysis	☐ Data quality
☐ Assessing negative environmental and social impacts	☐ Access to resources
☐ Choosing the right performance measurement methodology/ies	☒ Reporting
☐ Setting targets	☒ Assurance
☐ Other: …	☐ Prioritizing actions internally

[18] For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

[19] For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

1. Assets for the calculation of GAR (based on the Turnover KPI)

		a	b	c	d	e	f	g	h	i	j
	Disclosure reference date T										
	Based on the Turnover KPI		**Climate Change Mitigation (CCM)**					**Climate Change Adaptation (CCA)**			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					**Of which towards taxonomy relevant sectors (Taxonomy-eligible)**			
				Of which environmentally sustainable (Taxonomy-aligned)					**Of which environmentally sustainable (Taxonomy-aligned)**		
	million €	**Total [gross] carrying amount**			**Of which Use of Proceeds**	**Of which transi-tional**	**Of which enabling**			**Of which Use of Proceeds**	**Of which enabling**
	GAR - Covered assets in both numerator and denominator	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	177,422	130,733	8,713	8,488	29	159	11	8		0
2	**Financial undertakings**	**19,245**	**3,963**	**58**	**58**		**0**	0			
3	Credit institutions	17,293	2,883								
4	Loans and advances	10,453	1,608								
5	Debt securities, including UoP[1)]	6,840	1,274								
6	Equity instruments				X					X	
7	Other financial corporations	1,952	1,081	58	58		0	0			
8	of which investment firms	115									
9	Loans and advances	115									
10	Debt securities, including UoP[1)]										
11	Equity instruments				X					X	
12	of which management companies	621	155								
13	Loans and advances	610	155								
14	Debt securities, including UoP[1)]	10									
15	Equity instruments				X					X	
16	of which insurance undertakings	33	4								
17	Loans and advances	33	4								
18	Debt securities, including UoP[1)]										
19	Equity instruments				X					X	
20	**Non-financial undertakings**	**19,621**	**12,870**	**3,217**	**2,991**	**29**	**159**	11	**8**		0
21	Loans and advances	18,648	12,576	3,176	2,991	22	145	10	7		0
22	Debt securities, including UoP[1)]	974	294	41		7	14	1	1		0
23	Equity instruments				X					X	
24	**Households**	**129,771**	**113,883**	**5,438**	**5,438**						
25	of which loans collateralised by commercial immovable property[2)]	106,920	103,857	4,673	4,673						
26	of which building renovation loans	3,758	3,758								
27	of which motor vehicle loans	394	98					X	X	X	X
28	**Local governments financing**	**8,785**	**17**								
29	Housing financing										
30	Other local government financing	8,785	17								
31	**Collateral obtained by taking possession: residential and commercial immovable properties**										
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**195,014**									

		a	b	c	d	e	f	g	h	i	j
	Disclosure reference date T										
	Based on the Turnover KPI		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)		
	million €	Total [gross] carrying amount			Of which Use of Proceeds	Of which transi-tional	Of which enabling			Of which Use of Proceeds	Of which enabling
33	**Financial and Non-financial undertakings**	**182,021**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	112,870	X	X	X	X	X	X	X	X	X
35	Loans and advances	77,823	X	X	X	X	X	X	X	X	X
36	of which loans collateralised by commercial immovable property	9,181	X	X	X	X	X	X	X	X	X
37	of which building renovation loans	340	X	X	X	X	X	X	X	X	X
38	Debt securities	34,448	X	X	X	X	X	X	X	X	X
39	Equity instruments	599	X	X	X	X	X	X	X	X	X
40	Non-EU country counterparties not subject to NFRD disclosure obligations	69,150	X	X	X	X	X	X	X	X	X
41	Loans and advances	50,970	X	X	X	X	X	X	X	X	X
42	Debt securities	18,061	X	X	X	X	X	X	X	X	X
43	Equity instruments	120	X	X	X	X	X	X	X	X	X
44	**Derivatives**	**1,497**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
45	**On demand interbank loans**	**131**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
46	**Cash and cash-related assets**	**1,108**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	**10,257**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
48	**Total GAR assets**	**372,436**	**130,733**	**8,713**	**8,488**	**29**	**159**	**11**	**8**		0
49	**Assets not covered for GAR calculation**	**165,522**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
50	**Central governments and Supranational issuers**	**37,568**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
51	**Central banks exposure**	**101,396**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
52	**Trading book**	**26,559**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
53	**Total assets**	**537,959**	**130,733**	**8,713**	**8,488**	**29**	**159**	**11**	**8**		**0**
	Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations										
54	Financial guarantees	3,093	36	1		0	1				
55	Assets under management	46,194	20,809	2,700		2	117	5	1		0
56	Of which debt securities	38,613	20,418	2,573		1	38	4	1		0
57	Of which equity instruments	4,910	392	127		1	79	1	0		0

[1] UoP (Use of Proceeds) refers to exposures where the use of proceeds by the borrower/issuer is known.
[2] Line 25 shows only loans secured by real estate with collateral eligible for regulatory purposes.

		ab	ac	ad	ae	af
	Disclosure reference date T					
	Based on the Turnover KPI	**TOTAL (CCM + CCA)**				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
	million €			**Of which Use of Proceeds**	**Of which transi-tional**	**Of which enabling**
	GAR - Covered assets in both numerator and denominator	**X**	**X**	**X**	**X**	**X**
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	130,744	8,721	8,488	29	159
2	**Financial undertakings**	**3,963**	**58**	**58**		**0**
3	Credit institutions	2,883				
4	Loans and advances	1,608				
5	Debt securities, including UoP[1)]	1,274				
6	Equity instruments			X		
7	Other financial corporations	1,081	58	58		0
8	of which investment firms					
9	Loans and advances					
10	Debt securities, including UoP[1)]					
11	Equity instruments			X		
12	of which management companies	155				
13	Loans and advances	155				
14	Debt securities, including UoP[1)]					
15	Equity instruments			X		
16	of which insurance undertakings	4				
17	Loans and advances	4				
18	Debt securities, including UoP[1)]					
19	Equity instruments			X		
20	**Non-financial undertakings**	**12,881**	**3,225**	**2,991**	**29**	**159**
21	Loans and advances	12,586	3,183	2,991	22	145
22	Debt securities, including UoP[1)]	295	42		7	14
23	Equity instruments			X		
24	**Households**	**113,883**	**5,438**	**5,438**		
25	of which loans collateralised by commercial immovable property[2)]	103,857	4,673	4,673		
26	of which building renovation loans	3,758				
27	of which motor vehicle loans	98				
28	**Local governments financing**	**17**				
29	Housing financing					
30	Other local government financing	17				
31	**Collateral obtained by taking possession: residential and commercial immovable properties**					
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**					
33	**Financial and Non-financial undertakings**	**X**	**X**	**X**	**X**	**X**
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	X	X	X	X	X
35	Loans and advances	X	X	X	X	X
36	of which loans collateralised by commercial immovable property	X	X	X	X	X
37	of which building renovation loans	X	X	X	X	X
38	Debt securities	X	X	X	X	X
39	Equity instruments	X	X	X	X	X
40	Non-EU country counterparties not subject to NFRD disclosure obligations	X	X	X	X	X
41	Loans and advances	X	X	X	X	X
42	Debt securities	X	X	X	X	X
43	Equity instruments	X	X	X	X	X
44	**Derivatives**	**X**	**X**	**X**	**X**	**X**
45	**On demand interbank loans**	**X**	**X**	**X**	**X**	**X**
46	**Cash and cash-related assets**	**X**	**X**	**X**	**X**	**X**

		ab	ac	ad	ae	af
	Disclosure reference date T					
	Based on the Turnover KPI	**TOTAL (CCM + CCA)**				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
	million €			**Of which Use of Proceeds**	**Of which transitional**	**Of which enabling**
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	**X**	**X**	**X**	**X**	**X**
48	**Total GAR assets**	**130,744**	**8,721**	**8,488**	**29**	**159**
49	**Assets not covered for GAR calculation**	**X**	**X**	**X**	**X**	**X**
50	**Central governments and Supranational issuers**	**X**	**X**	**X**	**X**	**X**
51	**Central banks exposure**	**X**	**X**	**X**	**X**	**X**
52	**Trading book**	**X**	**X**	**X**	**X**	**X**
53	**Total assets**	**130,744**	**8,721**	**8,488**	**29**	**159**
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations						
54	Financial guarantees	36	1		0	1
55	Assets under management	20,814	2,701		2	117
56	Of which debt securities	20,422	2,574		2	38
57	Of which equity instruments	392	127		1	79

[1] UoP (Use of Proceeds) refers to exposures where the use of proceeds by the borrower/issuer is known.

[2] Line 25 shows only loans secured by real estate with collateral eligible for regulatory purposes.

		ag	ah	ai	aj	ak	al	am	an	ao	ap
	Disclosure reference date T-1										
	Based on the Turnover KPI		**Climate Change Mitigation (CCM)**					**Climate Change Adaptation (CCA)**			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					**Of which towards taxonomy relevant sectors (Taxonomy-eligible)**			
				Of which environmentally sustainable (Taxonomy-aligned)					**Of which environmentally sustainable (Taxonomy-aligned)**		
	million €	**Total [gross] carrying amount**			**Of which Use of Proceeds**	**Of which transi-tional**	**Of which enabling**			**Of which Use of Proceeds**	**Of which enabling**
	GAR - Covered assets in both numerator and denominator	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation										
2	**Financial undertakings**										
3	Credit institutions										
4	Loans and advances										
5	Debt securities, including UoP[1)]										
6	Equity instruments				X					X	
7	Other financial corporations										
8	of which investment firms										
9	Loans and advances										
10	Debt securities, including UoP[1)]										
11	Equity instruments				X					X	
12	of which management companies										
13	Loans and advances										
14	Debt securities, including UoP[1)]										
15	Equity instruments				X					X	
16	of which insurance undertakings										
17	Loans and advances										
18	Debt securities, including UoP[1)]										
19	Equity instruments				X					X	
20	**Non-financial undertakings**										
21	Loans and advances										
22	Debt securities, including UoP[1)]										
23	Equity instruments				X					X	
24	**Households**										
25	of which loans collateralised by commercial immovable property[2)]										
26	of which building renovation loans										
27	of which motor vehicle loans							X	X	X	X
28	**Local governments financing**										
29	Housing financing										
30	Other local government financing										

		ag	ah	ai	aj	ak	al	am	an	ao	ap
	Disclosure reference date T-1										
	Based on the Turnover KPI		**Climate Change Mitigation (CCM)**					**Climate Change Adaptation (CCA)**			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					**Of which towards taxonomy relevant sectors (Taxonomy-eligible)**			
				Of which environmentally sustainable (Taxonomy-aligned)					**Of which environmentally sustainable (Taxonomy-aligned)**		
	million €	**Total [gross] carrying amount**			**Of which Use of Proceeds**	**Of which transi-tional**	**Of which enabling**			**Of which Use of Proceeds**	**Of which enabling**
31	**Collateral obtained by taking possession: residential and commercial immovable properties**										
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**										
33	**Financial and Non-financial undertakings**	X	X	X	X	X	X	X	X	X	X
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	X	X	X	X	X	X	X	X	X	X
35	Loans and advances	X	X	X	X	X	X	X	X	X	X
36	of which loans collateralised by commercial immovable property	X	X	X	X	X	X	X	X	X	X
37	of which building renovation loans	X	X	X	X	X	X	X	X	X	X
38	Debt securities	X	X	X	X	X	X	X	X	X	X
39	Equity instruments	X	X	X	X	X	X	X	X	X	X
40	Non-EU country counterparties not subject to NFRD disclosure obligations	X	X	X	X	X	X	X	X	X	X
41	Loans and advances	X	X	X	X	X	X	X	X	X	X
42	Debt securities	X	X	X	X	X	X	X	X	X	X
43	Equity instruments	X	X	X	X	X	X	X	X	X	X
44	**Derivatives**	X	X	X	X	X	X	X	X	X	X
45	**On demand interbank loans**	X	X	X	X	X	X	X	X	X	X
46	**Cash and cash-related assets**	X	X	X	X	X	X	X	X	X	X
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	X	X	X		X	X	X	X	X	X
48	**Total GAR assets**										
49	**Assets not covered for GAR calculation**	X	X	X	X	X	X	X	X	X	X
50	**Central governments and Supranational issuers**	X	X	X	X	X	X	X	X	X	X
51	**Central banks exposure**	X	X	X	X	X	X	X	X	X	X
52	**Trading book**	X	X	X	X	X	X	X	X	X	X
53	**Total assets**										
	Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations										
54	Financial guarantees										
55	Assets under management										
56	Of which debt securities										
57	Of which equity instruments										

[1] UoP (Use of Proceeds) bezeichnet Risikopositionen, bei denen die Verwendung der Erlöse durch den Kreditnehmer / Emittenten bekannt ist.
[2] In Zeile 25 werden nur immobilienbesicherte Kredite mit regulatorisch anrechenbaren Sicherheiten ausgewiesen.

		bg	bh	bi	bj	bk
	Disclosure reference date T-1					
	Based on the Turnover KPI	**TOTAL (CCM + CCA)**				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
	million €			**Of which Use of Proceeds**	**Of which transi-tional**	**Of which enabling**
	GAR - Covered assets in both numerator and denominator	**X**	**X**	**X**	**X**	**X**
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation					
2	**Financial undertakings**					
3	Credit institutions					
4	Loans and advances					
5	Debt securities, including UoP[1]					
6	Equity instruments			X		
7	Other financial corporations					
8	of which investment firms					
9	Loans and advances					
10	Debt securities, including UoP[1]					
11	Equity instruments			X		
12	of which management companies					
13	Loans and advances					
14	Debt securities, including UoP[1]					
15	Equity instruments			X		
16	of which insurance undertakings					
17	Loans and advances					
18	Debt securities, including UoP[1]					
19	Equity instruments			X		
20	**Non-financial undertakings**					
21	Loans and advances					
22	Debt securities, including UoP[1]					
23	Equity instruments			X		
24	**Households**					
25	of which loans collateralised by commercial immovable property[2]					
26	of which building renovation loans					
27	of which motor vehicle loans					
28	**Local governments financing**					
29	Housing financing					
30	Other local government financing					
31	**Collateral obtained by taking possession: residential and commercial immovable properties**					
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**					
33	**Financial and Non-financial undertakings**	**X**	**X**	**X**	**X**	**X**
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	X	X	X	X	X
35	Loans and advances	X	X	X	X	X
36	of which loans collateralised by commercial immovable property	X	X	X	X	X
37	of which building renovation loans	X	X	X	X	X
38	Debt securities	X	X	X	X	X
39	Equity instruments	X	X	X	X	X
40	Non-EU country counterparties not subject to NFRD disclosure obligations	X	X	X	X	X
41	Loans and advances	X	X	X	X	X
42	Debt securities	X	X	X	X	X
43	Equity instruments	X	X	X	X	X
44	**Derivatives**	**X**	**X**	**X**	**X**	**X**
45	**On demand interbank loans**	**X**	**X**	**X**	**X**	**X**
46	**Cash and cash-related assets**	**X**	**X**	**X**	**X**	**X**

		bg	bh	bi	bj	bk
	Disclosure reference date T-1					
	Based on the Turnover KPI	**TOTAL (CCM + CCA)**				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
	million €			**Of which Use of Proceeds**	**Of which transitional**	**Of which enabling**
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	X	X	X	X	X
48	**Total GAR assets**					
49	**Assets not covered for GAR calculation**	X	X	X	X	X
50	**Central governments and Supranational issuers**	X	X	X	X	X
51	**Central banks exposure**	X	X	X	X	X
52	**Trading book**	X	X	X	X	X
53	**Total assets**					
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations						
54	Financial guarantees					
55	Assets under management					
56	Of which debt securities					
57	Of which equity instruments					

[1] UoP (Use of Proceeds) refers to exposures where the use of proceeds by the borrower/issuer is known.
[2] Line 25 shows only loans secured by real estate with collateral eligible for regulatory purposes.

1. Assets for the calculation of GAR (based on the Cap Ex-KPI)

		a	b	c	d	e	f	g	h	i	j
	Disclosure reference date T										
	Based on the CapEx KPI		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)		
	million €	Total [gross] carrying amount			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	177,422	131,405	9,034	8,488	45	322	11	6		0
2	**Financial undertakings**	**19,245**	**3,936**	**58**	**58**	**0**	**0**	**1**			
3	Credit institutions	17,293	2,856								
4	Loans and advances	10,453	1,616								
5	Debt securities, including UoP[1)]	6,840	1,240								
6	Equity instruments				X					X	
7	Other financial corporations	1,952	1,080	58	58	0	0	1			
8	of which investment firms	115	0								
9	Loans and advances	115	0								
10	Debt securities, including UoP[1)]										
11	Equity instruments				X					X	
12	of which management companies	621	155								
13	Loans and advances	610	155								
14	Debt securities, including UoP[1)]	10									
15	Equity instruments				X					X	
16	of which insurance undertakings	33	4								
17	Loans and advances	33	4								
18	Debt securities, including UoP[1)]										
19	Equity instruments				X					X	
20	**Non-financial undertakings**	**19,621**	**13,569**	**3,538**	**2,991**	**45**	**322**	**10**	**6**		**0**
21	Loans and advances	18,648	13,220	3,454	2,991	29	296	9	6		0
22	Debt securities, including UoP[1)]	974	349	83		16	27	1	0		0
23	Equity instruments				X					X	
24	**Households**	**129,771**	**113,883**	**5,438**	**5,438**						
25	of which loans collateralised by commercial immovable property[2)]	106,920	103,857	4,673	4,673						
26	of which building renovation loans	3,758	3,758								
27	of which motor vehicle loans	394	98						X	X	X
28	**Local governments financing**	**8,785**	**17**								
29	Housing financing										
30	Other local government financing	8,785	17								
31	**Collateral obtained by taking possession: residential and commercial immovable properties**										
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**195,014**									

		a	b	c	d	e	f	g	h	i	j
	Disclosure reference date T										
	Based on the CapEx KPI		**Climate Change Mitigation (CCM)**					**Climate Change Adaptation (CCA)**			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					**Of which towards taxonomy relevant sectors (Taxonomy-eligible)**			
				Of which environmentally sustainable (Taxonomy-aligned)					**Of which environmentally sustainable (Taxonomy-aligned)**		
	million €	**Total [gross] carrying amount**			**Of which Use of Proceeds**	**Of which transitional**	**Of which enabling**			**Of which Use of Proceeds**	**Of which enabling**
33	**Financial and Non-financial undertakings**	**182,021**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	112,870	X	X	X	X	X	X	X	X	X
35	Loans and advances	77,823	X	X	X	X	X	X	X	X	X
36	of which loans collateralised by commercial immovable property	9,181	X	X	X	X	X	X	X	X	X
37	of which building renovation loans	340	X	X	X	X	X	X	X	X	X
38	Debt securities	34,448	X	X	X	X	X	X	X	X	X
39	Equity instruments	599	X	X	X	X	X	X	X	X	X
40	Non-EU country counterparties not subject to NFRD disclosure obligations	69,150	X	X	X	X	X	X	X	X	X
41	Loans and advances	50,970	X	X	X	X	X	X	X	X	X
42	Debt securities	18,061	X	X	X	X	X	X	X	X	X
43	Equity instruments	120	X	X	X	X	X	X	X	X	X
44	**Derivatives**	**1,497**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
45	**On demand interbank loans**	**131**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
46	**Cash and cash-related assets**	**1,108**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	**10,257**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
48	**Total GAR assets**	**372,436**	**131,405**	**9,034**	**8,488**	**45**	**322**	**11**	**6**		**0**
49	**Assets not covered for GAR calculation**	**165,522**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
50	**Central governments and Supranational issuers**	**37,568**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
51	**Central banks exposure**	**101,396**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
52	**Trading book**	**26,559**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
53	**Total assets**	**537,959**	**131,405**	**9,034**	**8,488**	**45**	**322**	**11**	**6**		**0**
	Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations										
54	Financial guarantees	3,093	42	3		1	2				
55	Assets under management	46,194	20,893	3,067		11	300	5	1		0
56	Of which debt securities	38,613	20,435	2,729		8	123	4	0		0
57	Of which equity instruments	4,910	458	339		2	177	1	0		0

[1] UoP (Use of Proceeds) refers to exposures where the use of proceeds by the borrower/issuer is known.
[2] Line 25 shows only loans secured by real estate with collateral eligible for regulatory purposes.

		ab	ac	ad	ae	af
	Disclosure reference date T					
	Based on the CapEx KPI	**TOTAL (CCM + CCA)**				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
	million €			**Of which Use of Proceeds**	**Of which transi-tional**	**Of which enabling**
	GAR - Covered assets in both numerator and denominator	**X**	**X**	**X**	**X**	**X**
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	131,416	9,040	8,488	45	323
2	**Financial undertakings**	**3,937**	**58**	**58**	**0**	**0**
3	Credit institutions	2,856				
4	Loans and advances	1,616				
5	Debt securities, including UoP[1)]	1,240				
6	Equity instruments			X		
7	Other financial corporations	1,081	58	58	0	0
8	of which investment firms	0				
9	Loans and advances	0				
10	Debt securities, including UoP[1)]					
11	Equity instruments			X		
12	of which management companies	155				
13	Loans and advances	155				
14	Debt securities, including UoP[1)]					
15	Equity instruments			X		
16	of which insurance undertakings	4				
17	Loans and advances	4				
18	Debt securities, including UoP[1)]					
19	Equity instruments			X		
20	**Non-financial undertakings**	**13,579**	**3,544**	**2,991**	**45**	**323**
21	Loans and advances	13,230	3,460	2,991	29	296
22	Debt securities, including UoP[1)]	349	83		16	27
23	Equity instruments			X		
24	**Households**	**113,883**	**5,438**	**5,438**		
25	of which loans collateralised by commercial immovable property[2)]	103,857	4,673	4,673		
26	of which building renovation loans	3,758				
27	of which motor vehicle loans	98				
28	**Local governments financing**	**17**				
29	Housing financing					
30	Other local government financing	17				
31	**Collateral obtained by taking possession: residential and commercial immovable properties**					
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**					
33	**Financial and Non-financial undertakings**	**X**	**X**	**X**	**X**	**X**
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	X	X	X	X	X
35	Loans and advances	X	X	X	X	X
36	of which loans collateralised by commercial immovable property	X	X	X	X	X
37	of which building renovation loans	X	X	X	X	X
38	Debt securities	X	X	X	X	X
39	Equity instruments	X	X	X	X	X
40	Non-EU country counterparties not subject to NFRD disclosure obligations	X	X	X	X	X
41	Loans and advances	X	X	X	X	X
42	Debt securities	X	X	X	X	X
43	Equity instruments	X	X	X	X	X
44	**Derivatives**	**X**	**X**	**X**	**X**	**X**
45	**On demand interbank loans**	**X**	**X**	**X**	**X**	**X**
46	**Cash and cash-related assets**	**X**	**X**	**X**	**X**	**X**

		ab	ac	ad	ae	af
	Disclosure reference date T					
	Based on the CapEx KPI	**TOTAL (CCM + CCA)**				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
	million €			**Of which Use of Proceeds**	**Of which transitional**	**Of which enabling**
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	**X**	**X**	**X**	**X**	**X**
48	**Total GAR assets**	**131,416**	**9,040**	**8,488**	**45**	**323**
49	**Assets not covered for GAR calculation**	**X**	**X**	**X**	**X**	**X**
50	**Central governments and Supranational issuers**	**X**	**X**	**X**	**X**	**X**
51	**Central banks exposure**	**X**	**X**	**X**	**X**	**X**
52	**Trading book**	**X**	**X**	**X**	**X**	**X**
53	**Total assets**	**131,416**	**9,040**	**8,488**	**45**	**323**
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations						
54	Financial guarantees	42	3		1	2
55	Assets under management	20,898	3,068		11	300
56	Of which debt securities	20,439	2,729		8	123
57	Of which equity instruments	459	339		3	177

[1] UoP (Use of Proceeds) refers to exposures where the use of proceeds by the borrower/issuer is known.
[2] Line 25 shows only loans secured by real estate with collateral eligible for regulatory purposes.

		ag	ah	ai	aj	ak	al	am	an	ao	ap
	Disclosure reference date T-1										
	Based on the CapEx KPI		**Climate Change Mitigation (CCM)**					**Climate Change Adaptation (CCA)**			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					**Of which towards taxonomy relevant sectors (Taxonomy-eligible)**			
				Of which environmentally sustainable (Taxonomy-aligned)					**Of which environmentally sustainable (Taxonomy-aligned)**		
	million €	**Total [gross] carrying amount**			**Of which Use of Proceeds**	**Of which transi-tional**	**Of which enabling**			**Of which Use of Proceeds**	**Of which enabling**
	GAR - Covered assets in both numerator and denominator	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation										
2	**Financial undertakings**										
3	Credit institutions										
4	Loans and advances										
5	Debt securities, including UoP[1)]										
6	Equity instruments				X					X	
7	Other financial corporations										
8	of which investment firms										
9	Loans and advances										
10	Debt securities, including UoP[1)]										
11	Equity instruments				X					X	
12	of which management companies										
13	Loans and advances										
14	Debt securities, including UoP[1)]										
15	Equity instruments				X					X	
16	of which insurance undertakings										
17	Loans and advances										
18	Debt securities, including UoP[1)]										
19	Equity instruments				X					X	
20	**Non-financial undertakings**										
21	Loans and advances										
22	Debt securities, including UoP[1)]										
23	Equity instruments				X					X	
24	**Households**										
25	of which loans collateralised by commercial immovable property[2)]										
26	of which building renovation loans										
27	of which motor vehicle loans							X	X	X	X
28	**Local governments financing**										
29	Housing financing										
30	Other local government financing										

		ag	ah	ai	aj	ak	al	am	an	ao	ap
	Disclosure reference date T-1										
	Based on the CapEx KPI		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)		
	million €	Total [gross] carrying amount			Of which Use of Proceeds	Of which transi-tional	Of which enabling			Of which Use of Proceeds	Of which enabling
31	Collateral obtained by taking possession: residential and commercial immovable properties										
32	Assets excluded from the numerator for GAR calculation (covered in the denominator)										
33	Financial and Non-financial undertakings	X	X	X	X	X	X	X	X	X	X
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	X	X	X	X	X	X	X	X	X	X
35	Loans and advances	X	X	X	X	X	X	X	X	X	X
36	of which loans collateralised by commercial immovable property	X	X	X	X	X	X	X	X	X	X
37	of which building renovation loans	X	X	X	X	X	X	X	X	X	X
38	Debt securities	X	X	X	X	X	X	X	X	X	X
39	Equity instruments	X	X	X	X	X	X	X	X	X	X
40	Non-EU country counterparties not subject to NFRD disclosure obligations	X	X	X	X	X	X	X	X	X	X
41	Loans and advances	X	X	X	X	X	X	X	X	X	X
42	Debt securities	X	X	X	X	X	X	X	X	X	X
43	Equity instruments	X	X	X	X	X	X	X	X	X	X
44	Derivatives	X	X	X	X	X	X	X	X	X	X
45	On demand interbank loans	X	X	X	X	X	X	X	X	X	X
46	Cash and cash-related assets	X	X	X	X	X	X	X	X	X	X
47	Other categories of assets (e.g. Goodwill, commodities etc.)	X	X	X	X	X	X	X	X	X	X
48	Total GAR assets										
49	Assets not covered for GAR calculation	X	X	X	X	X	X	X	X	X	X
50	Central governments and Supranational issuers	X	X	X	X	X	X	X	X	X	X
51	Central banks exposure	X	X	X	X	X	X	X	X	X	X
52	Trading book	X	X	X	X	X	X	X	X	X	X
53	Total assets										
	Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations										
54	Financial guarantees										
55	Assets under management										
56	Of which debt securities										
57	Of which equity instruments										

[1] UoP (Use of Proceeds) refers to exposures where the use of proceeds by the borrower/issuer is known.
[2] Line 25 shows only loans secured by real estate with collateral eligible for regulatory purposes.

		bg	bh	bi	bj	bk
	Disclosure reference date T-1					
	Based on the CapEx KPI	**TOTAL (CCM + CCA)**				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
	million €			**Of which Use of Proceeds**	**Of which transitional**	**Of which enabling**
	GAR - Covered assets in both numerator and denominator	**X**	**X**	**X**	**X**	**X**
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation					
2	**Financial undertakings**					
3	Credit institutions					
4	Loans and advances					
5	Debt securities, including UoP[1)]					
6	Equity instruments			X		
7	Other financial corporations					
8	of which investment firms					
9	Loans and advances					
10	Debt securities, including UoP[1)]					
11	Equity instruments			X		
12	of which management companies					
13	Loans and advances					
14	Debt securities, including UoP[1)]					
15	Equity instruments			X		
16	of which insurance undertakings					
17	Loans and advances					
18	Debt securities, including UoP[1)]					
19	Equity instruments			X		
20	**Non-financial undertakings**					
21	Loans and advances					
22	Debt securities, including UoP[1)]					
23	Equity instruments			X		
24	**Households**					
25	of which loans collateralised by commercial immovable property[2)]					
26	of which building renovation loans					
27	of which motor vehicle loans					
28	**Local governments financing**					
29	Housing financing					
30	Other local government financing					
31	**Collateral obtained by taking possession: residential and commercial immovable properties**					
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**					
33	**Financial and Non-financial undertakings**	**X**	**X**	**X**	**X**	**X**
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	X	X	X	X	X
35	Loans and advances	X	X	X	X	X
36	of which loans collateralised by commercial immovable property	X	X	X	X	X
37	of which building renovation loans	X	X	X	X	X
38	Debt securities	X	X	X	X	X
39	Equity instruments	X	X	X	X	X
40	Non-EU country counterparties not subject to NFRD disclosure obligations	X	X	X	X	X
41	Loans and advances	X	X	X	X	X
42	Debt securities	X	X	X	X	X
43	Equity instruments	X	X	X	X	X
44	**Derivatives**	**X**	**X**	**X**	**X**	**X**
45	**On demand interbank loans**	**X**	**X**	**X**	**X**	**X**
46	**Cash and cash-related assets**	**X**	**X**	**X**	**X**	**X**

		bg	bh	bi	bj	bk
	Disclosure reference date T-1					
	Based on the CapEx KPI	**TOTAL (CCM + CCA)**				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
	million €			**Of which Use of Proceeds**	**Of which transitional**	**Of which enabling**
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	**X**	**X**	**X**	**X**	**X**
48	**Total GAR assets**					
49	**Assets not covered for GAR calculation**	**X**	**X**	**X**	**X**	**X**
50	**Central governments and Supranational issuers**	**X**	**X**	**X**	**X**	**X**
51	**Central banks exposure**	**X**	**X**	**X**	**X**	**X**
52	**Trading book**	**X**	**X**	**X**	**X**	**X**
53	**Total assets**					
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations						
54	Financial guarantees					
55	Assets under management					
56	Of which debt securities					
57	Of which equity instruments					

1) UoP (Use of Proceeds) refers to exposures where the use of proceeds by the borrower/issuer is known.
2) Line 25 shows only loans secured by real estate with collateral eligible for regulatory purposes.

2. GAR sector information (based on the Turnover KPI)

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
	Based on the Turnover KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environmentally sustainable (CCM)	million €	Of which environmentally sustainable (CCM)	million €	Of which environmentally sustainable (CCA)	million €	Of which environmentally sustainable (CCA)
1	01.29 Growing of other perennial crops	0.0		X	X			X	X
2	01.30 Plant propagation	0.2		X	X			X	X
3	01.50 Mixed farming	5.5		X	X			X	X
4	01.63 Post-harvest crop activities	3.5		X	X			X	X
5	02.40 Support services to forestry	0.2		X	X			X	X
6	06.10 Extraction of crude petroleum	3.6	0.3	X	X			X	X
7	07.29 Mining of other non-ferrous metal ores	0.2		X	X			X	X
8	08.91 Mining of chemical and fertiliser minerals	36.4		X	X			X	X
9	10.13 Production of meat and poultry meat products	0.1		X	X			X	X
10	10.39 Other processing and preserving of fruit and vegetables	1.6		X	X			X	X
11	10.51 Operation of dairies and cheese making			X	X			X	X
12	10.52 Manufacture of ice cream	0.3		X	X			X	X
13	10.71 Manufacture of bread; manufacture of fresh pastry goods and cakes	1.3		X	X			X	X
14	10.73 Manufacture of macaroni, noodles, couscous and similar farinaceous products	0.0		X	X			X	X
15	10.82 Manufacture of cocoa, chocolate and sugar confectionery	0.0		X	X			X	X
16	10.85 Manufacture of prepared meals and dishes	0.0		X	X			X	X
17	10.89 Manufacture of other food products n.e.c.	0.0		X	X			X	X
18	11.01 Distilling, rectifying and blending of spirits	1.0		X	X			X	X
19	11.02 Manufacture of wine from grape			X	X			X	X
20	11.05 Manufacture of beer			X	X			X	X
21	13.92 Manufacture of made-up textile articles, except apparel	0.0		X	X			X	X

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
	Based on the Turnover KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environ-mentally sustainable (CCM)	million €	Of which environ-mentally sustainable (CCM)	million €	Of which environ-mentally sustainable (CCA)	million €	Of which environ-mentally sustainable (CCA)
22	13.95 Manufacture of non-wovens and articles made from non-wovens, except apparel	0.0		X	X			X	X
23	13.96 Manufacture of other technical and industrial textiles	0.0		X	X			X	X
24	13.99 Manufacture of other textiles n.e.c.			X	X			X	X
25	14.19 Manufacture of other wearing apparel and accessories	5.7		X	X			X	X
26	15.20 Manufacture of footwear	0.0		X	X			X	X
27	16.23 Manufacture of other builders' carpentry and joinery	0.0	0.0	X	X			X	X
28	16.29 Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials	0.2		X	X			X	X
29	17.11 Manufacture of pulp	0.1	0.1	X	X			X	X
30	17.12 Manufacture of paper and paperboard	0.2		X	X			X	X
31	17.21 Manufacture of corrugated paper and paperboard and of containers of paper and paperboard	0.3	0.3	X	X			X	X
32	17.22 Manufacture of household and sanitary goods and of toilet requisites			X	X			X	X
33	17.24 Manufacture of wallpaper			X	X			X	X
34	17.29 Manufacture of other articles of paper and paperboard			X	X			X	X
35	18.12 Other printing	0.5		X	X			X	X
36	20.13 Manufacture of other inorganic basic chemicals	0.9	0.0	X	X			X	X
37	20.14 Manufacture of other organic basic chemicals			X	X			X	X

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
	Based on the Turnover KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environ-mentally sustainable (CCM)	million €	Of which environ-mentally sustainable (CCM)	million €	Of which environ-mentally sustainable (CCA)	million €	Of which environ-mentally sustainable (CCA)
38	20.15 Manufacture of fertilisers and nitrogen compounds	0.3	0.0	X	X			X	X
39	20.16 Manufacture of plastics in primary forms	79.6		X	X			X	X
40	20.20 Manufacture of pesticides and other agrochemical products	0.5		X	X			X	X
41	20.30 Manufacture of paints, varnishes and similar coatings, printing ink and mastics	1.0		X	X			X	X
42	20.42 Manufacture of perfumes and toilet preparations	0.0		X	X			X	X
43	20.59 Manufacture of other chemical products n.e.c.	53.6	0.2	X	X			X	X
44	21.10 Manufacture of basic pharmaceutical products	4.5	0.0	X	X			X	X
45	21.20 Manufacture of pharmaceutical preparations			X	X			X	X
46	22.11 Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres			X	X			X	X
47	22.19 Manufacture of other rubber products			X	X			X	X
48	22.21 Manufacture of plastic plates, sheets, tubes and profiles	0.3		X	X			X	X
49	22.22 Manufacture of plastic packing goods	1.0		X	X			X	X
50	22.29 Manufacture of other plastic products	1.0		X	X			X	X
51	23.13 Manufacture of hollow glass			X	X			X	X
52	23.32 Manufacture of bricks, tiles and construction products, in baked clay	9.9	7.7	X	X			X	X
53	23.41 Manufacture of ceramic household and ornamental articles			X	X			X	X

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
	Based on the Turnover KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environmentally sustainable (CCM)	million €	Of which environmentally sustainable (CCM)	million €	Of which environmentally sustainable (CCA)	million €	Of which environmentally sustainable (CCA)
54	23.51 Manufacture of cement	32.6	1.7	X	X			X	X
55	24.10 Manufacture of basic iron and steel and of ferro-alloys	20.5	15.6	X	X			X	X
56	24.42 Aluminium production	0.6		X	X			X	X
57	24.44 Copper production			X	X			X	X
58	24.45 Other non-ferrous metal production	3.6	3.6	X	X			X	X
59	24.53 Casting of light metals			X	X			X	X
60	25.11 Manufacture of metal structures and parts of structures	20.1		X	X			X	X
61	25.12 Manufacture of doors and windows of metal			X	X			X	X
62	25.50 Forging, pressing, stamping and roll-forming of metal; powder metallurgy	1.2		X	X			X	X
63	25.61 Treatment and coating of metals	0.7		X	X			X	X
64	25.71 Manufacture of cutlery			X	X			X	X
65	25.73 Manufacture of tools	0.1		X	X			X	X
66	25.99 Manufacture of other fabricated metal products n.e.c.	0.4		X	X			X	X
67	26.11 Manufacture of electronic components	202.6		X	X			X	X
68	26.20 Manufacture of computers and peripheral equipment	9.4		X	X			X	X
69	26.30 Manufacture of communication equipment			X	X			X	X

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				**Climate Change Adaptation (CCA)**			
	Based on the Turnover KPI	**Non-Financial corporates (Subject to NFRD)**		**SMEs and other NFC not subject to NFRD**		**Non-Financial corporates (Subject to NFRD)**		**SMEs and other NFC not subject to NFRD**	
		[Gross] carrying amount		**[Gross] carrying amount**		**[Gross] carrying amount**		**[Gross] carrying amount**	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	**million €**	**Of which environmentally sustainable (CCM)**	**million €**	**Of which environmentally sustainable (CCM)**	**million €**	**Of which environmentally sustainable (CCA)**	**million €**	**Of which environmentally sustainable (CCA)**
70	26.51 Manufacture of instruments and appliances for measuring, testing and navigation	1.5	0.0	X	X			X	X
71	26.70 Manufacture of optical instruments and photographic equipment	1.2	1.2	X	X			X	X
72	27.12 Manufacture of electricity distribution and control apparatus	47.3	43.5	X	X			X	X
73	27.20 Manufacture of batteries and accumulators	4.7		X	X			X	X
74	27.31 Manufacture of fibre optic cables	0.0	0.0	X	X			X	X
75	27.32 Manufacture of other electronic and electric wires and cables			X	X			X	X
76	27.40 Manufacture of electric lighting equipment	4.7	0.6	X	X			X	X
77	27.51 Manufacture of electric domestic appliances	0.3	0.3	X	X	0.0	0.0	X	X
78	27.52 Manufacture of non-electric domestic appliances	0.2		X	X			X	X
79	27.90 Manufacture of other electrical equipment	0.0		X	X			X	X
80	28.11 Manufacture of engines and turbines, except aircraft, vehicle and cycle engines	1.0	0.2	X	X			X	X
81	28.13 Manufacture of other pumps and compressors			X	X			X	X
82	28.15 Manufacture of bearings, gears, gearing and driving elements	1.0		X	X			X	X

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
	Based on the Turnover KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environ-mentally sustainable (CCM)	million €	Of which environ-mentally sustainable (CCM)	million €	Of which environ-mentally sustainable (CCA)	million €	Of which environ-mentally sustainable (CCA)
83	28.21 Manufacture of ovens, furnaces and furnace burners	0.0	0.0	X	X			X	X
84	28.22 Manufacture of lifting and handling equipment	70.7		X	X			X	X
85	28.29 Manufacture of other general-purpose machinery n.e.c.	19.2		X	X			X	X
86	28.41 Manufacture of metal forming machinery			X	X	0.7	0.7	X	X
87	28.49 Manufacture of other machine tools	0.3		X	X			X	X
88	28.91 Manufacture of machinery for metallurgy	1.6	0.5	X	X			X	X
89	28.92 Manufacture of machinery for mining, quarrying and construction			X	X			X	X
90	28.93 Manufacture of machinery for food, beverage and tobacco processing	0.7	0.0	X	X			X	X
91	28.95 Manufacture of machinery for paper and paperboard production	42.1	11.3	X	X			X	X
92	28.99 Manufacture of other special-purpose machinery n.e.c.	2.6	0.5	X	X			X	X
93	29.10 Manufacture of motor vehicles	317.5	33.3	X	X			X	X
94	29.20 Manufacture of bodies (coachwork) for motor vehicles; manufacture of trailers and semi-trailers	32.0		X	X			X	X
95	30.11 Building of ships and floating structures	15.4		X	X			X	X
96	30.12 Building of pleasure and sporting boats			X	X			X	X
97	30.20 Manufacture of railway locomotives and rolling stock	72.6	43.2	X	X			X	X

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
	Based on the Turnover KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environmentally sustainable (CCM)	million €	Of which environmentally sustainable (CCM)	million €	Of which environmentally sustainable (CCA)	million €	Of which environmentally sustainable (CCA)
98	30.40 Manufacture of military fighting vehicles	44.2		X	X			X	X
99	30.99 Manufacture of other transport equipment n.e.c.	16.1	0.0	X	X			X	X
100	31.09 Manufacture of other furniture	0.5		X	X			X	X
101	32.40 Manufacture of games and toys	0.2		X	X			X	X
102	32.50 Manufacture of medical and dental instruments and supplies	0.1		X	X			X	X
103	32.99 Other manufacturing n.e.c.	6.8	0.0	X	X			X	X
104	35.11 Production of electricity	3223.5	2986.5	X	X			X	X
105	35.12 Transmission of electricity			X	X			X	X
106	35.14 Trade of electricity			X	X	3.2	3.2	X	X
107	35.30 Steam and air conditioning supply	0.8		X	X			X	X
108	36.00 Water collection, treatment and supply	18.8	13.1	X	X			X	X
109	38.21 Treatment and disposal of non-hazardous waste	0.0		X	X			X	X
110	38.32 Recovery of sorted materials	0.5		X	X			X	X
111	39.00 Remediation activities and other waste management services			X	X			X	X
112	41.10 Development of building projects	57.8		X	X			X	X
113	41.20 Construction of residential and non-residential buildings	33.4	4.4	X	X	2.1	0.4	X	X
114	42.12 Construction of railways and underground railways	0.6		X	X			X	X
115	42.91 Construction of water projects			X	X			X	X
116	42.99 Construction of other civil engineering projects n.e.c.	29.4	2.2	X	X	1.1	0.1	X	X
117	43.21 Electrical installation	0.5		X	X			X	X
118	43.22 Plumbing, heat and air-conditioning installation	0.8	0.0	X	X			X	X

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
	Based on the Turnover KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environ-mentally sustainable (CCM)	million €	Of which environ-mentally sustainable (CCM)	million €	Of which environ-mentally sustainable (CCA)	million €	Of which environ-mentally sustainable (CCA)
119	43.29 Other construction installation	34.3	27.6	X	X			X	X
120	43.33 Floor and wall covering	0.0		X	X			X	X
121	43.91 Roofing activities	0.1		X	X			X	X
122	43.99 Other specialised construction activities n.e.c.	10.2		X	X			X	X
123	45.11 Sale of cars and light motor vehicles	0.5		X	X			X	X
124	45.19 Sale of other motor vehicles	0.3		X	X			X	X
125	45.20 Maintenance and repair of motor vehicles	3.5		X	X			X	X
126	45.31 Wholesale trade of motor vehicle parts and accessories			X	X			X	X
127	45.32 Retail trade of motor vehicle parts and accessories			X	X			X	X
128	46.18 Agents specialised in the sale of other particular products	0.1		X	X			X	X
129	46.19 Agents involved in the sale of a variety of goods	0.1		X	X			X	X
130	46.21 Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	3.0	2.8	X	X			X	X
131	46.32 Wholesale of meat and meat products	0.2		X	X			X	X
132	46.39 Non-specialised wholesale of food, beverages and tobacco	8.7		X	X			X	X
133	46.41 Wholesale of textiles	0.1		X	X			X	X
134	46.43 Wholesale of electrical household appliances	1.2		X	X			X	X

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
	Based on the Turnover KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environmentally sustainable (CCM)	million €	Of which environmentally sustainable (CCM)	million €	Of which environmentally sustainable (CCA)	million €	Of which environmentally sustainable (CCA)
135	46.45 Wholesale of perfume and cosmetics	0.7		X	X			X	X
136	46.46 Wholesale of pharmaceutical goods			X	X			X	X
137	46.49 Wholesale of other household goods	0.7		X	X			X	X
138	46.69 Wholesale of other machinery and equipment	4.7		X	X			X	X
139	46.71 Wholesale of solid, liquid and gaseous fuels and related products	0.5		X	X			X	X
140	46.72 Wholesale of metals and metal ores	0.2		X	X			X	X
141	46.73 Wholesale of wood, construction materials and sanitary equipment	1.9		X	X			X	X
142	46.74 Wholesale of hardware, plumbing and heating equipment and supplies	0.8		X	X			X	X
143	46.75 Wholesale of chemical products	0.6		X	X			X	X
144	46.76 Wholesale of other intermediate products			X	X			X	X
145	46.77 Wholesale of waste and scrap	0.0		X	X			X	X
146	46.90 Non-specialised wholesale trade	1.5		X	X			X	X
147	47.11 Retail sale in non-specialised stores with food, beverages or tobacco predominating	0.1	0.0	X	X			X	X

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
	Based on the Turnover KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environmentally sustainable (CCM)	million €	Of which environmentally sustainable (CCM)	million €	Of which environmentally sustainable (CCA)	million €	Of which environmentally sustainable (CCA)
148	47.19 Other retail sale in non-specialised stores	0.2		X	X			X	X
149	47.22 Retail sale of meat and meat products in specialised stores	1.7		X	X			X	X
150	47.29 Other retail sale of food in specialised stores	11.5		X	X			X	X
151	47.30 Retail sale of automotive fuel in specialised stores	1.2		X	X			X	X
152	47.43 Retail sale of audio and video equipment in specialised stores	0.5		X	X			X	X
153	47.51 Retail sale of textiles in specialised stores	1.1		X	X			X	X
154	47.52 Retail sale of hardware, paints and glass in specialised stores	0.1		X	X			X	X
155	47.59 Retail sale of furniture, lighting equipment and other household articles in specialised stores	0.1		X	X			X	X
156	47.71 Retail sale of clothing in specialised stores	0.0		X	X			X	X
157	47.72 Retail sale of footwear and leather goods in specialised stores	0.1	0.0	X	X			X	X
158	47.73 Dispensing chemist in specialised stores	1.1		X	X			X	X
159	47.78 Other retail sale of new goods in specialised stores	1.6		X	X			X	X
160	47.91 Retail sale via mail order houses or via Internet	4.6		X	X			X	X
161	47.99 Other retail sale not in stores, stalls or markets	0.1		X	X			X	X
162	49.10 Passenger rail transport, interurban	158.4		X	X			X	X
163	49.39 Other passenger land transport n.e.c.	12.9	0.7	X	X			X	X
164	49.41 Freight transport by road			X	X			X	X

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
	Based on the Turnover KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environmentally sustainable (CCM)	million €	Of which environmentally sustainable (CCM)	million €	Of which environmentally sustainable (CCA)	million €	Of which environmentally sustainable (CCA)
165	50.20 Sea and coastal freight water transport			X	X			X	X
166	51.10 Passenger air transport	55.6		X	X			X	X
167	52.21 Service activities incidental to land transportation	1.9		X	X			X	X
168	52.23 Service activities incidental to air transportation	98.7	4.0	X	X			X	X
169	52.29 Other transportation support activities	1.5		X	X			X	X
170	55.10 Hotels and similar accommodation	75.3		X	X			X	X
171	55.20 Holiday and other short-stay accommodation	1.1		X	X			X	X
172	56.10 Restaurants and mobile food service activities	0.2		X	X			X	X
173	56.21 Event catering activities	0.5		X	X			X	X
174	56.29 Other food service activities	0.8		X	X			X	X
175	58.13 Publishing of newspapers	0.0		X	X			X	X
176	58.19 Other publishing activities	0.4		X	X			X	X
177	59.11 Motion picture, video and television programme production activities			X	X			X	X
178	59.20 Sound recording and music publishing activities	0.0		X	X			X	X
179	60.20 Television programming and broadcasting activities	0.1	0.1	X	X	0.0	0.0	X	X
180	61.10 Wired telecommunications activities			X	X			X	X

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
	Based on the Turnover KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environ-mentally sustainable (CCM)	million €	Of which environ-mentally sustainable (CCM)	million €	Of which environ-mentally sustainable (CCA)	million €	Of which environ-mentally sustainable (CCA)
181	61.20 Wireless telecommunications activities	0.0	0.0	X	X	1.1	0.9	X	X
182	61.90 Other telecommunications activities	18.3	0.5	X	X			X	X
183	62.01 Computer programming activities	0.0		X	X			X	X
184	62.02 Computer consultancy activities	6.0	4.3	X	X	2.9	2.9	X	X
185	62.03 Computer facilities management activities			X	X			X	X
186	62.09 Other information technology and computer service activities	4.7	2.1	X	X			X	X
187	63.11 Data processing, hosting and related activities			X	X			X	X
188	63.12 Web portals			X	X			X	X
189	64.19 Other monetary intermediation	1.7		X	X			X	X
190	64.20 Activities of holding companies			X	X			X	X
191	64.99 Other financial service activities, except insurance and pension funding n.e.c.	1.7		X	X			X	X
192	68.10 Buying and selling of own real estate	927.8		X	X			X	X
193	68.20 Renting and operating of own or leased real estate	5042.8	0.0	X	X			X	X
194	68.31 Real estate agencies	97.0		X	X			X	X
195	68.32 Management of real estate on a fee or contract basis	1326.5		X	X			X	X
196	69.10 Legal activities	0.9		X	X			X	X
197	69.20 Accounting, bookkeeping and auditing activities; tax consultancy			X	X			X	X

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
	Based on the Turnover KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environmentally sustainable (CCM)	million €	Of which environmentally sustainable (CCM)	million €	Of which environmentally sustainable (CCA)	million €	Of which environmentally sustainable (CCA)
198	70.10 Activities of head offices	92.3	4.0	X	X			X	X
199	70.22 Business and other management consultancy activities	11.7		X	X			X	X
200	71.11 Architectural activities	1.0		X	X			X	X
201	71.12 Engineering activities and related technical consultancy	0.8		X	X			X	X
202	71.20 Technical testing and analysis	16.7		X	X			X	X
203	72.11 Research and experimental development on biotechnology			X	X			X	X
204	72.19 Other research and experimental development on natural sciences and engineering	3.5		X	X			X	X
205	73.11 Advertising agencies	0.0		X	X			X	X
206	73.12 Media representation	0.4		X	X			X	X
207	73.20 Market research and public opinion polling	0.0		X	X			X	X
208	74.10 Specialised design activities			X	X			X	X
209	74.90 Other professional, scientific and technical activities n.e.c.	65.8		X	X			X	X
210	75.00 Veterinary activities	5.8		X	X			X	X
211	77.11 Renting and leasing of cars and light motor vehicles	0.2		X	X			X	X
212	77.29 Renting and leasing of other personal and household goods	0.0		X	X			X	X
213	77.31 Renting and leasing of agricultural machinery and equipment	0.0		X	X			X	X
214	78.20 Temporary employment agency activities			X	X			X	X

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
	Based on the Turnover KPI	**Non-Financial corporates (Subject to NFRD)**		**SMEs and other NFC not subject to NFRD**		**Non-Financial corporates (Subject to NFRD)**		**SMEs and other NFC not subject to NFRD**	
		[Gross] carrying amount		**[Gross] carrying amount**		**[Gross] carrying amount**		**[Gross] carrying amount**	
	Breakdown by sector - NACE 4 digits level (code and label)[1)]	**million €**	**Of which environ-mentally sustainable (CCM)**	**million €**	**Of which environ-mentally sustainable (CCM)**	**million €**	**Of which environ-mentally sustainable (CCA)**	**million €**	**Of which environ-mentally sustainable (CCA)**
215	79.12 Tour operator activities	1.9		X	X			X	X
216	80.10 Private security activities	8.2	0.0	X	X			X	X
217	81.22 Other building and industrial cleaning activities	0.2		X	X			X	X
218	81.30 Landscape service activities	0.4		X	X			X	X
219	82.91 Activities of collection agencies and credit bureaus	0.7		X	X			X	X
220	82.99 Other business support service activities n.e.c.	11.5		X	X			X	X
221	85.10 Pre-primary education	0.9		X	X			X	X
222	86.10 Hospital activities	0.5		X	X			X	X
223	86.21 General medical practice activities	0.0		X	X			X	X
224	86.22 Specialist medical practice activities	5.8		X	X			X	X
225	86.90 Other human health activities	0.6		X	X			X	X
226	87.10 Residential nursing care activities	0.1		X	X			X	X
227	87.90 Other residential care activities	1.5		X	X			X	X
228	90.02 Support activities to performing arts	0.1		X	X			X	X
229	92.00 Gambling and betting activities			X	X			X	X
230	93.11 Operation of sports facilities	1.9		X	X			X	X
231	93.21 Activities of amusement parks and theme parks	15.5		X	X			X	X
232	93.29 Other amusement and recreation activities	7.3		X	X			X	X
233	94.99 Activities of other membership organisations n.e.c.	4.7		X	X			X	X

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				**Climate Change Adaptation (CCA)**			
	Based on the Turnover KPI	**Non-Financial corporates (Subject to NFRD)**		**SMEs and other NFC not subject to NFRD**		**Non-Financial corporates (Subject to NFRD)**		**SMEs and other NFC not subject to NFRD**	
		[Gross] carrying amount		**[Gross] carrying amount**		**[Gross] carrying amount**		**[Gross] carrying amount**	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	**million €**	**Of which environ-mentally sustainable (CCM)**	**million €**	**Of which environ-mentally sustainable (CCM)**	**million €**	**Of which environ-mentally sustainable (CCA)**	**million €**	**Of which environ-mentally sustainable (CCA)**
234	96.01 Washing and (dry-)cleaning of textile and fur products	0.4		X	X			X	X
235	96.04 Physical well-being activities			X	X			X	X
236	96.09 Other personal service activities n.e.c.	100.6		X	X			X	X
…				X	X			X	X

		y	z	aa	ab
		TOTAL (CCM + CCA)			
	Based on the Turnover KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1)]	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1	01.29 Growing of other perennial crops	0.0		X	X
2	01.30 Plant propagation	0.2		X	X
3	01.50 Mixed farming	5.5		X	X
4	01.63 Post-harvest crop activities	3.5		X	X
5	02.40 Support services to forestry	0.2		X	X
6	06.10 Extraction of crude petroleum	3.6	0.3	X	X
7	07.29 Mining of other non-ferrous metal ores	0.2		X	X
8	08.91 Mining of chemical and fertiliser minerals	36.4		X	X
9	10.13 Production of meat and poultry meat products	0.1		X	X
10	10.39 Other processing and preserving of fruit and vegetables	1.6		X	X
11	10.51 Operation of dairies and cheese making			X	X
12	10.52 Manufacture of ice cream	0.3		X	X
13	10.71 Manufacture of bread; manufacture of fresh pastry goods and cakes	1.3		X	X
14	10.73 Manufacture of macaroni, noodles, couscous and similar farinaceous products	0.0		X	X
15	10.82 Manufacture of cocoa, chocolate and sugar confectionery	0.0		X	X
16	10.85 Manufacture of prepared meals and dishes	0.0		X	X
17	10.89 Manufacture of other food products n.e.c.	0.0		X	X
18	11.01 Distilling, rectifying and blending of spirits	1.0		X	X
19	11.02 Manufacture of wine from grape			X	X
20	11.05 Manufacture of beer			X	X
21	13.92 Manufacture of made-up textile articles, except apparel	0.0		X	X

		y	z	aa	ab
		TOTAL (CCM + CCA)			
	Based on the Turnover KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
22	13.95 Manufacture of non-wovens and articles made from non-wovens, except apparel	0.0		X	X
23	13.96 Manufacture of other technical and industrial textiles	0.0		X	X
24	13.99 Manufacture of other textiles n.e.c.			X	X
25	14.19 Manufacture of other wearing apparel and accessories	5.7		X	X
26	15.20 Manufacture of footwear	0.0		X	X
27	16.23 Manufacture of other builders' carpentry and joinery	0.0	0.0	X	X
28	16.29 Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials	0.2		X	X
29	17.11 Manufacture of pulp	0.1	0.1	X	X
30	17.12 Manufacture of paper and paperboard	0.2		X	X
31	17.21 Manufacture of corrugated paper and paperboard and of containers of paper and paperboard	0.3	0.3	X	X
32	17.22 Manufacture of household and sanitary goods and of toilet requisites			X	X
33	17.24 Manufacture of wallpaper			X	X
34	17.29 Manufacture of other articles of paper and paperboard			X	X
35	18.12 Other printing	0.5		X	X
36	20.13 Manufacture of other inorganic basic chemicals	0.9	0.0	X	X
37	20.14 Manufacture of other organic basic chemicals			X	X
38	20.15 Manufacture of fertilisers and nitrogen compounds	0.3	0.0	X	X

		y	z	aa	ab
		TOTAL (CCM + CCA)			
	Based on the Turnover KPI	**Non-Financial corporates (Subject to NFRD)**		**SMEs and other NFC not subject to NFRD**	
		[Gross] carrying amount		**[Gross] carrying amount**	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	**million €**	**Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)**	**million €**	**Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)**
39	20.16 Manufacture of plastics in primary forms	79.6		X	X
40	20.20 Manufacture of pesticides and other agrochemical products	0.5		X	X
41	20.30 Manufacture of paints, varnishes and similar coatings, printing ink and mastics	1.0		X	X
42	20.42 Manufacture of perfumes and toilet preparations	0.0		X	X
43	20.59 Manufacture of other chemical products n.e.c.	53.6	0.2	X	X
44	21.10 Manufacture of basic pharmaceutical products	4.5	0.0	X	X
45	21.20 Manufacture of pharmaceutical preparations			X	X
46	22.11 Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres			X	X
47	22.19 Manufacture of other rubber products			X	X
48	22.21 Manufacture of plastic plates, sheets, tubes and profiles	0.3		X	X
49	22.22 Manufacture of plastic packing goods	1.0		X	X
50	22.29 Manufacture of other plastic products	1.0		X	X
51	23.13 Manufacture of hollow glass			X	X
52	23.32 Manufacture of bricks, tiles and construction products, in baked clay	9.9	7.7	X	X
53	23.41 Manufacture of ceramic household and ornamental articles			X	X
54	23.51 Manufacture of cement	32.6	1.7	X	X
55	24.10 Manufacture of basic iron and steel and of ferro-alloys	20.5	15.6	X	X

		y	z	aa	ab
		TOTAL (CCM + CCA)			
	Based on the Turnover KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
56	24.42 Aluminium production	0.6		X	X
57	24.44 Copper production			X	X
58	24.45 Other non-ferrous metal production	3.6	3.6	X	X
59	24.53 Casting of light metals			X	X
60	25.11 Manufacture of metal structures and parts of structures	20.1		X	X
61	25.12 Manufacture of doors and windows of metal			X	X
62	25.50 Forging, pressing, stamping and roll-forming of metal; powder metallurgy	1.2		X	X
63	25.61 Treatment and coating of metals	0.7		X	X
64	25.71 Manufacture of cutlery			X	X
65	25.73 Manufacture of tools	0.1		X	X
66	25.99 Manufacture of other fabricated metal products n.e.c.	0.4		X	X
67	26.11 Manufacture of electronic components	202.6		X	X
68	26.20 Manufacture of computers and peripheral equipment	9.4		X	X
69	26.30 Manufacture of communication equipment			X	X
70	26.51 Manufacture of instruments and appliances for measuring, testing and navigation	1.5	0.0	X	X
71	26.70 Manufacture of optical instruments and photographic equipment	1.2	1.2	X	X

		y	z	aa	ab
		TOTAL (CCM + CCA)			
	Based on the Turnover KPI	**Non-Financial corporates (Subject to NFRD)**		**SMEs and other NFC not subject to NFRD**	
		[Gross] carrying amount		**[Gross] carrying amount**	
	Breakdown by sector - NACE 4 digits level (code and label)[1)]	**million €**	**Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)**	**million €**	**Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)**
72	27.12 Manufacture of electricity distribution and control apparatus	47.3	43.5	X	X
73	27.20 Manufacture of batteries and accumulators	4.7		X	X
74	27.31 Manufacture of fibre optic cables	0.0	0.0	X	X
75	27.32 Manufacture of other electronic and electric wires and cables			X	X
76	27.40 Manufacture of electric lighting equipment	4.7	0.6	X	X
77	27.51 Manufacture of electric domestic appliances	0.3	0.3	X	X
78	27.52 Manufacture of non-electric domestic appliances	0.2		X	X
79	27.90 Manufacture of other electrical equipment	0.0		X	X
80	28.11 Manufacture of engines and turbines, except aircraft, vehicle and cycle engines	1.0	0.2	X	X
81	28.13 Manufacture of other pumps and compressors			X	X
82	28.15 Manufacture of bearings, gears, gearing and driving elements	1.0		X	X
83	28.21 Manufacture of ovens, furnaces and furnace burners	0.0	0.0	X	X
84	28.22 Manufacture of lifting and handling equipment	70.7		X	X
85	28.29 Manufacture of other general-purpose machinery n.e.c.	19.2		X	X
86	28.41 Manufacture of metal forming machinery	0.7	0.7	X	X
87	28.49 Manufacture of other machine tools	0.3		X	X

		y	z	aa	ab
		TOTAL (CCM + CCA)			
	Based on the Turnover KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
88	28.91 Manufacture of machinery for metallurgy	1.6	0.5	X	X
89	28.92 Manufacture of machinery for mining, quarrying and construction			X	X
90	28.93 Manufacture of machinery for food, beverage and tobacco processing	0.7	0.0	X	X
91	28.95 Manufacture of machinery for paper and paperboard production	42.1	11.3	X	X
92	28.99 Manufacture of other special-purpose machinery n.e.c.	2.6	0.5	X	X
93	29.10 Manufacture of motor vehicles	317.5	33.3	X	X
94	29.20 Manufacture of bodies (coachwork) for motor vehicles; manufacture of trailers and semi-trailers	32.0		X	X
95	30.11 Building of ships and floating structures	15.4		X	X
96	30.12 Building of pleasure and sporting boats			X	X
97	30.20 Manufacture of railway locomotives and rolling stock	72.6	43.2	X	X
98	30.40 Manufacture of military fighting vehicles	44.2		X	X
99	30.99 Manufacture of other transport equipment n.e.c.	16.1	0.0	X	X
100	31.09 Manufacture of other furniture	0.5		X	X
101	32.40 Manufacture of games and toys	0.2		X	X
102	32.50 Manufacture of medical and dental instruments and supplies	0.1		X	X
103	32.99 Other manufacturing n.e.c.	6.8	0.0	X	X
104	35.11 Production of electricity	3223.5	2986.5	X	X
105	35.12 Transmission of electricity			X	X

		y	z	aa	ab
		TOTAL (CCM + CCA)			
	Based on the Turnover KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1)]	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
106	35.14 Trade of electricity	3.2	3.2	X	X
107	35.30 Steam and air conditioning supply	0.8		X	X
108	36.00 Water collection, treatment and supply	18.8	13.1	X	X
109	38.21 Treatment and disposal of non-hazardous waste	0.0		X	X
110	38.32 Recovery of sorted materials	0.5		X	X
111	39.00 Remediation activities and other waste management services			X	X
112	41.10 Development of building projects	57.8		X	X
113	41.20 Construction of residential and non-residential buildings	35.5	4.8	X	X
114	42.12 Construction of railways and underground railways	0.6		X	X
115	42.91 Construction of water projects			X	X
116	42.99 Construction of other civil engineering projects n.e.c.	30.5	2.3	X	X
117	43.21 Electrical installation	0.5		X	X
118	43.22 Plumbing, heat and air-conditioning installation	0.8	0.0	X	X
119	43.29 Other construction installation	34.3	27.6	X	X
120	43.33 Floor and wall covering	0.0		X	X
121	43.91 Roofing activities	0.1		X	X
122	43.99 Other specialised construction activities n.e.c.	10.2		X	X
123	45.11 Sale of cars and light motor vehicles	0.5		X	X
124	45.19 Sale of other motor vehicles	0.3		X	X
125	45.20 Maintenance and repair of motor vehicles	3.5		X	X
126	45.31 Wholesale trade of motor vehicle parts and accessories			X	X
127	45.32 Retail trade of motor vehicle parts and accessories			X	X

		y	z	aa	ab
		TOTAL (CCM + CCA)			
	Based on the Turnover KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1)]	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
128	46.18 Agents specialised in the sale of other particular products	0.1		X	X
129	46.19 Agents involved in the sale of a variety of goods	0.1		X	X
130	46.21 Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	3.0	2.8	X	X
131	46.32 Wholesale of meat and meat products	0.2		X	X
132	46.39 Non-specialised wholesale of food, beverages and tobacco	8.7		X	X
133	46.41 Wholesale of textiles	0.1		X	X
134	46.43 Wholesale of electrical household appliances	1.2		X	X
135	46.45 Wholesale of perfume and cosmetics	0.7		X	X
136	46.46 Wholesale of pharmaceutical goods			X	X
137	46.49 Wholesale of other household goods	0.7		X	X
138	46.69 Wholesale of other machinery and equipment	4.7		X	X
139	46.71 Wholesale of solid, liquid and gaseous fuels and related products	0.5		X	X
140	46.72 Wholesale of metals and metal ores	0.2		X	X
141	46.73 Wholesale of wood, construction materials and sanitary equipment	1.9		X	X
142	46.74 Wholesale of hardware, plumbing and heating equipment and supplies	0.8		X	X

		y	z	aa	ab
		TOTAL (CCM + CCA)			
	Based on the Turnover KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1)]	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
143	46.75 Wholesale of chemical products	0.6		X	X
144	46.76 Wholesale of other intermediate products			X	X
145	46.77 Wholesale of waste and scrap	0.0		X	X
146	46.90 Non-specialised wholesale trade	1.5	0.0	X	X
147	47.11 Retail sale in non-specialised stores with food, beverages or tobacco predominating	0.1	0.0	X	X
148	47.19 Other retail sale in non-specialised stores	0.2		X	X
149	47.22 Retail sale of meat and meat products in specialised stores	1.7		X	X
150	47.29 Other retail sale of food in specialised stores	11.5		X	X
151	47.30 Retail sale of automotive fuel in specialised stores	1.2		X	X
152	47.43 Retail sale of audio and video equipment in specialised stores	0.5		X	X
153	47.51 Retail sale of textiles in specialised stores	1.1		X	X
154	47.52 Retail sale of hardware, paints and glass in specialised stores	0.1		X	X
155	47.59 Retail sale of furniture, lighting equipment and other household articles in specialised stores	0.1		X	X
156	47.71 Retail sale of clothing in specialised stores	0.0		X	X
157	47.72 Retail sale of footwear and leather goods in specialised stores	0.1	0.0	X	X
158	47.73 Dispensing chemist in specialised stores	1.1		X	X
159	47.78 Other retail sale of new goods in specialised stores	1.6		X	X
160	47.91 Retail sale via mail order houses or via Internet	4.6		X	X
161	47.99 Other retail sale not in stores, stalls or markets	0.1		X	X

		y	z	aa	ab
		TOTAL (CCM + CCA)			
	Based on the Turnover KPI	**Non-Financial corporates (Subject to NFRD)**		**SMEs and other NFC not subject to NFRD**	
		[Gross] carrying amount		**[Gross] carrying amount**	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	**million €**	**Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)**	**million €**	**Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)**
162	49.10 Passenger rail transport, interurban	158.4		X	X
163	49.39 Other passenger land transport n.e.c.	12.9	0.7	X	X
164	49.41 Freight transport by road			X	X
165	50.20 Sea and coastal freight water transport			X	X
166	51.10 Passenger air transport	55.6		X	X
167	52.21 Service activities incidental to land transportation	1.9		X	X
168	52.23 Service activities incidental to air transportation	98.7	4.0	X	X
169	52.29 Other transportation support activities	1.5		X	X
170	55.10 Hotels and similar accommodation	75.3		X	X
171	55.20 Holiday and other short-stay accommodation	1.1		X	X
172	56.10 Restaurants and mobile food service activities	0.2		X	X
173	56.21 Event catering activities	0.5		X	X
174	56.29 Other food service activities	0.8		X	X
175	58.13 Publishing of newspapers	0.0		X	X
176	58.19 Other publishing activities	0.4		X	X
177	59.11 Motion picture, video and television programme production activities			X	X
178	59.20 Sound recording and music publishing activities	0.0		X	X
179	60.20 Television programming and broadcasting activities	0.1	0.1	X	X

		y	z	aa	ab
		TOTAL (CCM + CCA)			
	Based on the Turnover KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
180	61.10 Wired telecommunications activities			X	X
181	61.20 Wireless telecommunications activities	1.1	0.9	X	X
182	61.90 Other telecommunications activities	18.3	0.5	X	X
183	62.01 Computer programming activities	0.0		X	X
184	62.02 Computer consultancy activities	8.9	7.1	X	X
185	62.03 Computer facilities management activities			X	X
186	62.09 Other information technology and computer service activities	4.7	2.1	X	X
187	63.11 Data processing, hosting and related activities			X	X
188	63.12 Web portals			X	X
189	64.19 Other monetary intermediation	1.7		X	X
190	64.20 Activities of holding companies			X	X
191	64.99 Other financial service activities, except insurance and pension funding n.e.c.	1.7		X	X
192	68.10 Buying and selling of own real estate	927.8		X	X
193	68.20 Renting and operating of own or leased real estate	5042.8	0.0	X	X
194	68.31 Real estate agencies	97.0		X	X
195	68.32 Management of real estate on a fee or contract basis	1326.5		X	X
196	69.10 Legal activities	0.9		X	X
197	69.20 Accounting, bookkeeping and auditing activities; tax consultancy			X	X
198	70.10 Activities of head offices	92.3	4.0	X	X

		y	z	aa	ab
		TOTAL (CCM + CCA)			
	Based on the Turnover KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1)]	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
199	70.22 Business and other management consultancy activities	11.7		X	X
200	71.11 Architectural activities	1.0		X	X
201	71.12 Engineering activities and related technical consultancy	0.8		X	X
202	71.20 Technical testing and analysis	16.7		X	X
203	72.11 Research and experimental development on biotechnology			X	X
204	72.19 Other research and experimental development on natural sciences and engineering	3.5		X	X
205	73.11 Advertising agencies	0.0		X	X
206	73.12 Media representation	0.4		X	X
207	73.20 Market research and public opinion polling	0.0		X	X
208	74.10 Specialised design activities			X	X
209	74.90 Other professional, scientific and technical activities n.e.c.	65.8		X	X
210	75.00 Veterinary activities	5.8		X	X
211	77.11 Renting and leasing of cars and light motor vehicles	0.2		X	X
212	77.29 Renting and leasing of other personal and household goods	0.0		X	X
213	77.31 Renting and leasing of agricultural machinery and equipment	0.0		X	X
214	78.20 Temporary employment agency activities			X	X
215	79.12 Tour operator activities	1.9		X	X
216	80.10 Private security activities	8.2	0.0	X	X
217	81.22 Other building and industrial cleaning activities	0.2		X	X
218	81.30 Landscape service activities	0.4		X	X

		y	z	aa	ab
		TOTAL (CCM + CCA)			
	Based on the Turnover KPI	**Non-Financial corporates (Subject to NFRD)**		**SMEs and other NFC not subject to NFRD**	
		[Gross] carrying amount		**[Gross] carrying amount**	
	Breakdown by sector - NACE 4 digits level (code and label)[1)]	**million €**	**Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)**	**million €**	**Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)**
219	82.91 Activities of collection agencies and credit bureaus	0.7		X	X
220	82.99 Other business support service activities n.e.c.	11.5		X	X
221	85.10 Pre-primary education	0.9		X	X
222	86.10 Hospital activities	0.5		X	X
223	86.21 General medical practice activities	0.0		X	X
224	86.22 Specialist medical practice activities	5.8		X	X
225	86.90 Other human health activities	0.6		X	X
226	87.10 Residential nursing care activities	0.1		X	X
227	87.90 Other residential care activities	1.5		X	X
228	90.02 Support activities to performing arts	0.1		X	X
229	92.00 Gambling and betting activities			X	X
230	93.11 Operation of sports facilities	1.9		X	X
231	93.21 Activities of amusement parks and theme parks	15.5		X	X
232	93.29 Other amusement and recreation activities	7.3		X	X
233	94.99 Activities of other membership organisations n.e.c.	4.7		X	X
234	96.01 Washing and (dry-)cleaning of textile and fur products	0.4		X	X
235	96.04 Physical well-being activities			X	X
236	96.09 Other personal service activities n.e.c.	100.6		X	X
…				X	X

1) Only sectors/NACE codes with an exposure (gross carrying amount) greater than 0 are shown in the template.

2. GAR sector information (based on the Cap Ex-KPI)

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
	Based on the CapEx KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environ-mentally sustainable (CCM)	million €	Of which environ-mentally sustainable (CCM)	million €	Of which environ-mentally sustainable (CCA)	million €	Of which environ-mentally sustainable (CCA)
1	01.29 Growing of other perennial crops	0.0		X	X			X	X
2	01.30 Plant propagation	0.2		X	X			X	X
3	01.50 Mixed farming	5.5		X	X			X	X
4	01.63 Post-harvest crop activities	3.5		X	X			X	X
5	02.40 Support services to forestry	0.2		X	X			X	X
6	06.10 Extraction of crude petroleum	8.7	6.9	X	X			X	X
7	07.29 Mining of other non-ferrous metal ores	7.3	0.0	X	X			X	X
8	08.91 Mining of chemical and fertiliser minerals	36.4		X	X			X	X
9	10.13 Production of meat and poultry meat products	0.1		X	X			X	X
10	10.39 Other processing and preserving of fruit and vegetables	2.8		X	X			X	X
11	10.51 Operation of dairies and cheese making			X	X			X	X
12	10.52 Manufacture of ice cream	0.3		X	X			X	X
13	10.71 Manufacture of bread; manufacture of fresh pastry goods and cakes	1.3		X	X			X	X
14	10.73 Manufacture of macaroni, noodles, couscous and similar farinaceous products	0.0		X	X			X	X
15	10.82 Manufacture of cocoa, chocolate and sugar confectionery	0.0		X	X			X	X
16	10.85 Manufacture of prepared meals and dishes	0.0		X	X			X	X
17	10.89 Manufacture of other food products n.e.c.	0.0		X	X			X	X
18	11.01 Distilling, rectifying and blending of spirits	1.0		X	X			X	X
19	11.02 Manufacture of wine from grape	0.2		X	X			X	X
20	11.05 Manufacture of beer			X	X			X	X
21	13.92 Manufacture of made-up textile articles, except apparel	0.0		X	X			X	X

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
	Based on the CapEx KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environmentally sustainable (CCM)	million €	Of which environmentally sustainable (CCM)	million €	Of which environmentally sustainable (CCA)	million €	Of which environmentally sustainable (CCA)
22	13.95 Manufacture of non-wovens and articles made from non-wovens, except apparel	0.0		X	X			X	X
23	13.96 Manufacture of other technical and industrial textiles	0.0		X	X			X	X
24	13.99 Manufacture of other textiles n.e.c.			X	X			X	X
25	14.19 Manufacture of other wearing apparel and accessories	5.7		X	X			X	X
26	15.20 Manufacture of footwear	0.0		X	X			X	X
27	16.23 Manufacture of other builders' carpentry and joinery	0.0	0.0	X	X	0.0	0.0	X	X
28	16.29 Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials	0.2		X	X			X	X
29	17.11 Manufacture of pulp	0.2	0.2	X	X			X	X
30	17.12 Manufacture of paper and paperboard	13.9	2.3	X	X			X	X
31	17.21 Manufacture of corrugated paper and paperboard and of containers of paper and paperboard	0.3	0.3	X	X			X	X
32	17.22 Manufacture of household and sanitary goods and of toilet requisites			X	X			X	X
33	17.24 Manufacture of wallpaper			X	X			X	X
34	17.29 Manufacture of other articles of paper and paperboard			X	X			X	X
35	18.12 Other printing	0.5		X	X			X	X
36	20.13 Manufacture of other inorganic basic chemicals	0.4	0.1	X	X			X	X
37	20.14 Manufacture of other organic basic chemicals	0.1		X	X			X	X
38	20.15 Manufacture of fertilisers and nitrogen compounds	0.4	0.0	X	X			X	X

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
	Based on the CapEx KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environ-mentally sustainable (CCM)	million €	Of which environ-mentally sustainable (CCM)	million €	Of which environ-mentally sustainable (CCA)	million €	Of which environ-mentally sustainable (CCA)
39	20.16 Manufacture of plastics in primary forms	113.3	12.5	X	X			X	X
40	20.20 Manufacture of pesticides and other agrochemical products	0.5		X	X			X	X
41	20.30 Manufacture of paints, varnishes and similar coatings, printing ink and mastics	1.0		X	X			X	X
42	20.42 Manufacture of perfumes and toilet preparations	0.0		X	X			X	X
43	20.59 Manufacture of other chemical products n.e.c.	44.6	0.1	X	X			X	X
44	21.10 Manufacture of basic pharmaceutical products	6.4	0.0	X	X			X	X
45	21.20 Manufacture of pharmaceutical preparations	2.9		X	X			X	X
46	22.11 Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres			X	X			X	X
47	22.19 Manufacture of other rubber products	0.1	0.1	X	X			X	X
48	22.21 Manufacture of plastic plates, sheets, tubes and profiles	1.4		X	X			X	X
49	22.22 Manufacture of plastic packing goods	1.0		X	X			X	X
50	22.29 Manufacture of other plastic products	4.1		X	X			X	X
51	23.13 Manufacture of hollow glass	1.5	0.4	X	X			X	X
52	23.32 Manufacture of bricks, tiles and construction products, in baked clay	8.3	7.0	X	X			X	X
53	23.41 Manufacture of ceramic household and ornamental articles	0.0		X	X			X	X
54	23.51 Manufacture of cement	36.3	6.6	X	X			X	X
55	24.10 Manufacture of basic iron and steel and of ferro-alloys	18.0	12.0	X	X			X	X

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
	Based on the CapEx KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environ-mentally sustainable (CCM)	million €	Of which environ-mentally sustainable (CCM)	million €	Of which environ-mentally sustainable (CCA)	million €	Of which environ-mentally sustainable (CCA)
56	24.42 Aluminium production	0.6		X	X			X	X
57	24.44 Copper production			X	X			X	X
58	24.45 Other non-ferrous metal production	26.4	26.4	X	X			X	X
59	24.53 Casting of light metals			X	X			X	X
60	25.11 Manufacture of metal structures and parts of structures	15.2		X	X			X	X
61	25.12 Manufacture of doors and windows of metal			X	X			X	X
62	25.50 Forging, pressing, stamping and roll-forming of metal; powder metallurgy	1.2		X	X			X	X
63	25.61 Treatment and coating of metals	0.7		X	X			X	X
64	25.71 Manufacture of cutlery			X	X			X	X
65	25.73 Manufacture of tools	0.1		X	X			X	X
66	25.99 Manufacture of other fabricated metal products n.e.c.	0.4		X	X			X	X
67	26.11 Manufacture of electronic components	274.3		X	X			X	X
68	26.20 Manufacture of computers and peripheral equipment	8.6		X	X			X	X
69	26.30 Manufacture of communication equipment	0.9		X	X			X	X
70	26.51 Manufacture of instruments and appliances for measuring, testing and navigation	10.1	0.5	X	X			X	X
71	26.70 Manufacture of optical instruments and photographic equipment	0.4	0.3	X	X			X	X

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
	Based on the CapEx KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environ-mentally sustainable (CCM)	million €	Of which environ-mentally sustainable (CCM)	million €	Of which environ-mentally sustainable (CCA)	million €	Of which environ-mentally sustainable (CCA)
72	27.12 Manufacture of electricity distribution and control apparatus	49.8	43.9	X	X			X	X
73	27.20 Manufacture of batteries and accumulators	2.5		X	X			X	X
74	27.31 Manufacture of fibre optic cables	0.0	0.0	X	X			X	X
75	27.32 Manufacture of other electronic and electric wires and cables			X	X			X	X
76	27.40 Manufacture of electric lighting equipment	4.7	0.7	X	X			X	X
77	27.51 Manufacture of electric domestic appliances	0.2	0.2	X	X	0.3	0.3	X	X
78	27.52 Manufacture of non-electric domestic appliances	0.2		X	X			X	X
79	27.90 Manufacture of other electrical equipment	0.3		X	X			X	X
80	28.11 Manufacture of engines and turbines, except aircraft, vehicle and cycle engines	4.7	0.9	X	X			X	X
81	28.13 Manufacture of other pumps and compressors	0.0		X	X			X	X
82	28.15 Manufacture of bearings, gears, gearing and driving elements	1.0		X	X			X	X
83	28.21 Manufacture of ovens, furnaces and furnace burners	0.2	0.2	X	X			X	X
84	28.22 Manufacture of lifting and handling equipment	19.5		X	X			X	X
85	28.29 Manufacture of other general-purpose machinery n.e.c.	20.5	1.0	X	X			X	X
86	28.41 Manufacture of metal forming machinery	1.4	0.0	X	X	0.7	0.7	X	X
87	28.49 Manufacture of other machine tools	0.3		X	X			X	X
88	28.91 Manufacture of machinery for metallurgy	8.2	3.7	X	X			X	X

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
	Based on the CapEx KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1)]	million €	Of which environ-mentally sustainable (CCM)	million €	Of which environ-mentally sustainable (CCM)	million €	Of which environ-mentally sustainable (CCA)	million €	Of which environ-mentally sustainable (CCA)
89	28.92 Manufacture of machinery for mining, quarrying and construction			X	X			X	X
90	28.93 Manufacture of machinery for food, beverage and tobacco processing	0.7	0.0	X	X			X	X
91	28.95 Manufacture of machinery for paper and paperboard production	45.2	12.1	X	X			X	X
92	28.99 Manufacture of other special-purpose machinery n.e.c.	3.3	0.7	X	X			X	X
93	29.10 Manufacture of motor vehicles	375.7	120.2	X	X	0.0	0.0	X	X
94	29.20 Manufacture of bodies (coachwork) for motor vehicles; manufacture of trailers and semi-trailers	14.9		X	X			X	X
95	30.11 Building of ships and floating structures	15.4		X	X			X	X
96	30.12 Building of pleasure and sporting boats			X	X			X	X
97	30.20 Manufacture of railway locomotives and rolling stock	71.0	39.2	X	X			X	X
98	30.40 Manufacture of military fighting vehicles	44.2		X	X			X	X
99	30.99 Manufacture of other transport equipment n.e.c.	10.4	0.1	X	X			X	X
100	31.09 Manufacture of other furniture	0.5		X	X			X	X
101	32.40 Manufacture of games and toys	0.2		X	X			X	X
102	32.50 Manufacture of medical and dental instruments and supplies	42.6	13.5	X	X			X	X
103	32.99 Other manufacturing n.e.c.	7.0	0.0	X	X			X	X
104	35.11 Production of electricity	3321.5	3090.3	X	X			X	X
105	35.12 Transmission of electricity			X	X			X	X
106	35.14 Trade of electricity			X	X			X	X

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
	Based on the CapEx KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environ-mentally sustainable (CCM)	million €	Of which environ-mentally sustainable (CCM)	million €	Of which environ-mentally sustainable (CCA)	million €	Of which environ-mentally sustainable (CCA)
107	35.30 Steam and air conditioning supply	0.8		X	X			X	X
108	36.00 Water collection, treatment and supply	5.4	3.4	X	X			X	X
109	38.21 Treatment and disposal of non-hazardous waste	0.0		X	X			X	X
110	38.32 Recovery of sorted materials	0.5		X	X			X	X
111	39.00 Remediation activities and other waste management services			X	X			X	X
112	41.10 Development of building projects	57.8		X	X			X	X
113	41.20 Construction of residential and non-residential buildings	21.7	3.7	X	X	0.8	0.2	X	X
114	42.12 Construction of railways and underground railways	0.6		X	X			X	X
115	42.91 Construction of water projects			X	X			X	X
116	42.99 Construction of other civil engineering projects n.e.c.	17.0	2.6	X	X	0.3	0.1	X	X
117	43.21 Electrical installation	0.5		X	X			X	X
118	43.22 Plumbing, heat and air-conditioning installation	0.8	0.0	X	X			X	X
119	43.29 Other construction installation	38.5	9.6	X	X			X	X
120	43.33 Floor and wall covering	0.0		X	X			X	X
121	43.91 Roofing activities	0.1		X	X			X	X
122	43.99 Other specialised construction activities n.e.c.	10.2		X	X			X	X
123	45.11 Sale of cars and light motor vehicles	0.5		X	X			X	X
124	45.19 Sale of other motor vehicles	0.3		X	X			X	X
125	45.20 Maintenance and repair of motor vehicles	3.5		X	X			X	X
126	45.31 Wholesale trade of motor vehicle parts and accessories	8.0	8.0	X	X			X	X
127	45.32 Retail trade of motor vehicle parts and accessories			X	X			X	X
128	46.18 Agents specialised in the sale of other particular products	0.1		X	X			X	X

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
	Based on the CapEx KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environmentally sustainable (CCM)	million €	Of which environmentally sustainable (CCM)	million €	Of which environmentally sustainable (CCA)	million €	Of which environmentally sustainable (CCA)
129	46.19 Agents involved in the sale of a variety of goods	0.1		X	X			X	X
130	46.21 Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	31.9	29.7	X	X			X	X
131	46.32 Wholesale of meat and meat products	0.2		X	X			X	X
132	46.39 Non-specialised wholesale of food, beverages and tobacco	13.4		X	X			X	X
133	46.41 Wholesale of textiles	0.1		X	X			X	X
134	46.43 Wholesale of electrical household appliances	1.2		X	X			X	X
135	46.45 Wholesale of perfume and cosmetics	0.7		X	X			X	X
136	46.46 Wholesale of pharmaceutical goods	0.0	0.0	X	X	0.0	0.0	X	X
137	46.49 Wholesale of other household goods	1.6		X	X			X	X
138	46.69 Wholesale of other machinery and equipment	4.6		X	X			X	X
139	46.71 Wholesale of solid, liquid and gaseous fuels and related products	5.4		X	X			X	X
140	46.72 Wholesale of metals and metal ores	0.2		X	X			X	X
141	46.73 Wholesale of wood, construction materials and sanitary equipment	1.9		X	X			X	X
142	46.74 Wholesale of hardware, plumbing and heating equipment and supplies	0.8		X	X			X	X
143	46.75 Wholesale of chemical products	2.5		X	X			X	X
144	46.76 Wholesale of other intermediate products			X	X			X	X

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				**Climate Change Adaptation (CCA)**			
	Based on the CapEx KPI	**Non-Financial corporates (Subject to NFRD)**		**SMEs and other NFC not subject to NFRD**		**Non-Financial corporates (Subject to NFRD)**		**SMEs and other NFC not subject to NFRD**	
		[Gross] carrying amount		**[Gross] carrying amount**		**[Gross] carrying amount**		**[Gross] carrying amount**	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	**million €**	**Of which environ-mentally sustainable (CCM)**	**million €**	**Of which environ-mentally sustainable (CCM)**	**million €**	**Of which environ-mentally sustainable (CCA)**	**million €**	**Of which environ-mentally sustainable (CCA)**
145	46.77 Wholesale of waste and scrap	0.0		X	X			X	X
146	46.90 Non-specialised wholesale trade	1.5	0.0	X	X			X	X
147	47.11 Retail sale in non-specialised stores with food, beverages or tobacco predominating	14.1	0.5	X	X			X	X
148	47.19 Other retail sale in non-specialised stores	0.2		X	X			X	X
149	47.22 Retail sale of meat and meat products in specialised stores	1.7		X	X			X	X
150	47.29 Other retail sale of food in specialised stores	11.6		X	X			X	X
151	47.30 Retail sale of automotive fuel in specialised stores	1.2		X	X			X	X
152	47.43 Retail sale of audio and video equipment in specialised stores	0.5		X	X			X	X
153	47.51 Retail sale of textiles in specialised stores	1.1		X	X			X	X
154	47.52 Retail sale of hardware, paints and glass in specialised stores	3.5		X	X			X	X
155	47.59 Retail sale of furniture, lighting equipment and other household articles in specialised stores	0.1		X	X			X	X
156	47.71 Retail sale of clothing in specialised stores	0.0		X	X			X	X
157	47.72 Retail sale of footwear and leather goods in specialised stores	0.1		X	X			X	X
158	47.73 Dispensing chemist in specialised stores	1.1		X	X			X	X
159	47.78 Other retail sale of new goods in specialised stores	2.2		X	X			X	X
160	47.91 Retail sale via mail order houses or via Internet	4.6		X	X			X	X
161	47.99 Other retail sale not in stores, stalls or markets	0.1		X	X			X	X

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
	Based on the CapEx KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1)]	million €	Of which environmentally sustainable (CCM)	million €	Of which environmentally sustainable (CCM)	million €	Of which environmentally sustainable (CCA)	million €	Of which environmentally sustainable (CCA)
162	49.10 Passenger rail transport, interurban	160.2		X	X			X	X
163	49.39 Other passenger land transport n.e.c.	12.5	1.4	X	X			X	X
164	49.41 Freight transport by road			X	X			X	X
165	50.20 Sea and coastal freight water transport			X	X			X	X
166	51.10 Passenger air transport	62.3		X	X			X	X
167	52.21 Service activities incidental to land transportation	1.9		X	X			X	X
168	52.23 Service activities incidental to air transportation	348.6	61.7	X	X			X	X
169	52.29 Other transportation support activities	0.5		X	X			X	X
170	55.10 Hotels and similar accommodation	79.6		X	X			X	X
171	55.20 Holiday and other short-stay accommodation	1.1		X	X			X	X
172	56.10 Restaurants and mobile food service activities	0.2		X	X			X	X
173	56.21 Event catering activities	0.5		X	X			X	X
174	56.29 Other food service activities	0.8		X	X			X	X
175	58.13 Publishing of newspapers	0.0		X	X			X	X
176	58.19 Other publishing activities	0.4		X	X			X	X
177	59.11 Motion picture, video and television programme production activities			X	X			X	X
178	59.20 Sound recording and music publishing activities	0.0		X	X			X	X
179	60.20 Television programming and broadcasting activities	9.6	0.1	X	X	0.0	0.0	X	X
180	61.10 Wired telecommunications activities			X	X			X	X
181	61.20 Wireless telecommunications activities	0.1	0.0	X	X	0.1	0.0	X	X
182	61.90 Other telecommunications activities	15.8	0.2	X	X	3.1	0.0	X	X

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				**Climate Change Adaptation (CCA)**			
	Based on the CapEx KPI	**Non-Financial corporates (Subject to NFRD)**		**SMEs and other NFC not subject to NFRD**		**Non-Financial corporates (Subject to NFRD)**		**SMEs and other NFC not subject to NFRD**	
		[Gross] carrying amount		**[Gross] carrying amount**		**[Gross] carrying amount**		**[Gross] carrying amount**	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	**million €**	**Of which environ-mentally sustainable (CCM)**	**million €**	**Of which environ-mentally sustainable (CCM)**	**million €**	**Of which environ-mentally sustainable (CCA)**	**million €**	**Of which environ-mentally sustainable (CCA)**
183	62.01 Computer programming activities	0.0		X	X	0.0	0.0	X	X
184	62.02 Computer consultancy activities	20.2	10.5	X	X	4.9	4.9	X	X
185	62.03 Computer facilities management activities	16.8	0.1	X	X			X	X
186	62.09 Other information technology and computer service activities	37.5	3.1	X	X			X	X
187	63.11 Data processing, hosting and related activities	0.2		X	X			X	X
188	63.12 Web portals			X	X			X	X
189	64.19 Other monetary intermediation	1.7		X	X			X	X
190	64.20 Activities of holding companies			X	X			X	X
191	64.99 Other financial service activities, except insurance and pension funding n.e.c.	1.7		X	X			X	X
192	68.10 Buying and selling of own real estate	925.3		X	X			X	X
193	68.20 Renting and operating of own or leased real estate	5042.8	0.0	X	X			X	X
194	68.31 Real estate agencies	97.0		X	X			X	X
195	68.32 Management of real estate on a fee or contract basis	1326.5		X	X			X	X
196	69.10 Legal activities	0.9		X	X			X	X
197	69.20 Accounting, bookkeeping and auditing activities; tax consultancy			X	X			X	X
198	70.10 Activities of head offices	92.7	0.4	X	X			X	X
199	70.22 Business and other management consultancy activities	18.3		X	X			X	X
200	71.11 Architectural activities	1.0		X	X			X	X
201	71.12 Engineering activities and related technical consultancy	0.8		X	X			X	X

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
	Based on the CapEx KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environ-mentally sustainable (CCM)	million €	Of which environ-mentally sustainable (CCM)	million €	Of which environ-mentally sustainable (CCA)	million €	Of which environ-mentally sustainable (CCA)
202	71.20 Technical testing and analysis	16.7		X	X			X	X
203	72.11 Research and experimental development on biotechnology			X	X			X	X
204	72.19 Other research and experimental development on natural sciences and engineering	3.5		X	X			X	X
205	73.11 Advertising agencies	3.2		X	X			X	X
206	73.12 Media representation	0.4		X	X			X	X
207	73.20 Market research and public opinion polling	0.0		X	X			X	X
208	74.10 Specialised design activities			X	X			X	X
209	74.90 Other professional, scientific and technical activities n.e.c.	65.8		X	X			X	X
210	75.00 Veterinary activities	5.8		X	X			X	X
211	77.11 Renting and leasing of cars and light motor vehicles	0.2		X	X			X	X
212	77.29 Renting and leasing of other personal and household goods	0.0		X	X			X	X
213	77.31 Renting and leasing of agricultural machinery and equipment	0.0		X	X			X	X
214	78.20 Temporary employment agency activities			X	X			X	X
215	79.12 Tour operator activities	29.4		X	X			X	X
216	80.10 Private security activities	1.5	0.0	X	X			X	X
217	81.22 Other building and industrial cleaning activities	0.2		X	X			X	X
218	81.30 Landscape service activities	0.4		X	X			X	X
219	82.91 Activities of collection agencies and credit bureaus	0.7		X	X			X	X

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				**Climate Change Adaptation (CCA)**			
	Based on the CapEx KPI	**Non-Financial corporates (Subject to NFRD)**		**SMEs and other NFC not subject to NFRD**		**Non-Financial corporates (Subject to NFRD)**		**SMEs and other NFC not subject to NFRD**	
		[Gross] carrying amount		**[Gross] carrying amount**		**[Gross] carrying amount**		**[Gross] carrying amount**	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	**million €**	**Of which environmentally sustainable (CCM)**	**million €**	**Of which environmentally sustainable (CCM)**	**million €**	**Of which environmentally sustainable (CCA)**	**million €**	**Of which environmentally sustainable (CCA)**
220	82.99 Other business support service activities n.e.c.	11.5		X	X			X	X
221	85.10 Pre-primary education	0.9		X	X			X	X
222	86.10 Hospital activities	0.5		X	X			X	X
223	86.21 General medical practice activities	0.0		X	X			X	X
224	86.22 Specialist medical practice activities	5.8		X	X			X	X
225	86.90 Other human health activities	0.6		X	X			X	X
226	87.10 Residential nursing care activities	0.1		X	X			X	X
227	87.90 Other residential care activities	1.5		X	X			X	X
228	90.02 Support activities to performing arts	0.1		X	X			X	X
229	92.00 Gambling and betting activities			X	X			X	X
230	93.11 Operation of sports facilities	0.7		X	X			X	X
231	93.21 Activities of amusement parks and theme parks	15.5		X	X			X	X
232	93.29 Other amusement and recreation activities	12.3		X	X			X	X
233	94.99 Activities of other membership organisations n.e.c.	4.7		X	X			X	X
234	96.01 Washing and (dry-)cleaning of textile and fur products	0.4		X	X			X	X
235	96.04 Physical well-being activities			X	X			X	X
236	96.09 Other personal service activities n.e.c.	100.6		X	X			X	X
…				X	X			X	X

		y	z	aa	ab
		TOTAL (CCM + CCA)			
	Based on the CapEx KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1	01.29 Growing of other perennial crops	0.0		X	X
2	01.30 Plant propagation	0.2		X	X
3	01.50 Mixed farming	5.5		X	X
4	01.63 Post-harvest crop activities	3.5		X	X
5	02.40 Support services to forestry	0.2		X	X
6	06.10 Extraction of crude petroleum	8.7	6.9	X	X
7	07.29 Mining of other non-ferrous metal ores	7.3	0.0	X	X
8	08.91 Mining of chemical and fertiliser minerals	36.4		X	X
9	10.13 Production of meat and poultry meat products	0.1		X	X
10	10.39 Other processing and preserving of fruit and vegetables	2.8		X	X
11	10.51 Operation of dairies and cheese making			X	X
12	10.52 Manufacture of ice cream	0.3		X	X
13	10.71 Manufacture of bread; manufacture of fresh pastry goods and cakes	1.3		X	X
14	10.73 Manufacture of macaroni, noodles, couscous and similar farinaceous products	0.0		X	X
15	10.82 Manufacture of cocoa, chocolate and sugar confectionery	0.0		X	X
16	10.85 Manufacture of prepared meals and dishes	0.0		X	X
17	10.89 Manufacture of other food products n.e.c.	0.0		X	X
18	11.01 Distilling, rectifying and blending of spirits	1.0		X	X
19	11.02 Manufacture of wine from grape	0.2		X	X
20	11.05 Manufacture of beer			X	X
21	13.92 Manufacture of made-up textile articles, except apparel	0.0		X	X
22	13.95 Manufacture of non-wovens and articles made from non-wovens, except apparel	0.0		X	X

		y	z	aa	ab
		TOTAL (CCM + CCA)			
	Based on the CapEx KPI	**Non-Financial corporates (Subject to NFRD)**		**SMEs and other NFC not subject to NFRD**	
		[Gross] carrying amount		**[Gross] carrying amount**	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	**million €**	**Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)**	**million €**	**Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)**
23	13.96 Manufacture of other technical and industrial textiles	0.0		X	X
24	13.99 Manufacture of other textiles n.e.c.			X	X
25	14.19 Manufacture of other wearing apparel and accessories	5.7		X	X
26	15.20 Manufacture of footwear	0.0		X	X
27	16.23 Manufacture of other builders' carpentry and joinery	0.0	0.0	X	X
28	16.29 Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials	0.2		X	X
29	17.11 Manufacture of pulp	0.2	0.2	X	X
30	17.12 Manufacture of paper and paperboard	13.9	2.3	X	X
31	17.21 Manufacture of corrugated paper and paperboard and of containers of paper and paperboard	0.3	0.3	X	X
32	17.22 Manufacture of household and sanitary goods and of toilet requisites			X	X
33	17.24 Manufacture of wallpaper			X	X
34	17.29 Manufacture of other articles of paper and paperboard			X	X
35	18.12 Other printing	0.5		X	X
36	20.13 Manufacture of other inorganic basic chemicals	0.4	0.1	X	X
37	20.14 Manufacture of other organic basic chemicals	0.1		X	X
38	20.15 Manufacture of fertilisers and nitrogen compounds	0.4	0.0	X	X
39	20.16 Manufacture of plastics in primary forms	113.3	12.5	X	X
40	20.20 Manufacture of pesticides and other agrochemical products	0.5		X	X

		y	z	aa	ab
		TOTAL (CCM + CCA)			
	Based on the CapEx KPI	**Non-Financial corporates (Subject to NFRD)**		**SMEs and other NFC not subject to NFRD**	
		[Gross] carrying amount		**[Gross] carrying amount**	
	Breakdown by sector - NACE 4 digits level (code and label)[1)]	**million €**	**Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)**	**million €**	**Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)**
41	20.30 Manufacture of paints, varnishes and similar coatings, printing ink and mastics	1.0		X	X
42	20.42 Manufacture of perfumes and toilet preparations	0.0		X	X
43	20.59 Manufacture of other chemical products n.e.c.	44.6	0.1	X	X
44	21.10 Manufacture of basic pharmaceutical products	6.4	0.0	X	X
45	21.20 Manufacture of pharmaceutical preparations	2.9		X	X
46	22.11 Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres			X	X
47	22.19 Manufacture of other rubber products	0.1	0.1	X	X
48	22.21 Manufacture of plastic plates, sheets, tubes and profiles	1.4		X	X
49	22.22 Manufacture of plastic packing goods	1.0		X	X
50	22.29 Manufacture of other plastic products	4.1		X	X
51	23.13 Manufacture of hollow glass	1.5	0.4	X	X
52	23.32 Manufacture of bricks, tiles and construction products, in baked clay	8.3	7	X	X
53	23.41 Manufacture of ceramic household and ornamental articles	0.0		X	X
54	23.51 Manufacture of cement	36.3	6.6	X	X
55	24.10 Manufacture of basic iron and steel and of ferro-alloys	18.0	12	X	X
56	24.42 Aluminium production	0.6		X	X
57	24.44 Copper production			X	X
58	24.45 Other non-ferrous metal production	26.4	26.4	X	X
59	24.53 Casting of light metals			X	X
60	25.11 Manufacture of metal structures and parts of structures	15.2		X	X

		y	z	aa	ab
		TOTAL (CCM + CCA)			
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	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
61	25.12 Manufacture of doors and windows of metal			X	X
62	25.50 Forging, pressing, stamping and roll-forming of metal; powder metallurgy	1.2		X	X
63	25.61 Treatment and coating of metals	0.7		X	X
64	25.71 Manufacture of cutlery			X	X
65	25.73 Manufacture of tools	0.1		X	X
66	25.99 Manufacture of other fabricated metal products n.e.c.	0.4		X	X
67	26.11 Manufacture of electronic components	274.3		X	X
68	26.20 Manufacture of computers and peripheral equipment	8.6		X	X
69	26.30 Manufacture of communication equipment	0.9		X	X
70	26.51 Manufacture of instruments and appliances for measuring, testing and navigation	10.1	0.5	X	X
71	26.70 Manufacture of optical instruments and photographic equipment	0.4	0.3	X	X
72	27.12 Manufacture of electricity distribution and control apparatus	49.8	43.9	X	X
73	27.20 Manufacture of batteries and accumulators	2.5		X	X
74	27.31 Manufacture of fibre optic cables	0.0	0.0	X	X
75	27.32 Manufacture of other electronic and electric wires and cables			X	X
76	27.40 Manufacture of electric lighting equipment	4.7	0.7	X	X

		y	z	aa	ab
		TOTAL (CCM + CCA)			
	Based on the CapEx KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1)]	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
77	27.51 Manufacture of electric domestic appliances	0.5	0.5	X	X
78	27.52 Manufacture of non-electric domestic appliances	0.2		X	X
79	27.90 Manufacture of other electrical equipment	0.3		X	X
80	28.11 Manufacture of engines and turbines, except aircraft, vehicle and cycle engines	4.7	0.9	X	X
81	28.13 Manufacture of other pumps and compressors	0.0		X	X
82	28.15 Manufacture of bearings, gears, gearing and driving elements	1.0		X	X
83	28.21 Manufacture of ovens, furnaces and furnace burners	0.2	0.2	X	X
84	28.22 Manufacture of lifting and handling equipment	19.5		X	X
85	28.29 Manufacture of other general-purpose machinery n.e.c.	20.5	1	X	X
86	28.41 Manufacture of metal forming machinery	2.0	0.7	X	X
87	28.49 Manufacture of other machine tools	0.3		X	X
88	28.91 Manufacture of machinery for metallurgy	8.2	3.7	X	X
89	28.92 Manufacture of machinery for mining, quarrying and construction			X	X
90	28.93 Manufacture of machinery for food, beverage and tobacco processing	0.7	0.0	X	X
91	28.95 Manufacture of machinery for paper and paperboard production	45.2	12.1	X	X
92	28.99 Manufacture of other special-purpose machinery n.e.c.	3.3	0.7	X	X

		y	z	aa	ab
		TOTAL (CCM + CCA)			
	Based on the CapEx KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1)]	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
93	29.10 Manufacture of motor vehicles	375.7	120.2	X	X
94	29.20 Manufacture of bodies (coachwork) for motor vehicles; manufacture of trailers and semi-trailers	14.9		X	X
95	30.11 Building of ships and floating structures	15.4		X	X
96	30.12 Building of pleasure and sporting boats			X	X
97	30.20 Manufacture of railway locomotives and rolling stock	71.0	39.2	X	X
98	30.40 Manufacture of military fighting vehicles	44.2		X	X
99	30.99 Manufacture of other transport equipment n.e.c.	10.4	0.1	X	X
100	31.09 Manufacture of other furniture	0.5		X	X
101	32.40 Manufacture of games and toys	0.2		X	X
102	32.50 Manufacture of medical and dental instruments and supplies	42.6	13.5	X	X
103	32.99 Other manufacturing n.e.c.	7.0	0.0	X	X
104	35.11 Production of electricity	3,321.5	3090.3	X	X
105	35.12 Transmission of electricity			X	X
106	35.14 Trade of electricity			X	X
107	35.30 Steam and air conditioning supply	0.8		X	X
108	36.00 Water collection, treatment and supply	5.4	3.4	X	X
109	38.21 Treatment and disposal of non-hazardous waste	0.0		X	X
110	38.32 Recovery of sorted materials	0.5		X	X
111	39.00 Remediation activities and other waste management services			X	X
112	41.10 Development of building projects	57.8		X	X
113	41.20 Construction of residential and non-residential buildings	22.6	3.9	X	X
114	42.12 Construction of railways and underground railways	0.6		X	X
115	42.91 Construction of water projects			X	X
116	42.99 Construction of other civil engineering projects n.e.c.	17.2	2.7	X	X
117	43.21 Electrical installation	0.5		X	X
118	43.22 Plumbing, heat and air-conditioning installation	0.8	0.0	X	X

		y	z	aa	ab
		TOTAL (CCM + CCA)			
	Based on the CapEx KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1)]	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
119	43.29 Other construction installation	38.5	9.6	X	X
120	43.33 Floor and wall covering	0.0		X	X
121	43.91 Roofing activities	0.1		X	X
122	43.99 Other specialised construction activities n.e.c.	10.2		X	X
123	45.11 Sale of cars and light motor vehicles	0.5		X	X
124	45.19 Sale of other motor vehicles	0.3		X	X
125	45.20 Maintenance and repair of motor vehicles	3.5		X	X
126	45.31 Wholesale trade of motor vehicle parts and accessories	8.0	8	X	X
127	45.32 Retail trade of motor vehicle parts and accessories			X	X
128	46.18 Agents specialised in the sale of other particular products	0.1		X	X
129	46.19 Agents involved in the sale of a variety of goods	0.1		X	X
130	46.21 Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	31.9	29.7	X	X
131	46.32 Wholesale of meat and meat products	0.2		X	X
132	46.39 Non-specialised wholesale of food, beverages and tobacco	13.4		X	X
133	46.41 Wholesale of textiles	0.1		X	X
134	46.43 Wholesale of electrical household appliances	1.2		X	X
135	46.45 Wholesale of perfume and cosmetics	0.7		X	X
136	46.46 Wholesale of pharmaceutical goods	0.0	0.0	X	X

		y	z	aa	ab
		TOTAL (CCM + CCA)			
	Based on the CapEx KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
137	46.49 Wholesale of other household goods	1.6		X	X
138	46.69 Wholesale of other machinery and equipment	4.6		X	X
139	46.71 Wholesale of solid, liquid and gaseous fuels and related products	5.4		X	X
140	46.72 Wholesale of metals and metal ores	0.2		X	X
141	46.73 Wholesale of wood, construction materials and sanitary equipment	1.9		X	X
142	46.74 Wholesale of hardware, plumbing and heating equipment and supplies	0.8		X	X
143	46.75 Wholesale of chemical products	2.5		X	X
144	46.76 Wholesale of other intermediate products			X	X
145	46.77 Wholesale of waste and scrap	0.0		X	X
146	46.90 Non-specialised wholesale trade	1.5	0.0	X	X
147	47.11 Retail sale in non-specialised stores with food, beverages or tobacco predominating	14.1	0.5	X	X
148	47.19 Other retail sale in non-specialised stores	0.2		X	X
149	47.22 Retail sale of meat and meat products in specialised stores	1.7		X	X
150	47.29 Other retail sale of food in specialised stores	11.6		X	X
151	47.30 Retail sale of automotive fuel in specialised stores	1.2		X	X
152	47.43 Retail sale of audio and video equipment in specialised stores	0.5		X	X
153	47.51 Retail sale of textiles in specialised stores	1.1		X	X
154	47.52 Retail sale of hardware, paints and glass in specialised stores	3.5		X	X

		y	z	aa	ab
		TOTAL (CCM + CCA)			
	Based on the CapEx KPI	**Non-Financial corporates (Subject to NFRD)**		**SMEs and other NFC not subject to NFRD**	
		[Gross] carrying amount		**[Gross] carrying amount**	
	Breakdown by sector - NACE 4 digits level (code and label)[1)]	**million €**	**Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)**	**million €**	**Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)**
155	47.59 Retail sale of furniture, lighting equipment and other household articles in specialised stores	0.1		X	X
156	47.71 Retail sale of clothing in specialised stores	0.0		X	X
157	47.72 Retail sale of footwear and leather goods in specialised stores	0.1		X	X
158	47.73 Dispensing chemist in specialised stores	1.1		X	X
159	47.78 Other retail sale of new goods in specialised stores	2.2		X	X
160	47.91 Retail sale via mail order houses or via Internet	4.6		X	X
161	47.99 Other retail sale not in stores, stalls or markets	0.1		X	X
162	49.10 Passenger rail transport, interurban	160.2		X	X
163	49.39 Other passenger land transport n.e.c.	12.5	1.4	X	X
164	49.41 Freight transport by road			X	X
165	50.20 Sea and coastal freight water transport			X	X
166	51.10 Passenger air transport	62.3		X	X
167	52.21 Service activities incidental to land transportation	1.9		X	X
168	52.23 Service activities incidental to air transportation	348.6	61.7	X	X
169	52.29 Other transportation support activities	0.5		X	X
170	55.10 Hotels and similar accommodation	79.6		X	X
171	55.20 Holiday and other short-stay accommodation	1.1		X	X
172	56.10 Restaurants and mobile food service activities	0.2		X	X
173	56.21 Event catering activities	0.5		X	X
174	56.29 Other food service activities	0.8		X	X
175	58.13 Publishing of newspapers	0.0		X	X

		y	z	aa	ab
		TOTAL (CCM + CCA)			
	Based on the CapEx KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
176	58.19 Other publishing activities	0.4		X	X
177	59.11 Motion picture, video and television programme production activities			X	X
178	59.20 Sound recording and music publishing activities	0.0		X	X
179	60.20 Television programming and broadcasting activities	9.6	0.1	X	X
180	61.10 Wired telecommunications activities			X	X
181	61.20 Wireless telecommunications activities	0.2	0.0	X	X
182	61.90 Other telecommunications activities	18.9	0.2	X	X
183	62.01 Computer programming activities	0.0	0.0	X	X
184	62.02 Computer consultancy activities	25.1	15.5	X	X
185	62.03 Computer facilities management activities	16.8	0.1	X	X
186	62.09 Other information technology and computer service activities	37.5	3.1	X	X
187	63.11 Data processing, hosting and related activities	0.2		X	X
188	63.12 Web portals			X	X
189	64.19 Other monetary intermediation	1.7		X	X
190	64.20 Activities of holding companies			X	X
191	64.99 Other financial service activities, except insurance and pension funding n.e.c.	1.7		X	X
192	68.10 Buying and selling of own real estate	925.3		X	X
193	68.20 Renting and operating of own or leased real estate	5,042.8	0.0	X	X
194	68.31 Real estate agencies	97.0		X	X
195	68.32 Management of real estate on a fee or contract basis	1,326.5		X	X

		y	z	aa	ab
		TOTAL (CCM + CCA)			
	Based on the CapEx KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
196	69.10 Legal activities	0.9		X	X
197	69.20 Accounting, bookkeeping and auditing activities; tax consultancy			X	X
198	70.10 Activities of head offices	92.7	0.4	X	X
199	70.22 Business and other management consultancy activities	18.3		X	X
200	71.11 Architectural activities	1.0		X	X
201	71.12 Engineering activities and related technical consultancy	0.8		X	X
202	71.20 Technical testing and analysis	16.7		X	X
203	72.11 Research and experimental development on biotechnology			X	X
204	72.19 Other research and experimental development on natural sciences and engineering	3.5		X	X
205	73.11 Advertising agencies	3.2		X	X
206	73.12 Media representation	0.4		X	X
207	73.20 Market research and public opinion polling	0.0		X	X
208	74.10 Specialised design activities			X	X
209	74.90 Other professional, scientific and technical activities n.e.c.	65.8		X	X
210	75.00 Veterinary activities	5.8		X	X
211	77.11 Renting and leasing of cars and light motor vehicles	0.2		X	X
212	77.29 Renting and leasing of other personal and household goods	0.0		X	X
213	77.31 Renting and leasing of agricultural machinery and equipment	0.0		X	X
214	78.20 Temporary employment agency activities			X	X
215	79.12 Tour operator activities	29.4		X	X
216	80.10 Private security activities	1.5	0.0	X	X

		y	z	aa	ab
		TOTAL (CCM + CCA)			
	Based on the CapEx KPI	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)[1]	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	million €	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
217	81.22 Other building and industrial cleaning activities	0.2		X	X
218	81.30 Landscape service activities	0.4		X	X
219	82.91 Activities of collection agencies and credit bureaus	0.7		X	X
220	82.99 Other business support service activities n.e.c.	11.5		X	X
221	85.10 Pre-primary education	0.9		X	X
222	86.10 Hospital activities	0.5		X	X
223	86.21 General medical practice activities	0.0		X	X
224	86.22 Specialist medical practice activities	5.8		X	X
225	86.90 Other human health activities	0.6		X	X
226	87.10 Residential nursing care activities	0.1		X	X
227	87.90 Other residential care activities	1.5		X	X
228	90.02 Support activities to performing arts	0.1		X	X
229	92.00 Gambling and betting activities			X	X
230	93.11 Operation of sports facilities	0.7		X	X
231	93.21 Activities of amusement parks and theme parks	15.5		X	X
232	93.29 Other amusement and recreation activities	12.3		X	X
233	94.99 Activities of other membership organisations n.e.c.	4.7		X	X
234	96.01 Washing and (dry-)cleaning of textile and fur products	0.4		X	X
235	96.04 Physical well-being activities			X	X
236	96.09 Other personal service activities n.e.c.	100.6		X	X
…				X	X

[1] Only sectors/NACE codes with an exposure (gross carrying amount) greater than 0 are shown in the template.

3. GAR KPI stock (based on the Turnover KPI)

		a	b	c	d	e	f	g	h	i
	Disclosure reference date T									
	Based on the Turnover KPI	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
	% (compared to total covered assets in the denominator)[2]			Of which Use of Proceeds	Of which transi-tional	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	35.1	2.3	2.3	0	0	0	0		0
2	**Financial undertakings**	**1.1**	**0**	**0**		**0**	**0**			
3	Credit institutions	0.8								
4	Loans and advances	0.4								
5	Debt securities, including UoP[1]	0.3								
6	Equity instruments			X					X	
7	Other financial corporations	0.3	0	0		0	0			
8	of which investment firms									
9	Loans and advances									
10	Debt securities, including UoP[1]									
11	Equity instruments			X					X	
12	of which management companies	0								
13	Loans and advances	0								
14	Debt securities, including UoP[1]									
15	Equity instruments			X					X	
16	of which insurance undertakings	0								
17	Loans and advances	0								
18	Debt securities, including UoP[1]									
19	Equity instruments			X					X	
20	**Non-financial undertakings**	**3.5**	**0.9**	0.8	0	**0**	**0**	**0**		**0**
21	Loans and advances	3.4	0.9	0.8	0	0	0	0		0
22	Debt securities, including UoP[1]	0.1	0		0	0	0	0		0
23	Equity instruments			X						
24	**Households**	**30.6**	**1.5**	**1.5**						
25	of which loans collateralised by residential immovable property	27.9	1.3	1.3						
26	of which building renovation loans	1								
27	of which motor vehicle loans	0					X	X	X	X
28	**Local governments financing**	**0**								
29	Housing financing									
30	Other local government financing	0								
31	**Collateral obtained by taking possession: residential and commercial immovable properties**									
32	**Total GAR assets**	**35.1**	**2.3**	**2.3**	**0**	**0**	**0**	**0**		**0**

[1] UoP (Use of Proceeds) refers to exposures where the use of proceeds by the borrower/issuer is known.
[2] Based on own assumption: In each cell, the respective assets in euro (see template 1: Assets for calculating GAR) are set in relation to the total GAR assets.

		aa	ab	ac	ad	ae	af
	Disclosure reference date T						
	Based on the Turnover KPI	**TOTAL (CCM + CCA)**					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
	% (compared to total covered assets in the denominator)[2]			**Of which Use of Proceeds**	**Of which transi-tional**	**Of which enabling**	**Proportion of total assets covered**
	GAR - Covered assets in both numerator and denominator	**X**	**X**	**X**	**X**	**X**	**X**
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	35.1	2.3	2.3	0	0	33
2	**Financial undertakings**	**1.1**	**0**	**0**		**0**	**3.6**
3	Credit institutions	0.8					3.2
4	Loans and advances	0.4					1.9
5	Debt securities, including UoP[1]	0.3					1.3
6	Equity instruments			X			
7	Other financial corporations	0.3	0	0		0	0.4
8	of which investment firms						0
9	Loans and advances						0
10	Debt securities, including UoP[1]						
11	Equity instruments			X			
12	of which management companies	0					0.1
13	Loans and advances	0					0.1
14	Debt securities, including UoP[1]						0
15	Equity instruments			X			
16	of which insurance undertakings	0					0
17	Loans and advances	0					0
18	Debt securities, including UoP[1]						
19	Equity instruments			X			
20	**Non-financial undertakings**	**3.5**	**0.9**	0.8	0	**0**	**3.6**
21	Loans and advances	3.4	0.9	0.8	0	0	3.5
22	Debt securities, including UoP[1]	0.1	0		0	0	0.2
23	Equity instruments			X			
24	**Households**	**30.6**	**1.5**	**1.5**			**24.1**
25	of which loans collateralised by residential immovable property	27.9	1.3	1.3			19.9
26	of which building renovation loans	1					0.7
27	of which motor vehicle loans	0					0.1
28	**Local governments financing**	**0**					**1.6**
29	Housing financing						
30	Other local government financing	0					1.6
31	**Collateral obtained by taking possession: residential and commercial immovable properties**						
32	**Total GAR assets**	**35.1**	**2.3**	**2.3**	**0**	**0**	**69.2**

[1] UoP (Use of Proceeds) refers to exposures where the use of proceeds by the borrower/issuer is known.
[2] Based on own assumption: In each cell, the respective assets in euro (see template 1: Assets for calculating GAR) are set in relation to the total GAR assets.

		ag	ah	ai	aj	ak	al	am	an	ao
	Disclosure reference date T-1									
	Based on the Turnover KPI	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
	% (compared to total covered assets in the denominator)[2]			Of which Use of Proceeds	Of which transi-tional	Of which enabling			Of which specialise d lending	Of which enabling
	GAR - Covered assets in both numerator and denominator	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation									
2	**Financial undertakings**									
3	Credit institutions									
4	Loans and advances									
5	Debt securities, including UoP[1]									
6	Equity instruments			X					X	
7	Other financial corporations									
8	of which investment firms									
9	Loans and advances									
10	Debt securities, including UoP[1]									
11	Equity instruments			X					X	
12	of which management companies									
13	Loans and advances									
14	Debt securities, including UoP[1]									
15	Equity instruments			X					X	
16	of which insurance undertakings									
17	Loans and advances									
18	Debt securities, including UoP[1]									
19	Equity instruments			X					X	
20	**Non-financial undertakings**									
21	Loans and advances									
22	Debt securities, including UoP[1]									
23	Equity instruments			X					X	
24	**Households**									
25	of which loans collateralised by residential immovable property									
26	of which building renovation loans									
27	of which motor vehicle loans						X	X	X	X
28	**Local governments financing**									
29	Housing financing									
30	Other local government financing									
31	**Collateral obtained by taking possession: residential and commercial immovable properties**									
32	**Total GAR assets**									

[1] UoP (Use of Proceeds) refers to exposures where the use of proceeds by the borrower/issuer is known.

[2] Based on own assumption: In each cell, the respective assets in euro (see template 1: Assets for calculating GAR) are set in relation to the total GAR assets.

		bf	bg	bh	bi	bj	bk
	Disclosure reference date T-1						
	Based on the Turnover KPI	**TOTAL (CCM + CCA)**					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
	% (compared to total covered assets in the denominator)[2)]			**Of which Use of Proceeds**	**Of which transi-tional**	**Of which enabling**	**Proportion of total assets covered**
	GAR - Covered assets in both numerator and denominator	X	X	X	X	X	X
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation						
2	**Financial undertakings**						
3	Credit institutions						
4	Loans and advances						
5	Debt securities, including UoP[1)]						
6	Equity instruments			X			
7	Other financial corporations						
8	of which investment firms						
9	Loans and advances						
10	Debt securities, including UoP[1)]						
11	Equity instruments			X			
12	of which management companies						
13	Loans and advances						
14	Debt securities, including UoP[1)]						
15	Equity instruments			X			
16	of which insurance undertakings						
17	Loans and advances						
18	Debt securities, including UoP[1)]						
19	Equity instruments			X			
20	**Non-financial undertakings**						
21	Loans and advances						
22	Debt securities, including UoP[1)]						
23	Equity instruments			X			
24	**Households**						
25	of which loans collateralised by residential immovable property						
26	of which building renovation loans						
27	of which motor vehicle loans						
28	**Local governments financing**						
29	Housing financing						
30	Other local government financing						
31	**Collateral obtained by taking possession: residential and commercial immovable properties**						
32	**Total GAR assets**						

1) UoP (Use of Proceeds) refers to exposures where the use of proceeds by the borrower/issuer is known.
2) Based on own assumption: In each cell, the respective assets in euro (see template 1: Assets for calculating GAR) are set in relation to the total GAR assets.

3. GAR KPI stock (based on the Cap Ex-KPI)

		a	b	c	d	e	f	g	h	i
	Disclosure reference date T									
	Based on the CapEx KPI	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
	% (compared to total covered assets in the denominator)[2]			Of which Use of Proceeds	Of which transi-tional	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	35.3	2.4	2.3	0	0.1	0	0		0
2	**Financial undertakings**	**1.1**	**0**	**0**	**0**	**0**	**0**			
3	Credit institutions	0.8								
4	Loans and advances	0.4								
5	Debt securities, including UoP[1]	0.3								
6	Equity instruments			X					X	
7	Other financial corporations	0.3	0	0	0	0	0			
8	of which investment firms	0								
9	Loans and advances	0								
10	Debt securities, including UoP[1]									
11	Equity instruments			X					X	
12	of which management companies	0								
13	Loans and advances	0								
14	Debt securities, including UoP[1]									
15	Equity instruments			X					X	
16	of which insurance undertakings	0								
17	Loans and advances	0								
18	Debt securities, including UoP[1]									
19	Equity instruments			X					X	
20	**Non-financial undertakings**	**3.6**	**0.9**	**0.8**	**0**	**0.1**	**0**	**0**		**0**
21	Loans and advances	3.5	0.9	0.8	0	0.1	0	0		0
22	Debt securities, including UoP[1]	0.1	0		0	0	0	0		0
23	Equity instruments			X						
24	**Households**	**30.6**	**1.5**	**1.5**						
25	of which loans collateralised by residential immovable property	27.9	1.3	1.3						
26	of which building renovation loans	1.0								
27	of which motor vehicle loans	0					X	X	X	X
28	**Local governments financing**	**0**								
29	Housing financing									
30	Other local government financing	0								
31	**Collateral obtained by taking possession: residential and commercial immovable properties**									
32	**Total GAR assets**	**35.3**	**2.4**	**2.3**	**0**	**0.1**	**0**	**0**		**0**

[1] UoP (Use of Proceeds) refers to exposures where the use of proceeds by the borrower/issuer is known.

[2] Based on own assumption: In each cell, the respective assets in euro (see template 1: Assets for calculating GAR) are set in relation to the total GAR assets.

		aa	ab	ac	ad	ae	af
	Disclosure reference date T						
	Based on the CapEx KPI	**TOTAL (CCM + CCA)**					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
	% (compared to total covered assets in the denominator)[2]			**Of which Use of Proceeds**	**Of which transi-tional**	**Of which enabling**	**Proportion of total assets covered**
	GAR - Covered assets in both numerator and denominator	**X**	**X**	**X**	**X**	**X**	**X**
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	35.3	2.4	2.3	0	0.1	33
2	**Financial undertakings**	**1.1**	**0**	**0**	**0**	0	**3.6**
3	Credit institutions	0.8					3.2
4	Loans and advances	0.4					1.9
5	Debt securities, including UoP[1]	0.3					1.3
6	Equity instruments			X			
7	Other financial corporations	0.3	0	0	0	0	0.4
8	of which investment firms	0					0
9	Loans and advances	0					0
10	Debt securities, including UoP[1]						
11	Equity instruments			X			
12	of which management companies	0					0.1
13	Loans and advances	0					0.1
14	Debt securities, including UoP[1]						0
15	Equity instruments			X			
16	of which insurance undertakings	0					0
17	Loans and advances	0					0
18	Debt securities, including UoP[1]						
19	Equity instruments			X			
20	**Non-financial undertakings**	**3.6**	**1**	0.8	**0**	**0.1**	**3.6**
21	Loans and advances	3.6	0.9	0.8	0	0.1	3.5
22	Debt securities, including UoP[1]	0.1	0		0	0	0.2
23	Equity instruments			X			
24	**Households**	**30.6**	**1.5**	**1.5**			**24.1**
25	of which loans collateralised by residential immovable property	27.9	1.3	1.3			19.9
26	of which building renovation loans	1					0.7
27	of which motor vehicle loans	0					0.1
28	**Local governments financing**	**0**					**1.6**
29	Housing financing						
30	Other local government financing	0					1.6
31	**Collateral obtained by taking possession: residential and commercial immovable properties**						
32	**Total GAR assets**	**35.3**	**2.4**	**2.3**	**0**	**0.1**	**69.2**

[1] UoP (Use of Proceeds) refers to exposures where the use of proceeds by the borrower/issuer is known.
[2] Based on own assumption: In each cell, the respective assets in euro (see template 1: Assets for calculating GAR) are set in relation to the total GAR assets.

		ag	ah	ai	aj	ak	al	am	an	ao
	Disclosure reference date T-1									
	Based on the CapEx KPI	**Climate Change Mitigation (CCM)**					**Climate Change Adaptation (CCA)**			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					**Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)**			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					**Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)**		
	% (compared to total covered assets in the denominator)[2]			**Of which Use of Proceeds**	**Of which transi-tional**	**Of which enabling**			**Of which specialised lending**	**Of which enabling**
	GAR - Covered assets in both numerator and denominator	X	X	X	X	X	X	X	X	X
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation									
2	**Financial undertakings**									
3	Credit institutions									
4	Loans and advances									
5	Debt securities, including UoP[1]									
6	Equity instruments			X					X	
7	Other financial corporations									
8	of which investment firms									
9	Loans and advances									
10	Debt securities, including UoP[1]									
11	Equity instruments			X					X	
12	of which management companies									
13	Loans and advances									
14	Debt securities, including UoP[1]									
15	Equity instruments			X					X	
16	of which insurance undertakings									
17	Loans and advances									
18	Debt securities, including UoP[1]									
19	Equity instruments			X					X	
20	**Non-financial undertakings**									
21	Loans and advances									
22	Debt securities, including UoP[1]									
23	Equity instruments			X					X	
24	**Households**									
25	of which loans collateralised by residential immovable property									
26	of which building renovation loans									
27	of which motor vehicle loans						X	X	X	X
28	**Local governments financing**									
29	Housing financing									
30	Other local government financing									
31	**Collateral obtained by taking possession: residential and commercial immovable properties**									
32	**Total GAR assets**									

[1] UoP (Use of Proceeds) refers to exposures where the use of proceeds by the borrower/issuer is known.

[2] Based on own assumption: In each cell, the respective assets in euro (see template 1: Assets for calculating GAR) are set in relation to the total GAR assets.

		bf	bg	bh	bi	bj	bk
	Disclosure reference date T-1						
	Based on the CapEx KPI	**TOTAL (CCM + CCA)**					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
	% (compared to total covered assets in the denominator)[2]			**Of which Use of Proceeds**	**Of which transi-tional**	**Of which enabling**	**Proportion of total assets covered**
	GAR - Covered assets in both numerator and denominator	X	X	X	X	X	X
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation						
2	**Financial undertakings**						
3	Credit institutions						
4	Loans and advances						
5	Debt securities, including UoP[1]						
6	Equity instruments			X			
7	Other financial corporations						
8	of which investment firms						
9	Loans and advances						
10	Debt securities, including UoP[1]						
11	Equity instruments			X			
12	of which management companies						
13	Loans and advances						
14	Debt securities, including UoP[1]						
15	Equity instruments			X			
16	of which insurance undertakings						
17	Loans and advances						
18	Debt securities, including UoP[1]						
19	Equity instruments			X			
20	**Non-financial undertakings**						
21	Loans and advances						
22	Debt securities, including UoP[1]						
23	Equity instruments			X			
24	**Households**						
25	of which loans collateralised by residential immovable property						
26	of which building renovation loans						
27	of which motor vehicle loans						
28	**Local governments financing**						
29	Housing financing						
30	Other local government financing						
31	**Collateral obtained by taking possession: residential and commercial immovable properties**						
32	**Total GAR assets**						

[1] UoP (Use of Proceeds) refers to exposures where the use of proceeds by the borrower/issuer is known.
[2] Based on own assumption: In each cell, the respective assets in euro (see template 1: Assets for calculating GAR) are set in relation to the total GAR assets.

4. GAR KPI flow (based on the Turnover KPI)

		a	b	c	d	e	f	g	h	i
	Disclosure reference date T									
	Based on the Turnover KPI	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
	% (compared to flow of total eligible assets)			Of which Use of Proceeds	Of which transi-tional	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	5.3	0.8	0.7	0	0	0	0		0
2	**Financial undertakings**	**0.1**								
3	Credit institutions	0								
4	Loans and advances	0								
5	Debt securities, including UoP[1]	0								
6	Equity instruments			X					X	
7	Other financial corporations	0								
8	of which investment firms									
9	Loans and advances									
10	Debt securities, including UoP[1]									
11	Equity instruments			X					X	
12	of which management companies	0								
13	Loans and advances	0								
14	Debt securities, including UoP[1]									
15	Equity instruments			X					X	
16	of which insurance undertakings	0								
17	Loans and advances	0								
18	Debt securities, including UoP[1]									
19	Equity instruments			X					X	
20	**Non-financial undertakings**	**0.9**	**0.2**	**0.2**	**0**	**0**	**0**	**0**		**0**
21	Loans and advances	0.9	0.2	0.2	0	0	0	0		0
22	Debt securities, including UoP[1]	0	0		0	0				
23	Equity instruments			X					X	
24	**Households**	**4.4**	**0.5**	**0.5**						
25	of which loans collateralised by residential immovable property	3.5	0.4	0.4						
26	of which building renovation loans	0.2								
27	of which motor vehicle loans	0					X	X	X	X
28	**Local governments financing**	**0**								
29	Housing financing									
30	Other local government financing	0								
31	**Collateral obtained by taking possession: residential and commercial immovable properties**									
32	**Total GAR assets**	**5.3**	**0.8**	**0.7**	**0**	**0**	**0**	**0**		**0**

[1] UoP (Use of Proceeds) refers to exposures where the use of proceeds by the borrower/issuer is known.

[2] Based on own assumption: In each cell, the respective assets in euro (new business in euro) are set in relation to the total GAR assets.

		aa	ab	ac	ad	ae	af
	Disclosure reference date T						
	Based on the Turnover KPI	**TOTAL (CCM + CCA)**					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					**Proportion of total assets covered**
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
	% (compared to flow of total eligible assets)			**Of which Use of Proceeds**	**Of which transitional**	**Of which enabling**	
	GAR - Covered assets in both numerator and denominator	**X**	**X**	**X**	**X**	**X**	**X**
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	5.3	0.8	0.7	0	0	6.7
2	**Financial undertakings**	**0.1**					**0.6**
3	Credit institutions	0					0.5
4	Loans and advances	0					0.1
5	Debt securities, including UoP[1]	0					0.5
6	Equity instruments			X			
7	Other financial corporations	0					0.1
8	of which investment firms						0
9	Loans and advances						0
10	Debt securities, including UoP[1]						
11	Equity instruments			X			
12	of which management companies	0					0
13	Loans and advances	0					0
14	Debt securities, including UoP[1]						0
15	Equity instruments			X			
16	of which insurance undertakings	0					0
17	Loans and advances	0					0
18	Debt securities, including UoP[1]						
19	Equity instruments			X			
20	**Non-financial undertakings**	**0.9**	**0.2**	**0.2**	**0**	**0**	**1.4**
21	Loans and advances	0.9	0.2	0.2	0	0	1.3
22	Debt securities, including UoP[1]	0	0		0	0	0.1
23	Equity instruments			X			
24	**Households**	**4.4**	**0.5**	**0.5**			**3.9**
25	of which loans collateralised by residential immovable property	3.5	0.4	0.4			2.5
26	of which building renovation loans	0.2					0.1
27	of which motor vehicle loans	0					0
28	**Local governments financing**	**0**					**0.9**
29	Housing financing						
30	Other local government financing	0					0.9
31	**Collateral obtained by taking possession: residential and commercial immovable properties**						
32	**Total GAR assets**	**5.3**	**0.8**	**0.7**	**0**	**0**	**0**

[1] UoP (Use of Proceeds) refers to exposures where the use of proceeds by the borrower/issuer is known.
[2] Based on own assumption: In each cell, the respective assets in euro (new business in euro) are set in relation to the total GAR assets.

4. GAR KPI flow (based on the Cap Ex-KPI)

		a	b	c	d	e	f	g	h	i
	Disclosure reference date T									
	Based on the CapEx KPI	**Climate Change Mitigation (CCM)**					**Climate Change Adaptation (CCA)**			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					**Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)**			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					**Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)**		
	% (compared to flow of total eligible assets)			**Of which Use of Proceeds**	**Of which transi-tional**	**Of which enabling**			**Of which Use of Proceeds**	**Of which enabling**
	GAR - Covered assets in both numerator and denominator	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	5.4	0.8	0.7	0	0	0	0		0
2	**Financial undertakings**	**0.1**	**0**		**0**					
3	Credit institutions	0								
4	Loans and advances	0								
5	Debt securities, including UoP[1)]	0								
6	Equity instruments			X					X	
7	Other financial corporations	0	0		0					
8	of which investment firms	0								
9	Loans and advances	0								
10	Debt securities, including UoP[1)]									
11	Equity instruments			X					X	
12	of which management companies	0								
13	Loans and advances	0								
14	Debt securities, including UoP[1)]									
15	Equity instruments			X					X	
16	of which insurance undertakings	0								
17	Loans and advances	0								
18	Debt securities, including UoP[1)]									
19	Equity instruments			X					X	
20	**Non-financial undertakings**	**1**	**0.3**	**0.2**	**0**	**0**	**0**	**0**		**0**
21	Loans and advances	1	0.2	0.2	0	0	0	0		0
22	Debt securities, including UoP[1)]	0	0		0	0				
23	Equity instruments			X					X	
24	**Households**	**4.4**	**0.5**	**0.5**						
25	of which loans collateralised by residential immovable property	3.5	0.4	0.4						
26	of which building renovation loans	0.2								
27	of which motor vehicle loans	0					X	X	X	X
28	**Local governments financing**	**0**								
29	Housing financing									
30	Other local government financing	0								
31	**Collateral obtained by taking possession: residential and commercial immovable properties**									
32	**Total GAR assets**	**5.4**	**0.8**	**0.7**	**0**	**0**	**0**	**0**		**0**

1) UoP (Use of Proceeds) refers to exposures where the use of proceeds by the borrower/issuer is known.
2) Based on own assumption: In each cell, the respective assets in euro (new business in euro) are set in relation to the total GAR assets.

		aa	ab	ac	ad	ae	af
	Disclosure reference date T						
	Based on the CapEx KPI	**TOTAL (CCM + CCA)**					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					**Proportion of total assets covered**
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
	% (compared to flow of total eligible assets)			**Of which Use of Proceeds**	**Of which transitional**	**Of which enabling**	
	GAR - Covered assets in both numerator and denominator	**X**	**X**	**X**	**X**	**X**	**X**
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	5.4	0.8	0.7	0	0	6.7
2	**Financial undertakings**	**0.1**	**0**		**0**		**0.6**
3	Credit institutions	0					0.5
4	Loans and advances	0					0.1
5	Debt securities, including UoP[1]	0					0.5
6	Equity instruments			X			
7	Other financial corporations	0	0		0		0.1
8	of which investment firms	0					0
9	Loans and advances	0					0
10	Debt securities, including UoP[1]						
11	Equity instruments			X			
12	of which management companies	0					0
13	Loans and advances	0					0
14	Debt securities, including UoP[1]						0
15	Equity instruments			X			
16	of which insurance undertakings	0					0
17	Loans and advances	0					0
18	Debt securities, including UoP[1]						
19	Equity instruments			X			
20	**Non-financial undertakings**	**1**	**0.3**	**0.2**	**0**	**0**	**1.4**
21	Loans and advances	1	0.2	0.2	0	0	1.3
22	Debt securities, including UoP[1]	0	0		0	0	0.1
23	Equity instruments			X			
24	**Households**	**4.4**	**0.5**	**0.5**			**3.9**
25	of which loans collateralised by residential immovable property	3.5	0.4	0.4			2.5
26	of which building renovation loans	0.2					0.1
27	of which motor vehicle loans	0					0
28	**Local governments financing**	**0**					**0.9**
29	Housing financing						
30	Other local government financing	0					0.9
31	**Collateral obtained by taking possession: residential and commercial immovable properties**						
32	**Total GAR assets**	**5.4**	**0.8**	**0.7**	**0**	**0**	**0**

[1] UoP (Use of Proceeds) refers to exposures where the use of proceeds by the borrower/issuer is known.
[2] Based on own assumption: In each cell, the respective assets in euro (new business in euro) are set in relation to the total GAR assets.

5. KPI off-balance sheet exposures (based on the Turnover KPI)

		a	b	c	d	e	f	g	h	i
	Disclosure reference date T									
	Stock KPI - based on the Turnover KPI	**Climate Change Mitigation (CCM)**					**Climate Change Adaptation (CCA)**			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					**Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)**			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					**Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)**		
	% (compared to total eligible off-balance sheet assets)			**Of which Use of Proceeds**	**Of which transi-tional**	**Of which enabling**			**Of which Use of Proceeds**	**Of which enabling**
1	Financial guarantees (FinGuar KPI)	1.2	0		0	0				
2	Assets under management (AuM KPI)	46.5	6		0	0.3	0	0		0

		aa	ab	ac	ad	ae
	Disclosure reference date T					
		TOTAL (CCM + CCA)				
	Stock KPI - based on the Turnover KPI	**Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)**				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
	% (compared to total eligible off-balance sheet assets)			**Of which Use of Proceeds**	**Of which transitional**	**Of which enabling**
1	Financial guarantees (FinGuar KPI)	1.2	0		0	0
2	Assets under management (AuM KPI)	46.6	6		0	0.3

5. KPI off-balance sheet exposures (based on the Cap Ex-KPI)

		a	b	c	d	e	f	g	h	i
	Disclosure reference date T									
	Stock KPI - based on the CapEx KPI	**Climate Change Mitigation (CCM)**					**Climate Change Adaptation (CCA)**			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					**Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)**			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					**Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)**		
	% (compared to total eligible off-balance sheet assets)			**Of which Use of Proceeds**	**Of which transi-tional**	**Of which enabling**			**Of which Use of Proceeds**	**Of which enabling**
1	Financial guarantees (FinGuar KPI)	1.4	0.1		0	0.1				
2	Assets under management (AuM KPI)	46.7	6.9		0	0.7	0	0		0

		aa	ab	ac	ad	ae
	Disclosure reference date T					
		TOTAL (CCM + CCA)				
	Stock KPI - based on the CapEx KPI	**Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)**				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
	% (compared to total eligible off-balance sheet assets)			**Of which Use of Proceeds**	**Of which transitional**	**Of which enabling**
1	Financial guarantees (FinGuar KPI)	1.4	0.1		0	0.1
2	Assets under management (AuM KPI)	46.7	6.9		0	0.7

Nuclear and fossil gas related activities

Row	Activities	YES/NO
	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	Yes
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	Yes
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	Yes

2.1. Taxonomy-aligned economic activities (denominator) – based on the Turnover KPI

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount (million €)	%	Amount (million €)	%	Amount (million €)	%
1.	Amount and proportion of taxonomyaligned economic activity referred to in Section **4.26** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomyaligned economic activity referred to in Section **4.27** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0	0	0.0		
3.	Amount and proportion of taxonomyaligned economic activity referred to in Section **4.28** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	6	0.0	6	0.0		
4.	Amount and proportion of taxonomyaligned economic activity referred to in Section **4.29** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
5.	Amount and proportion of taxonomyaligned economic activity referred to in Section **4.30** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0	0	0.0		
6.	Amount and proportion of taxonomyaligned economic activity referred to in Section **4.31** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0	0	0.0		
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**8,715**	**2.3**	**8,706**	**2.3**	**8**	**0.0**
8.	**Total applicable KPI**	**8,721**	**2.3**	**8,713**	**2.3**	**8**	**0.0**

2.2 Taxonomy-aligned economic activities (denominator) – based on the CapEx-KPI

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		**Climate Change Mitigation (CCM)**		**Climate Change Adaptation (CCA)**	
		Amount (million €)	%	Amount (million €)	%	Amount (million €)	%
1.	Amount and proportion of taxonomyaligned economic activity referred to in Section **4.26** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomyaligned economic activity referred to in Section **4.27** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.0	1	0.0		
3.	Amount and proportion of taxonomyaligned economic activity referred to in Section **4.28** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	11	0.0	11	0.0		
4.	Amount and proportion of taxonomyaligned economic activity referred to in Section **4.29** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.0	1	0.0		
5.	Amount and proportion of taxonomyaligned economic activity referred to in Section **4.30** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.0	1	0.0		
6.	Amount and proportion of taxonomyaligned economic activity referred to in Section **4.31** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0	0	0.0		
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**9,026**	**2.4**	**9,020**	**2.4**	**6**	**0.0**
8.	**Total applicable KPI**	**9,040**	**2.4**	**9,034**	**2.4**	**6**	**0.0**

3.1 Taxonomy-aligned economic activities (numerator) – based on the Turnover KPI

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount (million €)	%	Amount (million €)	%	Amount (million €)	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section **4.26** of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
2.	Amount and proportion of taxonomyaligned economic activity referred to in Section **4.27** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0	0	0.0		
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section **4.28** of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	6	0.1	6	0.1		
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section **4.29** of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section **4.30** of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.0	0	0.0		
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section **4.31** of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.0	0	0.0		
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**8,715**	**99.9**	**8,706**	**99.9**	**8**	**100.0**
8.	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**8,721**	**100.0**	**8,713**	**100.0**	**8**	**100.0**

3.2 Taxonomy-aligned economic activities (numerator) – based on the CapEx-KPI

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount (million €)	%	Amount (million €)	%	Amount (million €)	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section **4.26** of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
2.	Amount and proportion of taxonomyaligned economic activity referred to in Section **4.27** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.0	1	0.0		
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section **4.28** of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	11	0.1	11	0.1		
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section **4.29** of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	1	0.0	1	0.0		
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section **4.30** of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	1	0.0	1	0.0		
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section **4.31** of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.0	0	0.0		
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**9,026**	**99.8**	**9,020**	**99.8**	**6**	**100.0**
8.	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**9,040**	**100.0**	**9,034**	**100.0**	**6**	**100.0**

4.1 Taxonomy-eligible but not taxonomy-aligned economic activities – based on the Turnover KPI

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount (million €)	%	Amount (million €)	%	Amount (million €)	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section **4.26** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section **4.27** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section **4.28** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section **4.29** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	7	0.0	7	0.0		
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section **4.30** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	28	0.0	28	0.0		
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section **4.31** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0	0	0.0		
7.	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**121,988**	**32.8**	**121,985**	**32.8**	**3**	**0.0**
8.	**Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**122,023**	**32.8**	**122,020**	**32.8**	**3**	**0.0**

4.2 Taxonomy-eligible but not taxonomy-aligned economic activities – based on the CapEx-KPI

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount (million €)	%	Amount (million €)	%	Amount (million €)	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section **4.26** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section **4.27** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section **4.28** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section **4.29** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3	0.0	3	0.0		
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section **4.30** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	17	0.0	17	0.0		
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section **4.31** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0	0	0.0		
7.	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**122,356**	**32.9**	**122,352**	**32.9**	**5**	**0.0**
8.	**Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**122,376**	**32.9**	**122,372**	**32.9**	**5**	**0.0**

5.1 Taxonomy non-eligible economic activities – based on the Turnover KPI

Row	Economic activities	Amount (million €)	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section **4.26** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
2.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section **4.27** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
3.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section **4.28** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	4	0.0
4.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section **4.29** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
5.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
6.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section **4.31** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0
7.	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**241,688**	**64.9**
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**241,692**	**64.9**

5.2 Taxonomy non-eligible economic activities – based on the CapEx-KPI

Row	Economic activities	Amount (million €)	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section **4.26** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
2.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section **4.27** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	10	0.0
3.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section **4.28** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3	0.0
4.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section **4.29** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
5.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
6.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section **4.31** of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
7.	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**241,007**	**64.7**
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**241,020**	**64.7**

Note on the EU taxonomy templates

In the EU taxonomy templates in this annex, empty cells mean that there is no relevant exposure. Due to rounding, the amount is shown as 0.0 million euros or 0% in some cases.

Group management report

› In the Group management report, we provide in-depth information about the Commerzbank Group's performance in the 2023 financial year and about the macroeconomic and sector-specific conditions and their impact on Commerzbank's business activities. We also describe the outlook for the anticipated performance of the Commerzbank Group in 2024 and overall conditions expected.

› In the 2023 financial year, Commerzbank increased its consolidated profit by more than 50% to €2.2bn. The Bank benefited from strong customer business and persistently high interest rates. The loan portfolio proved to be very robust, even in what is still a difficult economic environment. High provisions for foreign currency mortgage loans at mBank had a negative impact. The Common Equity Tier 1 ratio improved to 14.7% during the year.

Contents

Basis of the Commerzbank Group

Structure and organisation

Commerzbank is the leading bank for SMEs (the Mittelstand) and a partner to some 25,500 corporate client groups and almost 11 million private and small-business customers in Germany. The Bank offers a comprehensive portfolio of financial services in two business segments – Private and Small-Business Customers and Corporate Clients.

In its corporate client business, Commerzbank focuses on German SMEs, large companies and institutional customers. In international business, the Bank supports clients that have a connection to Germany, Austria and/or Switzerland or belong to future-orientated industries. In the Private and Small-Business Customers segment, the Bank serves its customers through the Commerzbank and comdirect brands: via online and mobile channels, in the advisory centre and personally in its branches. The Polish subsidiary mBank is an innovative digital bank. It serves around 5.8 million private and corporate customers, mainly in Poland but also in the Czech Republic and Slovakia.

The two segments Private and Small-Business Customers and Corporate Clients are each managed by a member of the Board of Managing Directors. All staff and management functions are contained in Group Management: Group Audit, Group Communications, Group Finance, Group Human Resources, Group Investor Relations, Group Legal, Group Research, Group Strategy, Transformation & Sustainability, Group Tax, Group Treasury and the central risk functions. The support functions, including in particular IT, organisational, security and processing services, are provided by Group Services. The staff, management and support functions are combined in the Others and Consolidation division for external reporting purposes.

On the domestic market, Commerzbank Aktiengesellschaft is headquartered in Frankfurt am Main, from where it manages its branch network and its advisory centre. Its most important German subsidiary is Commerz Real AG. Outside of Germany, as at the reporting date Commerzbank has – including through mBank in Poland – 4 material subsidiaries, 15 operational foreign branches and 27 representative offices in over 40 countries and is represented in all major financial centres, such as London, New York, Tokyo and Singapore. In these locations we offer tailor-made solutions for local corporate and institutional customers and support local export-oriented companies worldwide. However, the focus of the Bank's international activities is on Europe.

Commerzbank prepares Group financial statements which, in addition to Commerzbank Aktiengesellschaft as operating lead company, incorporate all material subsidiaries over which the Bank exercises control. The financial year is the calendar year.

Objectives and strategy

Now that we have successfully implemented a far-reaching restructuring of Commerzbank and set up a new business model with the "Strategy 2024" programme, our text task is to establish our new business model in the market and thereby further improve our profitability. Our "Strategy 2027" programme, which was approved at the end of 2023, will seamlessly build on the successes of our strategic direction up to now.

We will enlarge our earnings base, further improve our cost income ratio and increase our return on equity. In this way, we will create value for our shareholders and extend our position as a formative force in the German banking market. The overall aim is to increase net income to €3.4bn by 2027 and to improve the return on equity ratio (RoTE) to more than 11%. In this way the Bank will earn its cost of capital. The intention is for an increase in net commission income to contribute to this in particular, while no further increase in net interest income from its very high level in 2023 is expected up to 2027. Financial management will continue to be based on the cost income ratio, which is expected to improve to around 55% by 2027.

A target of 13.5% is set for the Common Equity Tier 1 ratio. The Bank plans to return more capital to its shareholders: The payout ratio for 2024 should be at least 70% as defined by the capital return policy, but not more than the consolidated profit after deduction of AT1 coupons. The aim for 2025 to 2027 is to attain a payout ratio of more than 50%, but not more than the consolidated profit after deduction of AT1 coupons. The Bank confirms its target to distribute 50% of its consolidated profit for the past year, after deduction of AT1 coupon payments, via a dividend payment and an applied-for share buyback of up to €600m. It is planned that this share buyback takes place prior to the Annual General Meeting in 2024.

Our "Strategy 2027" programme is based on three pillars: growth, excellence, and responsibility. The Bank intends to support its customers with relevant products and solutions and to further improve the customer experience across all channels, i.e. in branches, in the advisory centre, and via digital access.

The revenue base will be strengthened primarily through expanded fee business. To increase its efficiency, the Bank will focus on simplifying digital processes. The cost income ratio is also to be improved on this basis. Sustainability continues to be a key component of the strategy. The Bank will continue to actively shape the sustainable transformation of the German economy. Employees are crucial for successfully implementing the strategy. Therefore, the Bank will strengthen its position as an attractive employer for its employees and talents.

Private and Small-Business Customers: Asset and Wealth Management as well as comdirect as driver of growth

In the Private and Small-Business Customers (PSBC) segment, the range of optimised and digital banking solutions is being expanded for the Bank's almost 11 million private and small-business customers in Germany. With its holistic approach and its two brands, Commerzbank and comdirect, it will meet all customer needs – whether online or mobile, in its advisory centre or in person in around 400 branches. Commerzbank wants to offer every customer the right model for their everyday banking needs. To this end, it will, among other things, further develop its account and card offerings as well as its payment transaction solutions. As a premium provider, Commerzbank aims to be the first point of contact for discerning customers. It will consistently expand its offering with a focus on securities and the lending business. Commerzbank sees opportunities particularly in asset and wealth management.

These activities are being expanded through tailor-made and holistic offers for premium customers, for example with Yellowfin, a recently spun off asset management company. Commerzbank will in future use a holistic advisory tool to advise its wealth management customers, and it will consider not only liquid but also illiquid assets. The Bank wants to increase its customer growth among small-business customers while focusing on specific target groups. comdirect will strengthen its position as the digital primary bank with an expanded product range and its excellent brokerage platform. With its attractive and digital business model, mBank will build on its leading position among private customers.

Corporate clients: building on our leading market position

As the leading German Mittelstandsbank, Commerzbank will continue to provide close support to its corporate clients in their ongoing transformations. The Bank will continue to drive forward its strategy to date in the corporate customer business through targeted investments in products and digital solutions up to 2027.

Commerzbank will therefore strengthen its transaction banking by investing in new systems and technologies and thereby secure its leading position in payment transactions and in the German trade finance business. In international business, the Bank supports clients that have a connection to Germany, Austria and/or Switzerland or belong to future-orientated industries. In its lending business, its focus is on growth in Germany and on financing green infrastructure projects worldwide. Commerzbank will rely on its centres of competence for renewable energies in Hamburg, Singapore and New York to achieve this. In the capital markets area, the Bank wants to expand its offering in the digital currency business and to open its central online trading platform to additional asset classes. Another focus will be on expanding the bonds business.

Our strategy for 2027 is based on the three pillars of growth, excellence and responsibility

Full details of our "Strategy 2027" programme can be found on the Commerzbank website.

Corporate management

Corporate management in the Commerzbank Group is based on a value-oriented steering concept. This concept is focused on ensuring that the risks entered by the business units are in line with the external and internal guidelines on risk-bearing capacity and on striving to achieve an appropriate return over the long term on the capital employed. In this respect, the Bank regularly monitors the allocation of scarce resources to business units and actively adapts its business strategy to changing market circumstances in order to boost the enterprise value over the long term.

The annual planning process is a key corporate management tool. In this process, the Board of Managing Directors sets targets for the business units based on the business strategy. Existing resources such as capital and risk limits are allocated to the segments in a way that reflects the targets and risk profiles. The segments operationalise the targets based on the business strategy and the results of the planning process. The Board of Managing Directors carries out regular checks to ensure that business planning is being followed. This ensures that any deviations are identified at an early stage through monthly management reporting, and corrective measures are taken.

In order to manage the Group and its segments, the Bank uses the standard controlling indicators described below, which cover all the essential dimensions of Group management. Their development is monitored as part of regular management reporting.

The management of the Bank takes account of both pillars of capital adequacy requirements. To ensure internal risk-bearing capacity at all times, planning includes allocating economic capital to the segments according to type of risk. The average capital employed in the segments is calculated based on the average segmented risk-weighted assets. At Group level, Common Equity Tier 1 (CET1) capital is shown. The reconciliation of average capital employed in the segments to the Group's CET1 capital is carried out in Others and Consolidation. The Common Equity Tier 1 ratio is a key indicator for the Bank in capital management.

The key figures used for measuring success in the corporate management process are operating profit/loss and group profit/loss after tax and non-controlling interests, along with the cost income and return on equity ratios. The cost income ratio is used to assess cost efficiency and is defined as the ratio of operating expenses to income before the risk result. The cost income ratio is calculated in two variants: with and without the inclusion of compulsory contributions in the item "costs". Segment return on equity is calculated as the ratio of operating profit/loss or pre-tax profit/loss to the average amount of regulatory capital employed. It shows the return on the equity invested in a given business segment. As is standard for value-based management concepts, the target minimum return on capital employed is derived from the expected return on the capital market. Here the focus at Group level is on the return on tangible equity. The Economic Value Added, which was reported as a performance indicator for corporate management in 2022, was replaced by the return on net equity in the financial year in line with the industry-standard reporting of European banks. The Economic Value Added is still displayed as a message for internal purposes.

The operating result and the return on equity are used to measure the Group's performance. The Group's return on equity is the ratio of the consolidated profit after tax and non-controlling interests to the average CET1 capital of the Group.

The calculation of the capital cost rate is based on the Bank's strategic target return on tangible equity and the capital market-oriented Capital Asset Pricing Model (CAPM) and is subject to an annual review. Commerzbank currently calculates its post-tax cost of capital to be 10.0%.

As Group figures, the controlling data listed above form part of a system of other segment-specific data that vary from segment to segment depending on the business strategy.

Remuneration report

The remuneration report for the Board of Managing Directors and the Supervisory Board is published as a separate report and can be found on the Commerzbank website.

Details pursuant to Art. 315 (4) of the German Commercial Code (HGB)

Details pursuant to Art. 315 (4) of the German Commercial Code (HGB) can be found in the Annual Report section on corporate responsibility. They form part of the Group management report.

Details pursuant to Art. 315a of the German Commercial Code (HGB) and explanatory report

Details pursuant to Art. 315a of the German Commercial Code (HGB) and the explanatory report can be found in the Annual Report section on corporate responsibility. They form part of the Group management report.

Details pursuant to Art. 315d of the German Commercial Code (HGB)

Details pursuant to Art. 315d in conjunction with Art. 289f of the German Commercial Code (HGB), "Declaration on corporate governance", can be found in the Annual Report section on corporate responsibility. They form part of the Group management report. The declaration on corporate governance can also be found on the Commerzbank website.

Details pursuant to Art. 340i (5) in conjunction with Art. 315b (3) of the German Commercial Code (HGB)

Details pursuant to Art. 340i (5) in conjunction with Art. 315b (3) of the German Commercial Code (HGB) can be found in the Annual Report section on corporate responsibility as a combined separate non-financial report. They form part of the Group management report. The combined separate non-financial report can also be found on the Commerzbank website.

Important staffing and business policy events

A report on important staffing changes at management level and special business policy events during the past financial year and the first few weeks of the current year is provided below.

Over the course of the year under review, there were changes in the composition of both the Supervisory Board and the Board of Managing Directors. Commerzbank has achieved further success and progress with its sustainability strategy. At the end of March 2023, its CO_2 reduction calculations were reviewed and validated by the Science Based Targets initiative, one of the leading international standard setters, and the Bank has joined the Partnership for Carbon Accounting Financials (PCAF) as announced in September 2023. The 2023 stress test conducted by the European Banking Authority and the European Central Bank (ECB) showed that Commerzbank is well positioned even under simulated stress conditions. The bank-specific capital requirements set by the ECB for 2024 as part of the Supervisory Review and Evaluation Process (SREP) also clearly confirm once again that Commerzbank is well positioned in terms of its capitalisation.

In order to give its shareholders an appropriate share in its success, the Bank successfully completed its first share buyback programme in the year under review and launched another share buyback programme at the beginning of January 2024. At the beginning of the current year, Commerzbank decided on two investments in connection with the "Strategy 2027" programme published in November 2023. In addition to announcing a joint venture with Global Payments Inc., a leading global provider of financial technologies and software solutions, it agreed – subject to the necessary regulatory approvals – to acquire a majority stake in Aquila Capital Investmentgesellschaft mbH, an asset manager, in order to accelerate its growth in the sustainability business. The Bank also adapted its compliance function to the regulatory environment in the 2023 financial year.

Commerzbank's Annual General Meeting: new Supervisory Board members elected

At the virtual Annual General Meeting of Commerzbank on 31 May 2023, the shareholders, as proposed, elected Harald Christ, Dr. Frank Czichowski, Sabine U. Dietrich, Dr. Jutta A. Dönges, Burkhard Keese, Daniela Mattheus, Caroline Seifert, Dr. Gertrude Tumpel-Gugerell, Prof. Dr. Jens Weidmann and Frank Westhoff to the Supervisory Board of the Bank by a large majority.

The election of the employee representatives on the Supervisory Board had already taken place at the start of 2023. At its first meeting following the Annual General Meeting, the Supervisory Board elected Prof. Dr. Jens Weidmann as its Chairman. For full details of the Supervisory Board and the composition of the individual committees, please refer to the Commerzbank website.

Changes in the Board of Managing Directors of Commerzbank

At its meeting on 11 September 2023, the Supervisory Board of Commerzbank appointed Bernhard Spalt to the Board of Managing Directors of Commerzbank as Chief Risk Officer with effect from 1 January 2024. Bernhard Spalt succeeded Dr. Marcus Chromik, who left Commerzbank at the end of 2023 – as had already been announced in July 2022. As a former member of the Management Board of Erste Group and Erste Bank Austria, Bernhard Spalt has many years of experience in all areas of risk management. He was also Chief Executive Officer of Erste Group Bank AG from 2020 to 2022.

In mid-February 2024, Dr. Jörg Oliveri del Castillo-Schulz informed the Supervisory Board that he will not renew his contract with the Management Board, which will run until the end of September 2024. The Supervisory Board has started an orderly succession process.

Science Based Targets initiative (SBTi) validates Commerzbank's CO_2 emissions reduction targets

In September 2020, Commerzbank became the first German bank to join the SBTi and developed science-based targets to reduce the financed emissions attributable to the CO_2-intensive sectors in its portfolio. The initiative is a global body enabling businesses to set their emissions reduction targets in line with the latest climate science. It supports companies to reduce CO_2 emissions significantly by 2030 and consequently move to net-zero emissions by 2050.

Our CO_2 emissions reduction calculations were reviewed and validated by the Science Based Targets initiative, one of the leading standard-setting bodies, at the end of March 2023. Commerzbank is the first German bank with SBTi-validated CO_2 emissions reduction targets.

The SBTi targets are a core element of Commerzbank's sustainability strategy. The Bank has, among other things, defined specific CO_2 reduction targets for seven emissions-intensive sectors. These are: power generation, retail mortgage financing, commercial real estate financing, automotive manufacturing, aviation, cement, and iron and steel.

Commerzbank joins the Partnership for Carbon Accounting Financials (PCAF)

As announced in September 2023, Commerzbank has joined the Partnership for Carbon Accounting Financials (PCAF) – an initiative of more than 400 financial institutions worldwide. PCAF members are committed to reporting the CO_2 emissions associated with loans and investments across the industry using a consistent methodology. These financed emissions are a crucial part of the carbon footprint of banks. The PCAF approach enables stakeholders to compare this carbon footprint of banks with each other. This makes reduction targets and progress more transparent. The PCAF complements Commerzbank's steering elements, through which it aims to steer its sector portfolios towards the Paris climate target.

In 2023 we also switch our method of calculating portfolio intensities to the internationally recognised PCAF standard. In the course of applying this standard, we additionally recalculated the starting point in the kick-off year 2021 and determined new target values for 2030. The targets remained as ambitious as before, or became slightly more ambitious, because another sector (cement) moved from a 1.8°C pathway to a 1.5°C pathway. The SBTi has not yet finally approved the adjusted targets.

Stress test by the European Banking Authority and the European Central Bank demonstrates Commerzbank's high level of resilience

Commerzbank once again demonstrated its resilience and significantly improved its performance, despite more demanding conditions, in the 2023 stress test conducted by the European Banking Authority and the European Central Bank, the results of which were published at the end of July 2023. In what is called the adverse stress test scenario, which simulates a severe economic crisis, the Common Equity Tier 1 ratio (CET1 ratio) stands at 9.5% as at the end of the observation period in 2025. Given still more challenging assumptions, for example in terms of a massive and prolonged economic slump in Germany and sharply rising interest rates, Commerzbank's CET1 ratio decreased by 464 basis points over the stress period. In the previous test in 2021, the capital ratio had fallen by 502 basis points to 8.2%.

SREP capital requirements for Commerzbank set for 2024 – distance from the MDA threshold remains comfortable

At the beginning of December 2023, the European Central Bank (ECB) set the bank-specific capital requirements for the Commerzbank Group for 2024, as part of the supervisory review and evaluation process (SREP). The additional capital adequacy requirement under Pillar 2 (P2R) increases slightly (by 25 basis points) to 2.25% of total capital, of which at least 1.27% must be covered by Common Equity Tier 1 capital. Previously, the requirement was 1.13% of Common Equity Tier 1 Capital. The SREP decision replaces the previous SREP decision with effect from 1 January 2024.

The requirements are fully reflected in Commerzbank's strategic planning and policy on returning capital. With a CET1 ratio of 14.7% as of December 2023, the Bank is well above the MDA threshold.

Commerzbank carries out share buyback programmes

In June 2023, Commerzbank completed the first share buyback programme in the amount of €122m, which had been approved by the ECB and the German Finance Agency at the end of April 2023. This share buyback programme supplemented the dividend of €0.20 per share that the Annual General Meeting had approved on 31 May 2023.

At the end of December 2023, Commerzbank received approval from the European Central Bank for a new share buyback programme with a volume of up to €600m. With that approval and the approval of the German Finance Agency, all of the approval requirements for a share buyback have been met. The Board of Managing Directors decided on this basis at the beginning of January 2024 to implement the share buyback. The repurchased shares of Commerzbank Aktiengesellschaft will be cancelled.

Commerzbank and Global Payments Inc. establish a joint venture

In mid-January 2024, Commerzbank and Global Payments Inc., a leading global provider of financial technologies and software solutions, announced a joint venture to offer digital payment products to small-business customers in Germany. The new company, Commerz Globalpay GmbH, is expected to launch on the market in the first half of 2024. Merchants will be offered a wide range of digital solutions that will work across different channels.

This range of services from a single source will enable small-business customers to manage and expand their businesses more efficiently.

Commerz Globalpay GmbH will offer digital payment solutions. These will include Global Payments Inc.'s smartphone-based payment application that will enable merchants to accept mobile payments without a separate card reader, as well as modern card terminals and eCommerce/mobile payment solutions that will ensure a seamless, integrated customer experience. Business customers will also have access to cloud-based point-of-sale software, a customer loyalty programme and an analytics and customer engagement platform.

Commerzbank acquires majority stake in Aquila Capital Investmentgesellschaft mbH

With its acquisition of a majority stake in the asset manager Aquila Capital Investmentgesellschaft mbH, which was announced in mid-January 2024, Commerzbank Aktiengesellschaft is accelerating its growth in the sustainability business. Its acquisition of 74.9% of the shares in this investment company, which specialises in essential real assets such as renewable energies and sustainable infrastructure projects, had been agreed with the Aquila Group. 25.1% of the shares remain with the previous parent company, the Aquila Group. Aquila Capital Investmentgesellschaft mbH is intended to develop, under the umbrella of Commerzbank, into a leading asset manager for sustainable investment strategies. Together with Commerz Real and Aquila Capital Investmentgesellschaft, Commerzbank will significantly advance the energy transition in Germany and Europe. The transaction is still subject to the required regulatory approvals and is expected to be completed during the second quarter of 2024.

Continuous adaptation of the compliance function to the regulatory environment

In the 2023 financial year, the compliance function once again took extensive measures to ensure the appropriate and effective management of compliance risks in Germany and abroad. A particular challenge was posed by the increasing frequency and complexity of new regulations and requirements, particularly those relating to sanctions.

To mitigate the risks, the compliance function draws on the governance structures implemented and proven throughout the Bank in recent years, the global compliance processes and controls and the existing system landscape.

The arrangements are regularly reviewed across the Bank's businesses and are continuously adapted to the new regulatory requirements and changing market standards.

With regard to the German Corporate Due Diligence in Supply Chains Act (LkSG) that entered into force on 1 January 2023, the compliance function (acting as global functional lead) fulfils the role of the second line of defence, and thus defines Group-wide minimum standards for the Bank in order to identify and prevent breaches of certain human rights and certain environmental obligations at (in)direct suppliers and in the Bank's own area of business. To ensure compliance with the LkSG's requirements, the Bank has set up a comprehensive compliance programme and is consistently expanding it. In 2023, the focus was on the implementation of a global LkSG programme.

For more information on compliance risks and on integrity and compliance at Commerzbank, please see page 256 f. of the Group Risk Report and page 72 f. of the combined separate non-financial report.

Economic report

Economic conditions

Economic environment

The global economy continued to lose momentum in 2023, but with strong regional divergences.

In China, the government's abrupt departure from its zero-Covid policy at the end of 2022 boosted the economy in the short term. After a noticeable recovery at the beginning of 2023, economic growth again slowed noticeably in the spring. The recovery was slowed down primarily by problems on the real estate market. But a loss of trust in the state's economic policy due to its Covid policy and the restrictions that it had imposed, especially on the technology sector, may also have played a role. However, with average annual growth of 5.2%, economic growth was still significantly higher than it had been in 2022.

In the USA, the economy performed better than expected, until recently. This was primarily due to the unusually expansionary financial policy, which prevented the US Federal Reserve's massive policy rate increases (by a total of 525 basis points) from having a full impact on the economy. Despite the shortage of skilled labour, the economy grew at 2.5% in 2023, which was stronger than the long-term average. The fact that the inflation rate fell significantly again over the course of the year, despite high wage increases, was mainly due to the correction in energy prices.

General economic conditions were difficult even in 2023

In contrast to the USA, economic growth came to a standstill in the eurozone over the course of the year. On average for the year, overall economic output only increased by 0.5%. The sustained increase in energy prices came on top of the ECB's massive increase in policy rates (by a total of 450 basis points) since mid of 2022 and put a strain on private households and companies. Many companies were unable to pass on their energy-related higher production costs to their customers in full, and this resulted in a significant decline in the production of energy-intensive goods.

The German economy is estimated to have even contracted by 0.3% in 2023. The energy price shock hit Germany particularly hard and prevented its economy from recovering during the first half of the year.

Noticeably increased financing costs and weak demand from abroad actually caused its economy to contract during the second half of the year. The lower level of economic activity is also reflected in its labour market. Employment growth has slowed noticeably, and the unemployment rate has again risen slightly.

Trends on the financial markets in 2023 were dominated by the continued tightening of fiscal policies. By the middle of the year, and against the background of high inflation, the US Federal Reserve raised the target range for the policy rate by a further 100 basis points to 5.25% – 5.50%. By September, the ECB even increased its deposit rate by 250 basis points to 4.0%. The bond market initially reacted with significantly rising yields. At their peak, ten-year US government bonds yielded 5% and corresponding German government bonds yielded nearly 3%. At the turn of the year, speculation about imminent cuts in policy rates caused yields to fall significantly again.

The stock market was surprisingly robust despite the increased yields. At the end of the year, many stock market indices were close to their historical highs again. The EUR to USD exchange rate was volatile, but moved mainly sideways.

Sector environment

The difficult economic situation – particularly with regard to international trouble spots, high inflation rates and energy costs – made 2023 a challenging year for the banking sector. Although government measures prevented an economic slump, the negative consequences for the economy and society are gradually beginning to show. The difficulties of US regional banks in the first half of 2023, which were triggered by high write-downs on fixed-income securities in their portfolios, have led to doubts in confidence in the global banking sector. That also applies to Europe, although regulation is tighter here than in the USA.

According to the Ifo Business Climate Index, business expectations in Germany deteriorated over the course of the year. Industry, trade and the construction sector were particularly affected. The current purchasing managers' indices for the services sector also suggest weak economic development for Germany and the rest of the eurozone. Despite recent noticeable declines, inflation continues to exceed the target set by the central banks. At the same time, the challenging general conditions are causing considerable uncertainty among companies and dampening their willingness to invest. Nevertheless, the financial markets have so far proven to be very robust. European banks have so far not been affected by major defaults.

According to the European Banking Authority (EBA), banks' profitability improved significantly during 2023 as a result of the rise in interest rates over the past year and a half. In the second quarter of 2023, the average return on equity reached double-digit percentages for the first time since the establishment of the European Banking Union. This was primarily due to higher net interest margins. According to the Deutsche Bundesbank's analysis, interest rates rose faster and more strongly in the lending business than in the deposit business, and this is why net interest income proved to be the main driver for the significant increase in operating income. European banks also continued to be resilient in terms of liquidity and refinancing. The average liquidity coverage ratios remain well above the minimum regulatory requirements.

Profitability of the banks improved significantly in 2023

In Germany, according to official insolvency statistics, defaults on loan servicing remained at a reasonable level for a long time – despite the energy crisis, the Russia-Ukraine war and the sharply increased inflation. However, insolvency activity lags around one to two years behind economic developments. It is therefore not surprising that, according to Creditreform, the number of corporate insolvencies increased significantly (by 23.5%) across all size classes during the whole of 2023. Medium-sized and large companies recorded an above-average increase in insolvencies. The retail, catering, freight forwarding, construction and health sectors were particularly affected. Further payment defaults are to be expected against this background. There is also a risk of loan defaults on commercial real estate financing if borrowing rates remain at a high level over the long term. At the same time the number of business closures also increased. The number of companies discontinuing operations completely rose by around 10% in the first three quarters of 2023 compared with the corresponding prior-year period. In contrast, the number of consumer insolvencies remained almost unchanged in 2023. The resilient labour market had a stabilising effect. However, higher default rates cannot be ruled out for consumer loans in the coming months. In recent years, many borrowers' net debt has risen markedly in response to very favourable financing conditions. The resulting need for value adjustments will affect both retail and corporate banking business.

The long-lived boom in the local residential property market came to an abrupt end due to the sharp rise in mortgage interest rates. Many prospective buyers are unlikely to be able to afford initial financing at current prices, especially as the persistently high level of core inflation is continuing to put a strain on the budgets of many households. However, long fixed-interest periods on existing properties instead of variable-rate mortgage loans, as well as the preferrence of annuity loans instead of bullet mortgage loans, reduce risks. As a result, when fixed-interest periods expire, follow-up financing costs are at present generally not much higher than in the previous period. More extensive defaults on existing mortgages are therefore not to be expected in the foreseeable future. Any considerable fall in house prices is also rather improbable on a nationwide average. That is because the continuing shortage of affordable housing, the relatively low ownership rate compared with other countries, and the reallocation of assets against a backdrop of a high level of economic uncertainty and reduced monetary stability are supporting the residential real estate market. Nevertheless, new business in residential mortgage loans to private households dropped sharply over the course of 2023, and new business in consumer loans also fell. New business declined slightly for loans to non-financial companies and more significantly for loans to the self-employed.

As a neighbour of Ukraine, Poland has been affected indirectly by the war, with the adverse economic effects also having a negative impact on its financial sector. Poland's gross domestic product lost significant momentum in the first half of 2023. Despite these unfavourable conditions, the Polish banking sector proved to be robust in the assessment of financial stability. Overall, there were trends towards consolidation, which will continue. In the meantime, the economic outlook has brightened significantly again, driven primarily by strong consumer spending. Risks result primarily from unsecured consumer loans and residential mortgage loans. There are currently numerous pending lawsuits from private customers relating to foreign currency mortgage loans with indexing clauses. Following the implementation by national courts of rulings by the European Court of Justice (ECJ), additional provisions may become necessary for foreign currency loan portfolios. "Credit holidays" under which interest payments can be temporarily suspended also have a negative impact on income in the Polish banking sector.

Financial performance, assets, liabilities and financial position

The 2023 financial year was a very successful one for Commerzbank. Double-digit income growth was recorded in 2023 despite substantial charges at our Polish subsidiary mBank. This exceptionally strong income momentum was driven by strong customer business and the tailwind provided by interest rate increases on the part of both the ECB and the Polish central bank.

The Commerzbank Group recorded an operating profit of €3,421m for the year under review, compared with €2,099m in the previous year. The consolidated profit attributable to Commerzbank shareholders and investors in additional equity components for the period under review was €2,224m.

Strong customer business in fiscal year 2023

Total assets of the Commerzbank Group as at 31 December 2023 were €517.2bn, compared with €477.4bn at the end of 2022. The 8.3% increase resulted in particular from inflows of liquidity and an increase in collateralised securities repurchase transactions. The increase in risk-weighted assets (RWA) to €175.1bn was mainly due to higher risk-weighted assets relating to credit risks. Common Equity Tier 1 capital was €25.7bn and the corresponding Common Equity Tier 1 ratio 14.7%.

Explanations regarding changes or amendments to the accounting and measurement methods can be found in Notes 2 and 4 to the Group financial statements.

Income statement of the Commerzbank Group

The individual items in the income statement were as follows in 2023:

Net interest income was €8,368m in the period under review, compared with €6,459m in the previous year. The significant increase of 29.6% was attributable to a considerable rise in income from interest-bearing business in both customer segments. mBank was largely responsible for the increase in net interest income in the Private and Small-Business Customers segment. The significantly higher average central bank rate level in Poland had a particularly positive impact. As a result, deposit business made the largest contribution to mBank's sharp rise in net interest income.

However, the development of the interest-bearing business in Germany was determined by offsetting effects. While the turnaround in interest rates resulted in additional income from deposits, the loss of one-off income due to unscheduled repayments of retail mortgage financing in the previous year led to lower net interest income. In addition, interest rate model adjustments as part of the maturity transformation of deposits in the Private and Small-Business Customers segment resulted in compensation payments between the segment and Group Treasury when adjusting model tranches, and this had a negative impact on earnings in the Private and Small-Business Customers segment. These two offsetting effects balanced each other out in the Group's net interest income. Net interest income in the Corporate Clients segment was also higher than the prior-year level. Here, the Mittelstand division showed a clearly positive earnings trend year on year. While income from lending business decreased, the Cash Management and Financial Markets divisions benefited from a marked rise in deposit income. The increase in net interest income in Others and Consolidation was mainly due to a higher positive result from Group Treasury from short-term and floating-rate instruments with negative offsetting interest rate effects from banking book derivatives due to the marked rise in interest rates. The change in fair value compensation payments for special repayments of retail mortgage financing by customers in the Private and Small-Business Customers segment supported the increase in net interest income. In addition, interest rate model adjustments as part of the maturity transformation of deposits in the Private and Small-Business Customers segment resulted in compensation payments between Group Treasury and the segment when closing model tranches, which led to an increase in earnings for Group Treasury. In net interest income at Group level, the effects of fair value compensation payments and interest model adjustments offset each other.

Net commission income was 3.8% below the prior-year level at €3,386m. In the Private and Small-Business Customers segment, transaction-related securities business in particular slightly declined in Germany in the period under review because of the turnaround in interest rates and the lower market volatility compared with the prior year, which was reflected in a slight drop in commission income. This could not be offset by higher income from payment transactions. mBank also recorded a decline in net commission income compared with the prior-year period. In the Corporate Clients segment, net commission income was largely stable compared with the corresponding prior-year period. The decrease in income from international and foreign currency business was largely offset by higher income from syndication business.

The net income from financial assets and liabilities measured at fair value through profit or loss was €–359m in the reporting period, after €451m in the prior-year period. The significant decrease was attributable to negative interest effects from banking book derivatives caused by the marked rise in interest rates – with a corresponding counter-effect on net interest income.

Statement of comprehensive income I €m	2023	2022	Change
Net interest income	8,368	6,459	1,909
Dividend income	26	32	–5
Risk result	–618	–876	258
Net commission income	3,386	3,519	–133
Gain or loss from financial assets and liabilities measured at fair value through profit and loss and net income from hedge accounting	–320	338	–658
Other profit or loss from financial instruments, income from at-equity investments and other net income	–999	–886	–113
Operating expenses	6,006	5,844	162
Compulsory contributions	415	642	–227
Operating profit/loss	**3,421**	**2,099**	**1,322**
Restructuring expenses	18	94	–76
Pre-tax profit or loss	**3,403**	**2,005**	**1,398**
Taxes on income	1,188	612	576
Consolidated profit/loss	**2,214**	**1,393**	**821**
Consolidated profit or loss attributable to Commerzbank shareholders and investors in additional equity components	2,224	1,435	789

Other profit or loss from financial instruments was €52m in the period under review, compared with €–292m in the previous year, which included charges against earnings caused by interest and repayment deferrals for private real estate financing at mBank.

Other net income of €–1,055m chiefly reflects provisions of €–1,094m in connection with retail mortgage financing in foreign currencies at mBank, which were offset only to a small extent by write-ups on equity holdings and gains on disposals.

The risk result of €–618m was significantly better than the prior-year figure of €–876m. The decline was primarily attributable to effects related to the Russia-Ukraine war in the prior year. The loan loss provisions required in the Private and Small-Business Customers segment for the period under review increased compared with the prior-year period – particularly at mBank, while the risk result in the Corporate Clients segment was significantly lower than the prior-year result, which had primarily been impacted by the Russia-Ukraine war. The secondary effects top-level adjustment (TLA), which had been recognised in 2022, continued to be needed in 2023 in view of the crisis-related economic uncertainty. As at 31 December 2023, the total for the TLA for secondary effects stood at €453m, compared with €482m in the previous year. Further information on the TLA can be found on page 233 ff. of the Group risk report.

Operating expenses amounted to €6,006m in the period under review, 2.8% higher than in the prior-year period despite the inflationary pressure. In the case of personnel costs, which at €3,562m were 4.3% above the previous year's level, cost-increasing effects – in particular deferrals for profit-related variable remuneration, expenses for the inflation adjustment premium as well as general salary adjustments – could only be partially compensated by effects from the reduction of full-time staff. On the other hand, operating expenses, including depreciation of fixed assets and amortisation of other intangible assets, were at the same level as in the prior year at €2,444m. While advertising and travel expenses in particular increased compared with the prior-year period, scheduled amortisation of software and expenses connected with the streamlining of the branch network decreased.

Compulsory contributions, which are reported separately, fell by €227m to €415m. The reduction of 35.3% resulted from a lower European banking levy due to the decision taken by the Single Resolution Fund of the Banking Union to reduce the target volume for 2023 because of slower growth than expected in European covered deposits, as well as from the lapse of the levy on mBank that had been required in the previous year to supplement the Polish deposit protection scheme. In addition, the utilisation of irrevocable payment commitments for the European banking levy had a corresponding effect.

Restructuring expenses of €18m during the period under review affected earnings performance. These mainly related to the implementation of the "Strategy 2024" programme and resulted in particular from the recognition of restructuring provisions in connection with property matters.

The pre-tax profit was €3.403m, compared with €2,005m in the prior-year period. Tax expenses of €1,188m were reported for the 2023 financial year. This resulted mainly from the taxation of the positive result for the financial year as well as provisions in connection with foreign currency mortgage loans at mBank, which were largely not deductible for tax purposes.

The consolidated profit after tax was €2,214m, compared with €1,393m in the previous year.

Best Group result for 15 years

Net of non-controlling interests, a consolidated profit of €2,224m was attributable to Commerzbank shareholders and investors in additional equity components for the 2023 financial year, compared with €1,435m in the previous year.

Against the backdrop of positive results for the 2023 financial year in accordance with the German Commercial Code (HGB), the plan is to service all capital instruments issued by Commerzbank Aktiengesellschaft for the 2023 financial year. We will propose to the Annual General Meeting that a dividend of €0.35 per share be distributed for 2023. In addition, Commerzbank has launched a share buyback programme worth up to €600m in accordance with its capital return policy – following approval from the ECB and the German Finance Agency.

Total comprehensive income, which includes both consolidated profit/loss and other comprehensive income for the period, came to €2,644m in 2023, compared with €1,263m in the previous year.

Other comprehensive income of €429m was comprised of the sum of changes in the revaluation reserve (FVOCImR) (€338m), the cash flow hedge reserve (€94m), the currency translation reserve (€122m), the change in companies accounted for using the equity method (€1m), the change from the remeasurement of defined benefit plans not recognised in the income statement (€7m), the change in own credit spreads of liabilities FVO not recognised in the income statement (€–131m), and the change in remeasurement effects from net investment hedges (€–2m). Further information on other comprehensive income can be found on page 269 of the Group financial statements.

Operating profit per share was €2.75 and earnings per share €1.63. The comparable figures in the prior-year period were €1.68 and €0.99 respectively. The cost income ratio was 57.4% excluding compulsory contributions and 61.4% including compulsory contributions. The corresponding figures for the previous year were 61.8% and 68.6% respectively.

Balance sheet of the Commerzbank Group

Total assets of the Commerzbank Group as at 31 December 2023 were €517.2bn, up 8.3% compared with year-end 2022.

Cash on hand and cash on demand rose by €17.9bn to €93.1bn. The strong growth on the 2022 year-end balance was attributable to an increase in deposits held with central banks due to inflows of liquidity.

Financial assets at amortised cost increased by €2.5bn to €298.7bn compared with the end of 2022. Around 60% of the increase was attributable to loans and receivables – mainly from financial service providers, public-sector borrowers and credit institutions, and including regional lending business, special financing, renewable energy financing and mBank's corporate customer business. Securitised debt instruments increased by €1.0bn, mainly at mBank.

Financial assets in the fair value OCI category were €40.1bn, up €5.3bn from the end of 2022. The increase of 15.1% mainly resulted from a higher volume of debt securities in connection with liquidity management.

At €48.4bn, financial assets mandatorily measured at fair value through profit or loss were €18.4bn higher than at the end of the previous year. The increase was primarily attributable to an expansion of collateralised securities repurchase agreements. In this regard, loans to and claims on banks and financial service providers rose by €19.2bn in total, while loans to and claims on central banks fell by €1.9bn.

Financial assets held for trading were €28.3bn at the reporting date, €5.2bn lower than at the end of 2022. While positive fair values – from both interest and currency-related products – decreased significantly by a total of €5.8bn, securitised debt instruments (with a volume of €2.2bn) were €0.6bn lower than at the end of 2022.

Non-current assets held for sale and disposal groups were €0.1bn, compared with €0.2bn at the end of 2022. The decrease was primarily due to sales.

Assets I €m	31.12.2023	31.12.2022[1]	Change in %
Financial assets – Amortised cost	298,689	296,192	0.8
Financial assets – Fair value OCI	40,143	34,887	15.1
Financial assets – Mandatorily fair value P&L	48,359	29,912	61.7
Financial assets – Held for trading	28,334	33,573	−15.6
Other assets	101,640	82,863	22.7
Total	**517,166**	**477,428**	**8.3**

Liabilities and equity I €m	31.12.2023	31.12.2022[1]	Change in %
Financial liabilities – Amortised cost	419,809	390,385	7.5
Financial liabilities – Fair value option	36,941	25,018	47.7
Financial liabilities – Held for trading	18,927	24,759	−23.6
Other liabilities	8,479	6,333	33.9
Equity	33,009	30,934	6.7
Total	**517,166**	**477,428**	**8.3**

[1] Figures adjusted due to restatements (see Group financial statements, Note 4).

On the liabilities side, financial liabilities at amortised cost were up €29.4bn to €419.8bn compared with the end of the previous year. The increase versus year-end 2022 was attributable to a marked rise of €26.9bn in deposits and other liabilities in the Corporate Clients segment and the German retail banking business. Debt securities issued increased by €2.5bn compared with the end of the previous year in connection with the new issue of Pfandbriefe.

Financial liabilities under the fair value option amounted to €36.9bn on the reporting date and were thus up €11.9bn compared with the end of 2022. The increase resulted primarily from new issues of bonds and an expansion of the repo business.

Financial liabilities held for trading were €18.9bn, down €5.8bn compared with the end of 2022. The decrease was due to the negative fair values of derivative financial instruments, especially interest-rate-related and currency-related derivative transactions, which fell in total by €5.6bn.

Provisions increased by €0.1bn year on year to €3.6bn. The increase was primarily due to higher provisions for legal risks and provisions for pensions. In contrast, the provisions for restructuring were significantly lower than at the end of the previous year. Contingent liabilities and lending commitments totalled €128.0bn, the same level as at the end of the previous year. Further information regarding contingent liabilities and lending commitments can be found in Note 56 to the Group Financial Statements.

Equity

The equity capital attributable to Commerzbank shareholders reported in the balance sheet on 31 December 2023 was €28.9bn, up 7.2% compared with year-end 2022. Further information on the change in equity can be found on page 272 ff. of the Group financial statements.

Risk-weighted assets were €175.1bn as at 31 December 2023 and thus €6.4bn higher than at year-end 2022. This change was primarily attributable to an increase in risk-weighted assets from credit risks. The higher credit risk was mainly attributable to increases from the anticipation of effects from model adjustments, including under the “IRB Repair” programme set up by the banking supervisory authority, and from a higher volume of utilisations, commitments and securities repurchase transactions. Three new securitisation transactions in the first, third and fourth quarters of 2023 had a countervailing effect to an extent. Higher risk-weighted assets from market risk resulted mainly from increased currency risks from tighter regulation in the context of correlated currencies and from position changes. The inclusion of the increased income in 2023 as part of the annual update of the three-year time series (standardised approach) resulted in an increase in risk-weighted assets from operational risks.

As at the reporting date, Common Equity Tier 1 capital was €25.7bn, compared with €23.9bn as at 31 December 2022. The positive effects on Common Equity Tier 1 capital resulted primarily from the net profit or loss for 2023, taking the accruals for dividends, share buybacks and AT1 interest into account.

A further increase in CET1 is due to lower regulatory deductions and/or adjustments and an improvement in Other comprehensive income. The Common Equity Tier 1 ratio was 14.7%, compared with 14.1% in the previous year. The Tier 1 ratio was 16.5% as at the reporting date, compared with 16.0% as at the end of 2022.

Hard core capital ratio at a comfortable 14.7%

Tier 2 capital increased by €0.1bn to €4.9bn compared with 31 December 2022. New issues increased Tier 2 capital by €0.9bn, while amortisation, maturity and currency effects as well as the termination of a bond reduced Tier 2 capital by €0.9bn. The total capital ratio (with transitional provisions) was 19.3% as at the reporting date, compared with 18.9% as at the end of 2022. Own funds increased by €1.9bn year on year to €33.9bn as at 31 December 2023.

The leverage ratio, which is equal to Tier 1 capital divided by leverage ratio exposure, was 4.9%.

Funding and liquidity of the Commerzbank Group

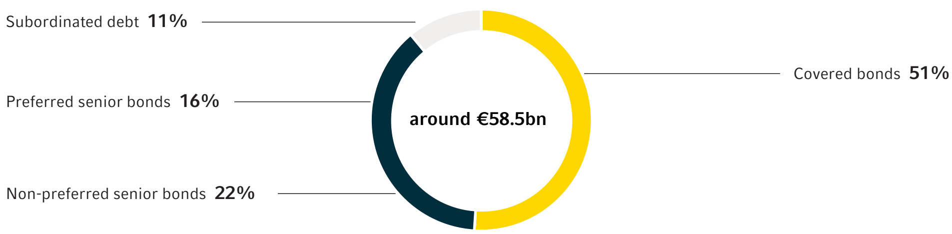
The liquidity management of the Commerzbank Group is the responsibility of Group Treasury, which is represented in all major Group locations in Germany and abroad and has reporting lines in all subsidiaries.

Liquidity management comprises both operational and strategic components. Operational liquidity management encompasses management of daily payment inflows and outflows, planning for payment flows expected in the short term and management of access to central banks. The division is also responsible for access to unsecured and secured sources of funding in the money and capital markets and the management of the liquidity reserve portfolio. Strategic liquidity management involves managing maturity profiles for liquidity-relevant assets and liabilities within specified limits and corridors. Additional information on this subject can be found in the "Liquidity risk" section of the Group risk report.

Guidelines for the funding profile and funds are derived from the business strategy and reflect risk tolerance. The Group's funding is appropriately diversified in terms of investor groups, regions, products and currencies. Top-level decisions about liquidity management are taken by the Group Asset Liability Committee (ALCO), which usually meets monthly.

The quantification and limitation of liquidity risks are carried out via an internal model in which expected cash inflows are compared against expected cash outflows. The limits set are monitored by the independent risk function. ALCO and the Board of Managing Directors receive regular reports on the liquidity risk situation.

Capital market funding structure[1]
As at 31 December 2023



[1] Based on reported figures.

In the 2023 reporting period, the money and capital markets were influenced in particular by the Russia-Ukraine war, persistent economic uncertainties, inflation exceeding the central banks' targets and expectations of possible interest rate cuts by the Fed and the ECB in the current year.

Commerzbank's liquidity and solvency were assured at all times. Furthermore, the Bank's liquidity management is always able to respond promptly to new market circumstances.

The Commerzbank Group raised €10.1bn in long-term funding on the capital market during the year under review.

Commerzbank Aktiengesellschaft issued a total of five Pfandbrief benchmark transactions with a total volume of €5.1bn and terms of between 2.5 and 10 years. The average re-offer spread was nine basis points above the swap mid-rate.

In the unsecured segment, Commerzbank issued its fourth own green bond for €600m as a non-preferred senior bond. The bond has a term of 5.5 years with a call date in March 2028 and a coupon of 5.25% per annum. Furthermore, the Bank issued a non-preferred senior bond with a volume of €750m and a term of seven years. The bond is callable after six years, and the re-offer spread is 240 basis points above the swap mid-rate. A further two bonds with a total volume of CHF 325m were also issued. In addition, Commerzbank has issued two subordinated Tier 2 SGD bonds with a total volume of SGD 600m and maturities in May 2033 and April 2034 respectively, call options from February to May 2028 and April 2029 respectively, and fixed interest rates of 5.7% and 6.5% respectively until the final call redemption dates in May 2028 and April 2029 respectively. It has also issued a bond with a volume of €500m that matures in October 2033 and has a call option from July to October 2028 and a fixed interest rate of 6.75% until the final call redemption date in October 2028.

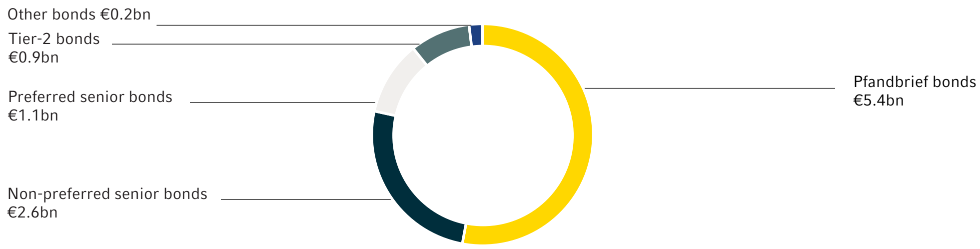
Secured and unsecured private placements with a combined volume of around €1.5bn were also issued.

As at the end of December 2023, Commerzbank still had €3.5bn in funds from the Targeted Longer-Term Refinancing Operations III programme (TLTRO III).

At the beginning of September, mBank issued a €750m green non-preferred senior bond with a term of four years and a call date in September 2026. The bond bears interest at 8.375% per annum. In addition, a credit linked note was issued for the equivalent of approximately €160m.

Deposits in December 2023 compared with December 2022 on the basis of the monthly average showed a positive trend. In December 2023, private and business customers had deposits of €202bn (December 2022: €186bn), with more than 90% of domestic deposits protected. In the Corporate Clients segment, deposits amounted to €98bn in December 2023 (December 2022: €94 bn); more than 60% of them were protected.

Group capital market funding 2023
Volume €10.1bn



At the end of 2023, the Bank had a liquidity reserve of €134.3bn in the form of highly liquid assets. The liquidity reserve portfolio works as a buffer in stress situations. It is funded in line with the liquidity risk appetite to ensure that it is kept at the required size throughout the entire reserve period stipulated by the Board of Managing Directors.

Part of this liquidity reserve is held in a separate stress liquidity reserve portfolio managed by Group Treasury to cover liquidity outflows should a stress event occur and to ensure solvency at all times. The Bank also holds an intraday liquidity reserve portfolio. As at the reporting date, the total value of this portfolio was €6.1bn.

With 145.4% as at the reporting date, Commerzbank was well above the minimum 100% level required for the liquidity coverage ratio (LCR). At 136.2%, the average of the last 12 month-end values was also well above the minimum ratio. Commerzbank's liquidity situation as at the end of the reporting period was therefore comfortable given its conservative and forward-looking funding strategy and complied with internal and external limits and applicable regulatory requirements.

Summary of 2023 business position

The 2023 financial year was overshadowed by wars, political turbulence and economic uncertainty. Commerzbank had a very successful financial year despite this challenging environment.

We have now completed what is probably the most comprehensive restructuring in the Bank's history, including a gross reduction of almost 10,000 full-time positions and deep cuts in our branch network. This means we have achieved the core goals outlined in the "Strategy 2024" programme. At the same time, we established our new business model in the market over the past years.

The key objectives of the "Strategy 2024" have been achieved prematurely and partially exceeded

The progress resulting from our strategic measures is demonstrated in impressive fashion in the results for the 2023 financial year.

The income performance during the year under review was significantly better than planned and enabled us to adjust our expectations for earnings performance in 2023 as set out in the Annual Report 2022 to reflect the steadily successful business performance in the 2023 reporting year – despite the difficult underlying conditions and considerable charges at our Polish subsidiary mBank. Our income grew by nearly 11% in the 2023 financial year. This exceptionally strong income momentum was driven by strong customer business, while the ECB's interest rate increases obviously also gave us a boost.

Against the backdrop of continuing difficult conditions, at the beginning of 2023 we had expected the risk result to contain charges of less than €–900m for the year as a whole – before possible use of the TLA. Over the course of 2023, we adjusted our expectations regarding provisions – most recently to €–700m. Despite the high level of economic uncertainty and the weak economy in Germany, the risk result in the reporting year was almost 30% lower than in the previous year at €–618m. This is further evidence of the resilience of our customer business and the high quality of our loan book. We regularly reviewed existing TLAs during the year. As a result, we had a TLA balance of €453m available as at 31 December 2023, compared with €482m as at 31 December 2022, to cushion expected further crisis effects.

Commerzbank maintained its strict cost discipline in 2023. Through active cost management, the Bank was able to partially offset the high inflationary pressure as well as expenses for the inflation adjustment premium and a higher provision for variable remuneration due to its good business result. At €6.4bn, operating expenses including compulsory contributions in 2023 were higher than the €6.3bn forecast in the Annual Report 2022, but exactly in line with the new target that we had communicated for the first half of 2023.

Overall, despite exceptional charges at our Polish subsidiary mBank, we generated an operating profit of €3.4bn, significantly above the forecasts made at the beginning of 2023, due to the sharp increase in income and due to our highly disciplined cost management. With a consolidated profit of €2.2bn reported for the 2023 reporting year, an increase of 55.0%, we have more than exceeded our expectations of achieving a consolidated profit attributable to Commerzbank shareholders and investors in additional equity components for 2023 as a whole that is significantly higher than in 2022.

In the Private and Small-Business Customers segment, the focus in the 2023 financial year was on implementing the central initiatives under the "Strategy 2024" programme – in particular the expansion of the online and mobile banking channels, the digitalisation of processes and procedures, and the development of the "advisory centre" distribution channel. Accessibility has been significantly improved. Skilled advisors are available to customers by telephone, e-mail or video, including in the evenings and at weekends, via the advisory centre to discuss all financial matters such as accounts, cards, securities investments and real estate financing. On the income side, supported by the turnaround in interest rates we were again able to achieve tangible growth in the Private and Small-Business Customers segment in the past financial year. This was reflected in a significant increase in net interest income. As expected, net commission income failed to match the previous year's level. In Germany, transaction-related securities business in particular declined in the period under review because of the turnaround in interest rates and lower market volatility compared with the previous year. Overall, the Private and Small-Business Customers segment slightly increased its operating income compared with the previous year, in line with our expectations. In addition, mBank was able to more than offset the high charges from the provisions for foreign currency loans. Against the backdrop of the difficult macroeconomic environment, the risk result increased significantly compared with the previous year. This was also in line with our expectations.

Contrary to our expectations, costs in Germany rose slightly and this, together with an increase in costs at mBank, led to an overall rise in operating expenses for the segment. We were able to keep costs at the prior-year level due to a significant decline in compulsory contributions, and this, in conjunction with the higher operating income recorded, led to an improvement in the cost income ratio. Overall, the segment's operating profit increased as expected, while the operating return on equity also showed a year-on-year improvement, as anticipated.

The Corporate Clients segment focused on implementing strategy measures in the 2023 reporting year. Investments in the corporate customer business focused on establishing the business model with differentiated and efficient relationship management, further developing the technical infrastructure and other digitalisation projects. They also focused on implementing regulatory requirements in the areas of payment transactions and capital markets. All of the operational customer areas performed well during the 2023 financial year. The Mittelstand division recorded significantly positive income growth compared with the prior-year period. While income from lending business decreased, the Cash Management and Financial Markets divisions benefited from a marked rise in deposit income. The International Corporates division recorded in particular higher income from deposit business and lower income from foreign currency business. The Institutionals division posted significant income growth from both deposit and bond issue business. On the other hand, the income reported in the Others division, which was primarily attributable to hedging and remeasurement effects, contracted significantly. Overall, the segment recorded a pleasing increase in income compared with the previous year, which we could not necessarily have expected in our forecast at the beginning of the year. As expected, the risk result was significantly below the prior-year figure. As expected, operating expenses fell year on year thanks to successful cost management. On balance, the increase in income in particular led to a doubling of the operating profit. Accordingly, the cost income ratio improved markedly, as expected. Contrary to our expectations, the operating return on equity increased significantly compared with the previous year.

Overall, Commerzbank can look back on a very successful 2023 financial year. Despite the difficult economic environment and the high exceptional charges in Poland, we increased the consolidated profit that is attributable to Commerzbank shareholders and investors in additional equity components significantly more than expected. This was based on strong customer business and, with the tailwind of higher interest rates, income momentum accelerated over the course of the year. The Bank was also able to reduce its operating expenses, including compulsory contributions, due to its strict cost discipline. The loan portfolio also proved to be robust in view of the economic uncertainties and the geopolitical crises. With a net return on tangible equity ratio (net RoTE) of 7.7%, we have already reached the target set for 2024 a year earlier than planned. With a cost income ratio (the key control variable with regard to costs and the earnings performance) of 61.4%, we have reached the level of around 61% that we expected for 2023. The Common Equity Tier 1 ratio (CET1 ratio) increased to a very comfortable 14.7% as at 31 December 2023, compared with 14.1% at the end of the previous year. This figure already takes into account the amount set aside for the planned distribution.

Overall, we can state that Commerzbank is doing well in its new setup. It is in very good shape, has returned to sustainable profitability in its operating business, and has a very solid capital base. We set out the framework for Commerzbank's further development in the "Strategy 2027" programme presented last autumn. Growth – Excellence – Responsibility: these are our strategic pillars for the years ahead.

Segment performance

The comments on the segments' results are based on the segment structure described on pages 369 f. of the Group financial statements.

Further information can be found in Note 57 to the Group financial statements.

Private and Small-Business Customers

The Private and Small-Business Customers segment comprises Commerzbank's German business – online and mobile, in the advisory centre and personally in its branches – along with the comdirect brand, Commerz Real and the mBank Group. With just under 11 million customers in Germany and roughly 5.8 million private and small-business customers in Poland, the Czech Republic and Slovakia, Commerzbank is one of the leading banks for private and small-business customers in these markets.

Private and Small-Business Customers – earnings performance

€m	2023	2022[1]	Change in %/%-points
Income before risk result	5,374	5,266	2.0
Risk result	−472	−392	20.3
Operating expenses	3,575	3,414	4.7
Compulsory contributions	303	460	−34.1
Operating profit/loss	**1,024**	**1,001**	**2.3**
Average capital employed	6,769	6,745	0.4
Operating return on equity (%)	15.1	14.8	0.3
Cost income ratio in operating business (%) – excl. compulsory contributions	66.5	64.8	1.7
Cost income ratio in operating business (%) – incl. compulsory contributions	72.2	73.6	−1.4

[1] Figures adjusted due to IFRS 8.29 (see Group financial statements, Note 4).

Despite the challenging conditions, the Private and Small-Business Customers segment slightly improved its profitability in the 2023 financial year compared with the previous year and kept its cost efficiency almost stable. Despite significant charges in connection with retail mortgage financing in foreign currencies at mBank as well as increased risk result expenses and higher total operating expenses, both the operating profit and the pre-tax profit increased slightly by 2.3% to €1,024m compared with the same period in 2022.

Income before risk result increased by €108m to €5,374m in the period under review, driven largely by very strong net interest income. The 11.3% increase in net interest income to €4,385m was largely driven by mBank. The significantly higher average policy rate level in Poland had a particularly positive impact. Accordingly, deposit business was the key factor in mBank's net interest income, which rose considerably by €479m.

However, the development of the interest-bearing business in Germany was determined by offsetting effects. While the turnaround in interest rates resulted in additional income from deposits, the loss of one-off income due to unscheduled repayments of retail mortgage financing in the previous year led to lower net interest income. In addition, interest rate model adjustments as part of the maturity transformation of deposits in the Private and Small-Business Customers segment resulted in equalisation payments between the segment and Group Treasury when scheduling model tranches, and this had a negative impact on earnings in the Private and Small-Business Customers segment.

Net commission income was 4.2% below the prior-year level at €2,150m. In Germany, transaction-related securities business in particular declined in the period under review because of the turnaround in interest rates and lower market volatility compared with the previous year, which was reflected in a drop in commission income. This could not be offset by higher income from payment transactions. mBank also recorded a fall in net commission income compared with the prior-year period.

Other income items totalled €–1,161m, compared with €–919m in the previous year. The significant drop in income was mainly attributable to significantly increased provisions for legal risk in connection with retail mortgage financing issued in foreign currencies at mBank and to a negative fair value result that had been caused by, among other things, the revaluation of an investment. This was only partially offset by the absence of the negative impact on earnings due to interest and repayment deferrals for private real estate financing at mBank that was reported in the previous year.

The risk result for the Private and Small-Business Customers segment was €–472m in the 2023 reporting period, compared with €–392m in the prior-year period. The increase was largely due to model and method adjustments as well as macroeconomic effects. As at 31 December 2023, the total of TLA stood at €175m, compared with €189m in the previous year. Further information on the TLA can be found on page 235 of the Group risk report.

Operating expenses increased by a total of €162m in the period under review to €3,575m. In terms of personnel expenses, which increased compared with the same period of the previous year, higher accruals for performance-related variable remuneration in Germany as well as general salary adjustments were offset by the effects of the staff reductions implemented at the beginning of the year. At mBank, however, personnel expenses increased significantly compared with the previous year due to adjustments to salaries and wages. The segment's operating expenses also increased – particularly due to inflation.

Compared with the same period of the previous year, the expense for compulsory contributions decreased significantly by €157m to €303m, which resulted in particular from the absence of the levy on mBank required in the previous year to be added to the Polish deposit protection scheme as well as a lower European banking levy.

Corporate Clients

The Corporate Clients segment comprises four reporting areas. The three divisions Mittelstand, International Corporates and Institutionals are responsible for business with our core customers: the Mittelstand division covers Mittelstand (SME) customers and domestic large corporates with the relevant products they require. The International Corporates division looks after corporate clients headquartered abroad and large German multinational companies. The Institutionals division is responsible for managing relationships with banks in Germany and abroad, as well as those with central banks and selected non-bank financial institutions (NBFIs) such as insurance companies and pension funds. The Others division handles all business that either has a cross-segment risk management function or falls outside the strategic focus of the Corporate Clients segment. This mainly relates to assets transferred from the former run-off segments and effects from hedging positions.

The segment offers customers the complete range of products of an international full-service bank, from traditional credit products and individually tailored financing solutions to cash management and trade finance, investment and hedging products and customised capital market solutions.

Corporate Clients – earnings performance

€m	2023	2022	Change in %/%-points
Income before risk result	4,481	3,792	18.2
Risk result	–155	–446	–65.3
Operating expenses	2,111	2,162	–2.3
Compulsory contributions	73	120	–39.4
Operating profit/loss	**2,142**	**1,065**	**.**
Average capital employed	10,481	10,072	4.1
Operating return on equity (%)	20.4	10.6	9.9
Cost income ratio in operating business (%) – excl. compulsory contributions	47.1	57.0	–9.9
Cost income ratio in operating business (%) – incl. compulsory contributions	48.7	60.2	–11.4

Business performance in the Corporate Clients segment continued to be very positive in the 2023 reporting year, despite persistently difficult general conditions. In particular, the still high inflation, uncertainties regarding stable supply chains as well as strongly fluctuating energy and commodity prices are causing uncertainty among companies. In this environment, we are assisting our corporate clients with all the challenges they face as well as with the opportunities that arise.

Against the background of a noticeably lower risk result and significantly higher income compared with the previous year, the Corporate Clients segment achieved an operating profit or pre-tax profit of €2,142m, compared with €1,065m in the previous year. All of the segment’s operating customer areas contributed to the increase of €1,077m.

The Mittelstand division recorded significantly positive income growth compared with the prior-year period. While income from lending business decreased, the Cash Management and Financial Markets areas benefited from a marked rise in deposit income. The International Corporates division recorded in particular higher income from deposit business and lower income from foreign currency business. The Institutionals division posted significant income growth from both deposit and bond issue business. The income reported in the Others division, which resulted in particular from hedging and remeasurement effects, contracted significantly.

In the year under review, income before risk result was €689m higher than in the prior-year period at €4,481m. At €2,781m, net interest income was up €703m, i.e. significantly above the prior-year level, while net commission income declined slightly compared with the prior-year period to €1,281m. The decrease in income from international and foreign currency business was largely offset by higher income from syndication business.

Other income items totalled €419m, compared with €395m in the previous year. While net income from financial assets and liabilities measured at fair value through profit or loss increased slightly (by €28m) to €463m, other net income, which amounted to €–50m, included charges from the deconsolidation of Commerzbank Brasil S.A.

The risk result in the period under review was €–155m, compared with €–446m in the prior-year period, which was affected by the impact of the Russian invasion of Ukraine. The risk result for the year under review resulted mainly from value adjustments due to defaults of individual counterparties and the increase in loss provisions for defaulted individual counterparties. At the same time, the segment has benefited from reversals of loan loss provisions as a consequence of disposals. As at 31 December 2023, the total of TLA stood at €274m, compared with €284m in the previous year. Further information on the TLA can be found on page 236 of the Group risk report.

Operating expenses were reduced slightly (by €51m) compared with the prior-year period to €2,111m. While personnel costs remained stable compared to the previous year, despite higher accruals for performance-related variable remuneration, operating expenses fell. The €47m decrease in reported compulsory contributions compared with the prior-year period to €73m was primarily due to the lower European banking levy.

Others and Consolidation

The Others and Consolidation segment contains the income and expenses which are not attributable to the two business segments. Others covers, for example, Group Treasury, equity holdings not allocated to the business segments and overarching matters such as expenditure on regulatory fees. Consolidation reconciles the figures shown in segment reporting with the Group financial statements in accordance with International Financial Reporting Standards (IFRS). Others and Consolidation also covers the costs of staff, management and support functions, which are then charged to the segments. In addition, restructuring expenses for the Group are reported centrally in this segment.

The Others and Consolidation segment reported an operating profit of €255m for 2023, compared with €34m in the previous year.

The increase was in particular based on higher positive net income at Group Treasury. The development of fair value compensation payments for special redemptions of building finance by customers of the Private and Business Customers segment contributed significantly to this. Whereas the significant increase in interest rates in the previous year resulted in a compensation payment from Group Treasury to the segment, the segment made compensation payments to Group Treasury in 2023. Profits from the interest rate risk management carried out by Group Treasury for the operating segments as well as positive effects from repayments of non-strategic municipal loans to the Bank also had a positive impact on the result. In addition, interest rate model adjustments as part of the maturity transformation of deposits in the Private and Small-Business Customers segment resulted in equalisation payments between Group Treasury and the segment when adjusting model tranches, which led to a significant increase in earnings for Group Treasury. This was offset by realisation losses from the sale of US government bonds, which Group Treasury accepted in order to reinvest the released funds in the US market at higher interest rates. On the other hand, the lower burden on Group Treasury from the European bank levy had a positive effect on earnings.

In the rest of the Others and Consolidation segment, the absence of the negative impact on earnings from the residual portfolio of the dissolved Asset & Capital Recovery segment that had been recorded in the previous year (essentially in the risk result), as well as lower charges from net negative valuation effects, also contributed to the increase in net income.

This was offset by the absence of income from targeted longer-term refinancing operations with the ECB booked in the previous year and a higher net charge from the recognition and reversal of provisions.

Others and Consolidation recorded a pre-tax profit of €236m for the 2023 financial year. This figure included restructuring expenses of €18m in connection with the implementation of the "Strategy 2024" programme.

Outlook and opportunities report

Future economic situation

The long-term consequences of years of expansionary monetary and financial policy will continue to shape the economy and capital markets in 2024. The interest rate rises that were implemented in quick succession are likely to be reversed sooner or later. After years of zero and negative interest rates, Western countries are now facing a completely different interest rate environment. Many business models will run into difficulties because the profitability threshold has risen permanently. Companies have to compete for capital and cope with higher interest charges once again. Adapting to the new interest rate environment will take much longer than if the interest rate increases had been spread out over a longer period of time. As a result, the economic weakness is likely to persist for an unusually long time. The Western economies are unlikely to recover rapidly.

The Chinese economy is also likely to suffer in 2024 from delayed consequences, in particular from excesses in its inflated real estate sector – but not from higher policy rates. These delayed consequences are likely to have a negative impact – and dampen economic growth – for a long time. The loss of trust in the state's economic policy due to its Covid policy and its crackdown on the tech sector in particular also suggests little growth. Added to this are the effects of the political tensions between China and the USA, which are limiting trade in technology products in particular. All in all, we only expect economic growth of 4.0% for the coming year.

In the US, the dampening effect of the past massive rate hikes is likely to become visible. We expect a growth slowdown in the summer half of 2024. However, the US economy is likely to be spared a recession, so that it will grow as strongly as in 2023 on average in 2024.

While the eurozone's recession is likely to end in the spring, the upswing that usually follows a recession will probably be delayed. Although wage growth should soon exceed inflation, it will probably take longer for consumers to respond to their renewed purchasing power. This is because high inflation has caused consumers' purchasing power to slump so badly (consumer prices having risen by 18% since the end of 2020) that they have significantly lowered their long-term income expectations. We expect the economy to largely stagnate during the whole of 2024.

Germany is even more likely to undergo an unusually long period of economic weakness, as it will have to cope with other problems in addition to the new interest rate environment. Energy prices will remain much higher than before the energy crisis, and deglobalisation will require a change for many companies – especially those dependent on exporting.

The overall picture for inflation has recently improved in the USA and Europe, and this will give the central banks leeway to lower interest rates. The US Federal Reserve is expected to cut key interest rates by a total of 75 basis points in 2024. The ECB, too, is likely to cut interest rates by a total of 75 basis points by the end of 2024. However, high wage pressures in the eurozone are likely to keep inflation at 3% rather than 2% in the medium term.

A market environment that is characterised by weak growth, falling inflation and cuts in policy rates generally suggests falling returns. However, the markets have already anticipated a lot of this, and this will limit the downside potential – especially in the eurozone. We expect the yields on ten-year government bonds to be 3.6% in the USA and 2.0% in Germany at the end of 2024.

The euro should initially benefit from the likelihood that the ECB will cut interest rates less aggressively than the market is pricing in. However, it is likely to lose ground again in the second half of the year if the USA comes out of recession and achieves its long-term growth prospects – which are better than those of the eurozone.

After its strong price gains in 2023, the DAX is initially likely to take a rest during the first half of the current year. The mild recessions that are expected first in the eurozone and later in the USA will make it hard for companies to meet analysts' optimistic expectations for corporate profit growth. In the second half of the year, however, the policy rates in the eurozone and the USA are likely to fall, and this should boost the stock markets.

Exchange rates	31.12.2023	31.12.2024[1]
Euro/US-dollar	1.11	1.10
Euro/Sterling	0.87	0.88
Euro/Zloty	4.34	4.50

[1] The figures for 2024 are Commerzbank forecasts.

Future situation in the banking sector

Our views regarding the expected development of the banking sector structurally and over the short and medium term are basically unchanged from the statements we published in the half-year report for 2023 and the annual report for 2022. The banking sector will face new challenges in 2024, particularly from the slowing and diverging global economy.

The ECB's latest financial stability review (from November 2023) also points to the risks resulting from the environment of rapidly rising interest rates and a weak economy in the eurozone. Business with corporate and small-business customers will come under particular pressure. However, these challenges will also present opportunities and competitive advantages for banks that are strategically well-positioned and flexible in responding to changing conditions.

According to the Deutsche Bundesbank's financial stability report from November 2023, the German financial system has so far weathered the sharp rise in interest rates over the past year and a half without any major problems. It currently has a high level of solvency in terms of the ratio of Common Equity Tier 1 capital to risk-weighted assets. The current good earnings situation is enabling financial institutions to further strengthen their resilience to economic difficulties. They should therefore be adequately equipped to deal with crises. For the German banking sector, these mainly relate to a worsening of the energy crisis or the government budget crisis, which could have a negative impact on GDP. As a result of decarbonisation, the German corporate sector is already subject to pressure to adapt structurally, and this has been exacerbated by the uncertain geopolitical situation.

Great challenges for the banking industry in 2024

Interest margins improved significantly last year, after persistently low interest rates had long been considered one of the key challenges. In response to the rapid pace of inflation, central banks around the world tightened their monetary policy. A marked increase in credit interest rates, including in Germany, is enabling banks to improve their interest margins significantly and is thus also boosting the income trend across the entire financial sector. It should be noted in this regard that the longer the current interest rate environment persists, the more likely it is that interest rates on bank deposits will gradually adjust, and that net interest income will consequently reduce. At the same time, demand for credit is being dampened by the braking effect of rising interest rates, limiting the banks' ability to strengthen their earnings on the interest side.

The central banks' interest rate turnaround brought an end to years of price increases in the German residential real estate market. The sharp rise in interest rates has led to a significant decline in new mortgage business in Germany and many other countries in the eurozone. This is likely to lead to falling income from the lending business in the medium term, even though the margins on deposits have improved as a result of the general rise in interest rates. The longer term outlook for the residential real estate markets remains uncertain, because the factors influencing supply and demand are somewhat contradictory.

Against the backdrop of the higher cost of debt and increases in the cost of living, it cannot be ruled out that the number of insolvencies may rise in the coming months. The net debt of many borrowers has risen sharply in recent years due to very favourable financing conditions in the past. A resulting need for value adjustments may affect both corporate and retail banking business. The debt sustainability of private households in Germany has so far proven to be robust, thanks to the persistently good labour market situation and – in some cases – strong nominal wage growth. However, a growing number of loan defaults in the area of consumer loans would be likely in the event of a downturn in the real economy and significantly increasing unemployment. Residential property loans, on the other hand, are far more significant. With these, long fixed-interest periods currently protect against rising interest rates. Mortgage loans from the low-interest phase are generally not due for refinancing until 2028. The commercial real estate markets are far more vulnerable to the negative consequences of the general rise in interest rates. Both prices and transaction volumes have fallen noticeably there. The profits of commercial real estate companies have fallen significantly due to falling real estate prices and the resulting balance sheet valuation losses.

As in the dominant interest-bearing business, the growth prospects in banks' trading businesses are currently positive. However, many institutions have partially or even completely withdrawn from direct trading in the past. The banking sector can benefit at least indirectly because rising market volatility, together with increasing trading volumes, is leading to higher commission income in securities transactions. The number of private shareholders in Germany should also continue to increase over the next few years despite the improvement in investment alternatives in the bond segment. The planned pension reform, which will increase personal responsibility for retirement provision, is also likely to boost demand for financial products in the medium term. The growing number of shareholders and the increased use of digital and mobile products will increase the demand for individual financial advice among bank customers who are less comfortable with technology and are unsettled by the economic turbulence. Given the existing demand for advice on complex banking transactions such as retail mortgage financing, branch business will remain part of the basic banking service, albeit in a significantly pared back form, and will offer universal banks competitive advantages over pure online banks and fintech companies.

The Basel III reforms take priority in terms of regulation. At the end of 2023, the European Banking Authority (EBA) published its roadmap for implementing the final Basel III reforms in the EU. A final agreement on finalisation of the Basel III framework, which includes a standardised lower limit (output floor) for risk-weighted assets, is still pending. The international regulatory framework is to be further developed to ensure the stability of the global banking system. The focus is on risks arising from the growing importance of non-banks and on targeted adjustments to liquidity regulation. The banking turmoil in the USA has revealed deficiencies in the capital backing of interest rate risks, particularly at regional institutions. Interest rate risks could therefore be included in the minimum requirements in the future.

Supervisors are currently paying attention to the internal models used in banks. To this end, the European Central Bank conducted a public consultation on its guide to internal models in 2023. This describes, among other things, how banks can incorporate key climate and environmental risks into their models. All in all, it should be noted that a constant expansion of regulatory requirements may well have a counterproductive effect in view of the financing efforts that banks need to make in connection with the digital and above all sustainable transformation of the economy.

To enhance the resilience of the German financial system, the German Federal Financial Supervisory Authority issued general rulings in 2022 to activate the countercyclical capital buffer of 0.75% and introduce a sectoral systemic risk buffer of 2% for residential real estate financing. Both buffers had to be maintained from February 2023 and tied up a total of €23.9bn of Common Equity Tier 1 capital at the end of the first half of 2023. For the time being, the macroprudential buffers are to be retained in full in view of the continuing vulnerabilities – even if the economic outlook deteriorates to some extent. In addition, the German supervisory authority is calling for its legal spectrum to be expanded to include instruments in the area of residential real estate financing. Until recently, there was a lack of data on lending standards in private residential real estate financing that was sufficiently harmonised to meet the macroprudential requirements. The newly introduced data collection on real estate financing (WIFSta) provided this information for the first quarter of 2023 for the first time. Its current assessment of the risk situation does not suggest the use of borrower-based instruments at this time.

In view of the limited earnings potential and ongoing competitive pressure, cost control remains the primary focus both for German banks and for their European competitors. As a result, the digitalisation of business processes in particular is likely to proceed at a rapid pace. At the same time, despite the pressure to innovate and reduce costs, many traditional banks are faced with the central challenge of ensuring the quality and stability of their IT systems, protecting themselves against frequent cyber attacks and maintaining the integrity of their data. The risks of operational disruptions caused by cyber attacks have increased massively in view of the geopolitical environment. Managing such operational risks plays an important role in an institution's resilience. At the beginning of 2024, the ECB began testing the resilience of more than a hundred banks against cyber attacks through the use of a cyber resilience stress test.

Artificial intelligence is becoming increasingly important

The next major innovative step in the evolution of the internet is the now rapidly advancing application of generative artificial intelligence (AI). AI has the potential to process huge amounts of data from a wide variety of sources at unprecedented speed, thus becoming the driver of the global economy. The EU Commission has published a draft law on artificial intelligence, the Artificial Intelligence Act (AIA), as part of its digital strategy. The draft contains concrete proposals for regulating the use of AI. Against the background of this technological transformation, the German banking market may be on the brink of an upheaval that will provide great opportunities to innovative market participants.

In the long term, the banking sector will be shaped by the further development of the European monetary union into an integrated financial market union. The aim of the European Commission's digital finance strategy is to establish a financial market that applies uniform EU-wide rules and thus ensures technology neutrality and sustainability as well as identical framework conditions for all providers. Many banking markets in Europe are still dominated by national legislation, with at times significant divergence in terms of regulations and customer requirements. There is also overcapacity almost everywhere, which reduces profitability. However, the European banking union that we are aiming for remains unfinished for the time being. In particular, the lack of an acceptable EU-wide deposit guarantee scheme (EDIS) prevents further market integration. The EDIS is the third core element in the European banking union, alongside the already introduced Single Supervisory Mechanism (SSM) and the existing Single Resolution Mechanism (SRM).

Another intended step towards greater harmonisation across Europe is the creation of a common payment system (EPI) that is set to become the new standard for payments by consumers and merchants. The EPI could provide European banks with greater lending volumes, as it would give them an entry into the business of payment card companies based outside the EU. The planned introduction of a digital euro should also create greater uniformity in Europe. With this, the ECB wants to make it possible for private individuals in the European Economic Area to maintain accounts not only with commercial banks, but also directly with them. Central bank money would then be available, in addition to cash, as a credit balance at the ECB. If implemented, care would have to be taken to ensure that the role of the banks as intermediaries between savers and borrowers was not put at risk.

In addition to the way in which we will use money in the future, and the role of central bank money in this, banking regulation is focusing increasingly on the management of ESG (environmental, social and governance) risks. Therefore, the EBA intends to embed climate and environmental risks more firmly in banks' risk management processes. In 2023, the EU launched a "Fit-for-55" climate stress test for banks as part of its strategy to finance the transition to a sustainable economy. This test is part of the EBA's ESG roadmap, which aims to reduce net greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels. Climate risks will also be a focus in future ECB stress tests. The financing of climate-friendly projects will also be promoted, which will offer favourable business opportunities to appropriately positioned credit institutions.

After a temporary period of weakness, Poland's GDP is expected to pick up again despite the challenging environment. The upturn is being driven mainly by private consumption, but investment is also contributing to the recovery. Given the economic recovery and the strong labour market with its low unemployment rate and significant wage growth, NBP, Poland's central bank, is unlikely to ease monetary policy in the coming months. As a result, policy rates are likely to remain broadly unchanged at 5.75% throughout 2024, supporting interest margins for the Polish banking sector. It remains to be seen, however, whether a decline in the quality of the loan portfolio will lead to higher risk costs and increased loan defaults. The biggest risk remains unresolved legal issues relating to foreign currency mortgage loans. The increasingly negative case law (from the banks' perspective) has already led to high provisions being made. At the beginning of December 2023, Poland's banks suffered another defeat before the European Court of Justice in the dispute over possibly unfair terms in foreign currency loans. This is expected to have a significant negative impact on financial institutions' results in 2024, especially because no final legal solution to the problem is yet in sight. Increased tax burdens are also having a negative impact on the profitability of the Polish banking sector. Due to the state budget deficit, the situation is unlikely to ease in the near future.

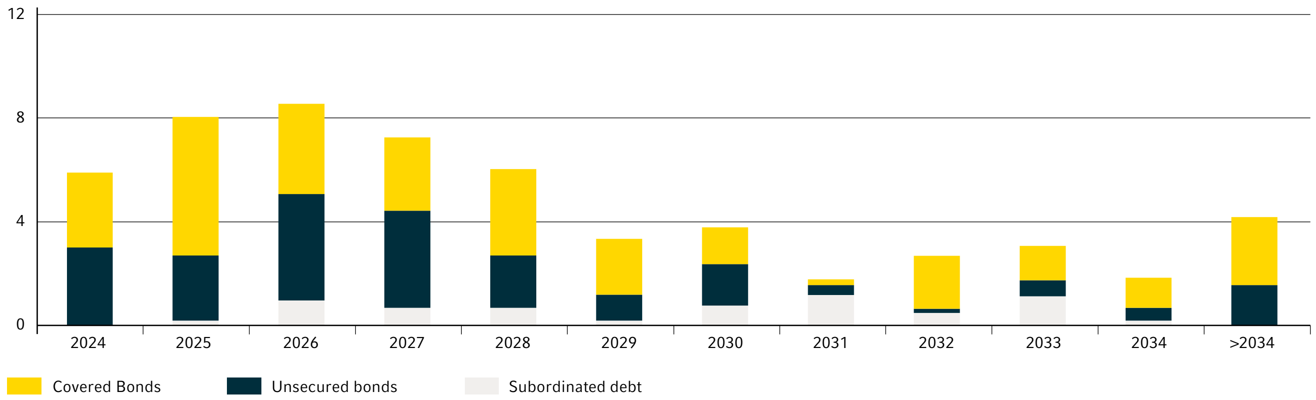
Overall, these challenging conditions continue to demand a high degree of flexibility and innovation from the banking sector.

Financial outlook for the Commerzbank Group

Planned funding measures

The funding plan for 2024 envisages a volume of around €10bn. Commerzbank's borrowing on the capital market is influenced by its business performance and planning as well as the development of its risk-weighted assets. Commerzbank has access to the capital market through a broad range of products. In addition to unsecured funding instruments (preferred and non-preferred senior bonds, Tier 2 subordinated debt and Additional Tier 1 capital), when refinancing Commerzbank can also issue secured funding instruments, in particular mortgage Pfandbriefe and public-sector Pfandbriefe. As such, Pfandbriefe are a key element of Commerzbank's funding mix. These give Commerzbank stable access to long-term funding with cost advantages compared with unsecured sources of funding. Issuance formats range from large-volume benchmark bonds to private placements.

Group maturity profile of capital market issues as at 31 December 2023
€bn



By regularly reviewing and adjusting the assumptions used for liquidity management and the long-term funding requirement, Commerzbank will continue to respond actively to changes in the market environment and business performance and secure a comfortable liquidity cushion and an appropriate funding structure.

Planned investments

For the 2024 financial year, we have again budgeted for €0.5bn in direct costs for IT investments. Just under a third of this investment will again be devoted in 2024 to restructuring the business model and digitalising the retail banking business. Another focus of investment, at around 30%, is further digitalising the processes in the corporate customer business. We will invest the remaining funds in IT infrastructure and operations. Regulatory measures are included in the above areas.

Private and Small-Business Customers

The investments in the Private and Small-Business Customers segment in 2024 will be related to the segment's strategic goals. The focus will be on a user-friendly and cross-channel banking experience for our customers, complementing our two-brand strategy. We will systematically expand both our business with premium customers and our asset management activities.

In the area of digital banking, we will focus our innovation on developing a virtual banking avatar that combines generative AI and avatar technology in one application. The banking avatar will be a virtual assistant (in the form of a digitalised person) that interacts with customers using natural language.

Besides that, the focus of our investments in 2024 will be on the continual expansion of online services. We will also make the required know-your-customer processes available online as self-service options and provide a basis for the accessibility of interfaces and documents. We will enhance our banking app to include additional service and transaction options.

For our wealth management customers, we are working with a partner to expand our current product range to include a holistic advisory tool that will provide a complete overview of the customer's entire asset base. Our acquisition of a majority stake in Aquila Capital Investmentgesellschaft mbH, a Hamburg-based asset manager, will accelerate the growth of our sustainable asset management business. Our investment focus in asset management is on creating a consolidated technical platform. In the retail mortgage financing and investment loan business, a large part of our investments will go into completing the new application and lending decision process stages.

With regard to account products, one particular focus in 2024 will be on further expanding the digital processes for concluding contracts with the various types of new customers. We are building on the progress we made in the previous year by developing further digital account opening processes. We are also planning to offer innovative digital payment products to small-business customers in Germany through our announced joint venture with Global Payments Inc. Our focus in this area will be on flexible, cost-efficient and intuitive solutions – for example, enabling retailers to accept payments via their smartphones.

In the 2024 financial year, further investments will also be made in an efficient and modern network of around 75 premium and advisory branches as well as selected wealth management locations. We will establish a cash centre to ensure the supply of foreign currency and precious metals to our customers. We are developing additional options for dispensing cash, for example through the use of third-party locations, collaborative arrangements and the establishment of more self-service centres. The digitalisation of processes and the optimisation of organisational workflows and customer process stages are being driven forward in our advisory centre.

The focus in the investment business in 2024 will be on expanding the content of asset management sustainability reporting to include additional regulatory content for customers that is mandatory. Another investment focus will be the technical implementation of the regulatory requirements of the German Withholding Tax Relief Modernisation Act (AbzStEntModG) and the technical preparation for the taxation of foreign exchange gains from 2025.

Corporate Clients

Investments in the Corporate Clients segment in 2024 will also continue to focus on the implementation of the strategic objectives. This will continue to take account of changes in customer expectations through digitalisation. The use of and demand for digital channels is increasing at all relevant customer interfaces. Furthermore, the integration of sustainability aspects will continue to be taken into account in the context of investments.

The Corporate Clients segment continues to focus on German SMEs, large companies and institutional customers. The investments will focus on expanding digital self-service options and the product range to improve the customer experience for our corporate clients.

In transaction banking, we will invest in the digitalisation of the product range and in our IT applications. With new, modernised systems, the further expansion of our online product range and innovative offerings, we will ensure our ability to deliver for our clients and secure our leading market position.

In the capital markets area, we will improve access to products across all asset classes through additional electronic channels and platforms and will continue to digitalise our onboarding and advisory processes for OTC products. In addition, our platform consolidation with a view to reducing costs over the long term will be largely completed.

In the lending business, we are also investing in the provision of an efficient loan processing platform as a prerequisite for the ongoing end-to-end digitalisation of the lending business (including automation of the public funding business).

Further investment in Germany and abroad will be required in order to comply with regulatory requirements in the areas of payment transactions and the capital markets. This will ensure compliance with the regulatory requirements for sales and advisory processes, while continuing the expansion of our online offering through platform harmonisation.

Further improvements in our IT system connections will enable us to work even more closely with our customers and partners.

IT & Operations

Commerzbank will continue the ongoing optimisation of its IT infrastructure in 2024. Significant investments will be made in the digitalisation of the workplace environment, in the data centre strategy and increasingly in cyber security. Commerzbank therefore remains on track with the digitalisation and streamlining of its business. The focus on modernising the IT architecture will continue, including with an update of the financial systems.

Professionalisation of the technological base will continue, including with respect to testing/deployment, APIs (application programming interfaces) and the cloud. Technical innovations will in future be implemented for the entire Bank, which will contribute to the marketability of its future-oriented products and increase its IT productivity. The digitalisation of its product range will also be driven forward in 2024.

In addition, increasing investments are planned in 2024 to implement various regulatory requirements, including the “Principles for effective risk data aggregation and risk reporting” (BCBS 239) and the ESG requirements. Investments will also be made to further optimise costs, increase automation and boost IT and operational stability.

Anticipated liquidity trends

The short-term repo market in high-quality securities (high-quality liquid assets or HQLA) such as government bonds, agency securities (issued by quasi-governmental US issuers) and Pfandbriefe continues to play an important role in servicing the bond markets and financing portfolios.

The Bank’s liquidity position remains strong, meaning that it has no need to refinance its own portfolios. As such, Commerzbank is active in the repo market as a cash provider and also opportunistically as a collateral provider. The increased demand for refinancing in the repo market since the TLTRO maturity at the end of June 2023 continues. Commerzbank’s liquidity situation allows it to meet this increased demand and has led to an expansion of business in this area.

Commerzbank has a high position in cash and demand deposits – mainly with central banks. This amounted to €93.1bn at the end of the reporting period. This portfolio is the result of the still high excess liquidity in the Eurosystem on the one hand and the broadly diversified customer base and existing business relationships in cash management and professional deposit business on the other.

Due to the only slow winding down of holdings under the Asset Purchase Programme (APP) as a result of the lack of re-investments as well as the continued re-investments under the Pandemic Emergency Purchase Programme, we expect a still sufficient level of surplus liquidity and thus a supporting effect with respect to Commerzbank's liquidity situation.

Managing opportunities at Commerzbank

The demands placed on modern, sustainable banking business and the overall framework conditions have changed markedly in the past few years. Whereas personal customer relationship management was formerly a key element, these days customers expect multi-channel advisory services, digital financial offerings and individual, tailor-made products that are available at any time. We have responded to this by continuously adapting our strategic direction over the past few years and will continue to do so with our "Strategy 2027" programme. In doing so, we want to become more efficient and create sustainable prospects for our workforce, customers and shareholders. Further information on our "Strategy 2027" programme can be found in "Objectives and strategy" on page 185 f.

We will continue to automate our business processes consistently and across the board. Within the lending process for private customers, this includes, for example, standardised products such as instalment loans or increases in credit card limits. With our Bank-wide "Simply simpler" programme, we aim to sustainably reduce complexity in all areas of banking. For this, we employ a structured, methodical and consistent approach. Topics are identified and implemented both top-down and bottom-up in close consultation with the divisions.

We are taking advantage of the high growth potential in the German premium market to restructure our service model for high-net-worth private and small-business customers. In the future, both generalists and specialists covering a diverse range of customer requirements will be represented in premium branches at a number of locations. By working closely with each other and with colleagues in the Corporate Clients segment, they will help the Bank ensure seamless customer service in both the private and the business sphere. We also intend to further enhance our strong positioning in serving German SMEs. As the leading trade finance bank in Germany, we are ensuring our presence along the changing trade corridors and are working on continuously simplifying our trading platform. In the Corporate Clients segment, we are focusing our international business on clients that have a connection to Germany, Austria and/or Switzerland or belong to future-orientated industries. We have gradually introduced an innovative direct banking offering – Mittelstandsbank Direkt – for corporate clients that require standardised products and advisory services. Corporate customers with complex advisory requirements will continue to benefit from personalised relationship management. Advice is being combined with innovative services such as the digital bank for companies and forward-looking, sustainable products. Data-based solutions and sales analytics support sales and enable efficient relationship management. We were the first German universal bank to receive a crypto custody licence from BaFin, the German financial regulator. This licence will enable us to offer a wide range of services related to digital assets (currently Bitcoin and Ethereum). For the time being, this offering is only intended for existing institutional customers.

We will make the Bank much more digital across all segments. This transformation affects our strategy, technology, skills and culture, while also taking into account the particular risk of cyber attacks. We protect our customers and business lines from the negative effects of cyber attacks.

Digitalisation generally means becoming simpler, faster and less complex. This is not only what our customers expect but is also helping us to become more profitable. We are working hand in hand with the delivery organisation, Big Data & Advanced Analytics, the Private and Small-Business Customers segment and our own front office to develop innovative solutions and processes – both for our customers and internally for our sales and settlement units. Customer trust built up over years facilitates the use of smart data and is thus a competitive advantage in the digital age. When introducing new applications, the focus is on the customer perspective. For some time now, we have been supported in this by our subsidiaries CommerzVentures (a venture capital fund for participation in fintechs, insurtechs and climate fintechs) and neosfer. As a research and development unit for future technologies, neosfer enables innovations and early-stage investments by Commerzbank. This is done by investing in early-stage start-ups (neosfer.invest), developing business models or ventures internally (neosfer.build), and building ecosystems around the sustainable and digital future of our society (neosfer.connect).

The new digital business models, with their ever-shorter innovation cycles and the need for faster product delivery, require the use of forward-looking technologies such as the cloud and artificial intelligence. A cloud-first strategy with corresponding migration of the IT systems also offers the advantage of driving forward the modernisation of the existing core systems. The pace of software and hardware development has increased to such an extent that new systems must be designed from the outset as easily scalable and expandable components. Large language models (LLMs) are now being used in customer service to improve efficiency. Robotic process automation and intelligent process automation offer the possibility of relieving employees of repetitive routine tasks and counteracting the shortage of skilled workers, which will continue to worsen in the future. The pandemic has already massively accelerated the trend towards digital banking services. The trends in customer behaviour that were pushed forward during the crisis – more online banking, new payment habits, and robo-advisors in customer contact – are set to continue. Bank customers expect tailor-made services and products that are fast, easy and available at any time. This is where we will create an enhanced customer experience. To that end, we need highly automated IT processes and comprehensive data analytics methods that permit rapid adjustments in response to changing market conditions. That is promoting the increasing de-branching of retail banking.

Commerzbank is driving its cultural change to strengthen a performance culture geared to success. We want to strengthen entrepreneurial thinking, as befits the start-up mentality, including among our own employees, We have also introduced a new collaboration model to reduce complexity and create clear responsibilities.

By applying modern forms of collaboration and agile methods, we develop innovative products. We will use the delivery organisation to modernise the IT architecture while maintaining operational stability, to expand capabilities and capacities, and to develop new professional functionalities for our customers. In this context, we will introduce a new delivery model for IT services and build a platform that will massively accelerate Bank-wide IT modernisation as well as technology-based corporate innovations.

Our transformation is opening up growth opportunities in future markets including digital ecosystems, embedded finance, digital assets and sustainability. In this context, we are guided by the environmental, social and governance (ESG) criteria. Given the clear evidence of the impact of climate change, we are currently focusing more heavily on climate protection. At the heart of our sustainability strategy is our commitment to be net zero by 2050 at the latest.

As we emerge from the tough restructuring of the past few years, supported by our new, sustainable and forward-looking business model, we have earned and created the opportunity to go back on the offensive. The updated strategy presented last autumn sets out how we intend to do this from now until 2027. Growth – Excellence – Responsibility: these are our strategic pillars for the years ahead.

Anticipated performance of Commerzbank Group

Commerzbank achieved key “Strategy 2024” targets during the 2023 financial year and informed the capital market in November 2023 about its new financial targets up to 2027. Following the end of the 2023 financial year, Commerzbank issued its forecast for the 2024 financial year at its annual press conference in February this year.

The focus here is on the outlook for interest rates. It was only towards the end of 2023 that the market began to expect significant rate cuts in 2024 and 2025. The Bank took this expectation into account in its forecast but is sticking to the plans it formulated in November 2023, aiming to achieve a cost income ratio of 60% for the 2024 financial year through an increase in its consolidated profit. This is based on the assumption that economic activity in Germany will continue to be sluggish, reflected in a mild recession with negative growth of −0.3%, while inflation is expected to be 3%.

In line with its strategic pillars of growth, excellence and responsibility, the Bank intends to provide each customer with a tailored service that meets their individual needs. Its aim in doing so is to broaden its revenue base and become less dependent on net interest income. This is reflected in its priorities for 2024. On the revenue side, its focus is on net commission income, which is targeted to grow by 4%. Huge importance will be placed on strict performance management and close monitoring of the implementation of strategic initiatives. Particular attention will be paid to increasing customer and employee satisfaction in order to promote sustainable positive business development.

Target 2024: Significant growth in both the operating result and the consolidated result

A high priority for the Bank, in view of its continued increase in profitability, is to carry out its plan to return capital for the 2024 financial year. The payout ratio for 2024 should be at least 70% as defined by the capital return policy, but not more than the consolidated profit after deducting AT1 coupons. In addition to a dividend, this return of capital to shareholders will be achieved through share buybacks, subject to approval by the ECB and the German Finance Agency.

Anticipated performance of individual earnings components

Commerzbank's forecast of its net interest income is based on forward interest rates, which indicate as at mid-February an average ECB deposit rate of 3.5% for 2024. With an average interest rate pass-through to deposit customers of 35% and a slight increase in deposit volumes, the Bank expects net interest income of €7.9bn in 2024, compared with just under €8.4bn in 2023. This assumes a slight decline in net interest income at mBank in Poland and a broadly stable contribution from lending.

Net commission income for the current year is expected to be 4% higher than in the previous year. Strategic partnerships and investments in asset management, payment transactions and equity capital markets – in addition to an upturn in the securities business – are expected to contribute to this growth.

Net income from financial assets and liabilities measured at fair value through profit or loss is generally subject to increased volatility, which can be influenced only to a limited extent. This is due in part to the fundamental uncertainty regarding developments on the global capital markets. Accounting rules are a factor too. Sometimes they may require similar items to be presented as fair value measurements in the fair value result in one time period, whereas the interest component dominates in another. Year-on-year shifts between the income items net interest income and fair value result – and vice versa – are therefore possible. A portion of this income component is therefore directly related to net interest income. With its risk-oriented and customer-focused approach, Commerzbank, like mBank, seeks to achieve income that is as high and stable as possible. After a fair value result of €–359 million in the 2023 financial year, a negative contribution cannot be ruled out for the current year either.

Experience has shown that the other income items, including realised profit or losses on financial instruments and other net income, are often affected to a large extent by one-off income and measurement effects that are usually impossible to predict. The provision for legal risks in connection with retail mortgage financing issued in foreign currencies at mBank is recognised under other net income and is significant. Following high provisions of €1,094m in the 2023 financial year, further charges are possible, so that a negative other net income cannot be ruled out for the 2024 financial year as well.

Following a figure of €–618m last year, Commerzbank expects a charge from the risk result of less than €–800m for 2024. This expectation takes into account at least partial utilisation of the top-level adjustment (TLA) of €453m as at the end of 2023. This TLA reflects expected secondary effects in the loan book due to factors including global supply chain bottlenecks and uncertainties due to inflation as well as the impact of the currently restrictive monetary policy.

Operating expenses, including compulsory contributions, will be managed strictly in line with the cost income ratio for the current year. The target for the cost income ratio is 60%. This means that operating expenses reflect any deviations from budgeted income and, for example, determine whether funds for investment are released or withheld. The expenses for variable remuneration are also affected by deviations from budgeted income.

Anticipated segment performance

Private and Small-Business Customers (PSBC)

In the Private and Small-Business Customers segment, the range of optimised and digital banking solutions is being expanded for the Bank's almost 11 million private and small-business customers in Germany. With its holistic approach and its two brands, Commerzbank and comdirect, it will meet all customer needs – whether online or mobile, in its advisory centre or in person in around 400 branches. Commerzbank wants to offer every customer the right model for their everyday banking needs. To this end, it will, among other things, further develop its account and card offerings as well as its payment transaction solutions. As a premium provider, Commerzbank aims to be the first point of contact for discerning customers. It will consistently expand its offering with a focus on securities and the lending business. Commerzbank sees opportunities particularly in asset and wealth management.

Net interest income in 2024 is expected to be slightly lower than in 2023. This is due to the higher average interest rate that is expected to be paid to customers on their deposits.

In contrast, Commerzbank is expecting a significant increase in net commission income for the PSBC segment. An increase in income from the securities business and an expansion of activities in asset and wealth management are expected to contribute to this.

mBank's contribution, which is included in net interest income and net commission income in the PSBC segment, is expected to be slightly lower in terms of net interest income and significantly higher in terms of net commission income than in the previous year.

Overall, we expect net income in the PSBC segment to be significantly higher than in the previous year, on the assumption that the high one-time charges at mBank in Poland resulting from provisions for legal risks in connection with retail mortgage financing issued in foreign currencies will not recur to a comparable extent in the current year.

Operating expenses in the PSBC segment, including compulsory contributions, are subject to the management of the Group's cost income ratio, which is expected to reach 60% in the 2024 financial year. In line with the expected earnings performance, operating expenses (including compulsory contributions) are expected to remain at approximately the same level as in 2023, with a slight reduction in Germany being offset by inflation-related additional expenses in mBank.

With a slightly lower charge expected for the risk result in the PSBC segment than in the previous year, we expect operating profit to increase significantly year on year due to rising income. As such, the operating return on equity should increase significantly and the cost-income ratio in the PSBC segment should fall significantly. This forecast is based on the assumption that the high one-time charges at mBank resulting from provisions for legal risks in connection with retail mortgage financing issued in foreign currencies will not recur to a comparable extent in the current year.

Corporate Clients (CC)

As the leading German Mittelstandsbank, Commerzbank will continue to provide close support to its corporate clients in their ongoing transformations. The Bank will continue to drive forward its strategy to date in the corporate customer business through targeted investments in products and digital solutions up to 2027. Commerzbank will therefore strengthen its transaction banking by investing in new systems and technologies and thereby secure its leading position in payment transactions and in the facilitation of German foreign trade. In international business, the Bank supports clients that have a connection to Germany, Austria and/or Switzerland or belong to future-orientated industries. In its lending business, its focus is on growth in Germany and on financing green infrastructure projects worldwide. Commerzbank will rely on its centres of competence for renewable energies in Hamburg, Singapore and New York to achieve this. In the capital markets area, the Bank wants to expand its offering in the digital currency business and to open its central online trading platform to additional asset classes. Another focus will be on expanding the bonds business.

Commerzbank expects net interest income in the Corporate Clients segment to be significantly lower than in the previous year. As in the PSBC segment, the main reason for the expected decline is the higher average interest rate that is expected to be paid during the year to customers on their deposits.

Net commission income is expected to be slightly higher than in the previous year. The expected growth is mainly due to the strategic measures taken in Cash & Trade and Capital Markets.

As the quality of forecasting for all other income items in the Corporate Clients segment is subject to a high degree of uncertainty and net interest income is expected to be lower than in the previous year, it cannot be ruled out that the segment's total revenue will also be slightly lower.

In the context of its management of the cost income ratio, Commerzbank expects slightly lower total costs in the Corporate Clients segment than in 2023, in line with expected income, as no significant compulsory contributions are expected for the segment.

We are expecting significantly higher charges for the risk result in the Corporate Clients segment compared with the previous year. This is based on the assumption that the continued economic weakness in Germany will lead to a mild recession and will result in higher loan loss provisions.

In summary, we expect a significantly lower operating profit for the Corporate Clients segment in 2024. Accordingly, the operating return on equity and the cost income ratio are not expected to fully match the exceptional results achieved in 2023.

General statement on the outlook for the Group

For the 2024 financial year, Commerzbank expects to significantly exceed both the operating profit of the previous year and the consolidated profit attributable to Commerzbank shareholders and investors in additional equity components. The main reasons for the expected increase are a planned 4% rise in net commission income and the reduction of high one-time charges at mBank – although this is subject to a high degree of forecasting uncertainty. Accordingly, Commerzbank is expecting a further slight increase in the net return on equity in 2024.

Commerzbank's target for its Common Equity Tier 1 capital ratio is based on the capital requirements resulting from the Supervisory Review and Evaluation Process (SREP). This minimum requirement culminates in the MDA threshold, which was 10.34% at the beginning of 2024. This compares with a CET1 ratio of 14.7% at the end of 2023. Commerzbank thus has a significant capital buffer above the regulatory minimum requirements. Commerzbank is still expecting a CET1 ratio of more than 14% for 2024. This target already takes into account a planned distribution of at least 70% of net income after deduction of fully discretionary AT1 coupons for the 2024 financial year.

There are numerous risk factors that could nonetheless affect the 2024 profit forecast to a considerable, though not reliably quantifiable extent, should events take an unfavourable turn. These still include high global economic risks. However, geopolitical risks, such as the Russia-Ukraine war, which could significantly accelerate existing inflationary trends through the massive increase in raw material prices, also have the potential to weaken the expected economic recovery and thus have an impact on our business performance.

Moreover, trade disputes between the economic blocs Europe, North America and Asia, triggered by political tensions, remain possible.

Other risk factors include a further tightening of the competitive situation in Germany. Along with inflation-related cost increases, a fall in margins to levels that are unattractive from a risk-return perspective could also delay and/or limit the effectiveness of the expected positive effects of the measures to increase Commerzbank's profitability over the coming years. For further information on other risks, see page 250 ff. of the Group risk report.

In Poland, there is still no immediate prospect of a final supreme court ruling on the legal situation concerning lawsuits brought by private customers relating to foreign currency real estate loans, meaning that further charges cannot be ruled out.

Group risk report

The Group risk report is a separate reporting section in the Annual Report. It forms part of the Group management report.

Group risk report

› In the Group risk report, we give a comprehensive presentation of the risks we are exposed to. We provide a detailed insight into the organisation and key processes of our risk management. Our primary aim is to ensure that all risks in Commerzbank are fully identified, monitored and managed based on adequate procedures at all times.

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Executive summary 2023

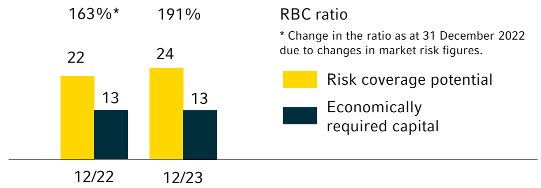
A high level of crisis-related economic uncertainty still prevails in connection with geopolitical tensions. The model-based parameters used to establish loan loss provisions do not yet fully reflect these effects. According to Commerzbank's assessment, the secondary effects TLA booked in this regard continues to reflect adequately the anticipated effects. In the remaining risk figures, the expected uncertain development is currently primarily perceptible in the figures for Central and Eastern Europe, where the current situation is reflected in an increased expected loss and thus a higher risk density.

Risk-bearing capacity ratio stood at 191% as at 31 December 2023

- The RBC ratio remains at a high level.
- The rise in risk coverage potential compared with December 2022 is mainly attributable to the Bank's earnings performance and to a market-induced decline in hidden liabilities.

Risk-bearing capacity

€bn

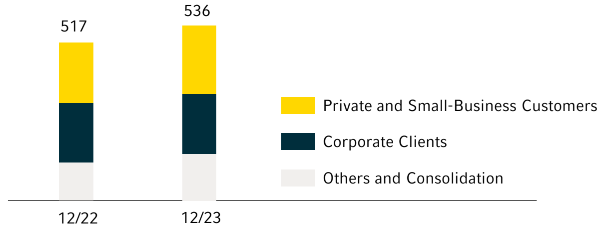


The Group's exposure at default increased

- The Group's exposure at default increased from €517bn to €536bn in 2023.
- The risk density likewise rose over the same period, going up from 17 basis points to 21 basis points.

EaD

€bn

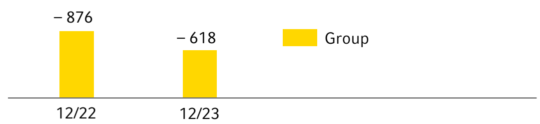


Risk result for the Group amounted to €–618m in 2023

- The change in the previous year was mainly attributable to the impact of the Russian invasion of Ukraine.
- The 2023 result was driven predominantly by defaults by individual counterparties and increases in loss provisions, particularly in the Corporate Clients segment, which also benefited from reversals of loan loss provisions as a consequence of disposals.

Risk result

€m

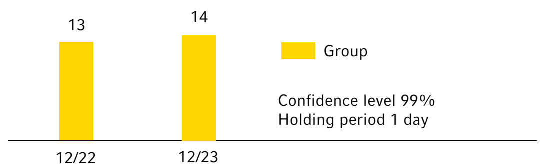


Market risk in the trading book increased slightly in 2023

- The VaR rose slightly from €13m to €14m in 2023.
- The asset classes that dominated at the end of 2023 were interest rate and credit spread risks.

VaR

€m

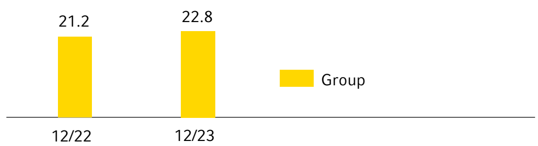


Operational risk increased year on year

- Risk-weighted assets for operational risks came to €22.8bn at the end of the fourth quarter of 2023. The main reason for the increase compared with the previous year were provisional revenues in 2023.
- The total charge for OpRisk events rose from €951m to €1,176m compared with the previous year.

Risk-weighted assets from operational risks

€bn



Risk-oriented overall bank management

Commerzbank defines risk as the danger of possible losses or profits foregone due to internal or external factors. In risk management, we normally distinguish between quantifiable and non-quantifiable types of risk. Quantifiable risks are those to which a value can normally be attached in financial statements or in regulatory capital requirements, while non-quantifiable risks include compliance and reputational risk.

Risk management organisation

Commerzbank regards risk management as a task for the whole Bank. The Chief Risk Officer (CRO) is responsible for developing and implementing the Group's risk policy guidelines for quantifiable risks, laid down by the Board of Managing Directors, as well as for measuring these risks. The CRO regularly reports to the Board of Managing Directors and the Supervisory Board's Risk Committee on the overall risk situation within the Group.

The risk management organisation comprises Group Credit Risk Management, Group Risk Control, Group Cyber Risk & Information Security, Group Big Data & Advanced Analytics, and Group Validation.

The CRO also has responsibility for Group Compliance. It is Group Compliance's responsibility to establish appropriate governance, procedures and systems to allow the Bank to avoid unintentional endangerment as a consequence of compliance risks. Group Compliance is led by the Chief Compliance Officer.

All divisions have a direct reporting line to the CRO.

The Board of Managing Directors has exclusive responsibility for fundamental strategic decisions. The Board of Managing Directors has delegated operative risk management to committees. Under the relevant rules of procedure, these are: the Group Credit Committee, the Group Market Risk Committee, the Group OpRisk Committee, the Group Cyber Risk & Information Security Committee and the Group Strategic Risk Committee, which decides on risk issues of an overarching nature. The CRO chairs all these committees and has the right of veto. The CRO is also a member of the Group Asset Liability Committee. Here the CRO also has a right of veto on certain topics (e.g. liquidity risk issues).

The tasks and competencies of the respective committees are described below:

The **Supervisory Board's Risk Committee** is the Bank's highest risk committee. It comprises at least five Supervisory Board members. The Risk Committee's tasks include monitoring the risk management system and dealing with risks such as market, credit and operational risk, reputational risk and cyber risks (including information security at the Bank). The Risk Committee determines the type, scope, format and frequency of the information that must be presented to the Board of Managing Directors about strategy and risk.

The **Group Credit Committee** is the decision-making committee for operative credit risk management, comprising two representatives each from the back office and front office. The Group Credit Committee takes decisions in line with the competencies delegated to it by the Board of Managing Directors and is responsible for managing all credit risks. It acts on the basis of the prevailing Group credit risk strategy.

The **Group Market Risk Committee** monitors market risk in the interests of the Bank as a whole and manages limit requirements in line with risk-bearing capacity. To do this, all material market risks from the trading and banking book are analysed to identify risks early and for active risk management purposes. The focus here is on optimising the risk/return profile.

The **Group OpRisk Committee** (OpRiskCo) is responsible for managing operational risks within the Group and in this regard acts as the highest escalation and decision-making committee below the Board of Managing Directors. The OpRiskCo also addresses all important regulatory issues that arise in connection with the management of operational risks within the Group. In addition, it deals with standards on governance and assessing the functioning of the Internal Control System (ICS) within the Commerzbank Group.

The **Cyber Risk & Information Security Committee** (CRISCo) monitors and manages cyber and information security risks in the overall interests of the Bank. In this respect, it acts as the highest decision-making and escalation committee below the Board of Managing Directors. The CRISCo addresses all regulatory aspects relevant to cyber and information security issues and has the aim of ensuring appropriate risk management in this regard in accordance with internationally recognised standards.

The **Group Strategic Risk Committee** acts as the discussion and decision-making committee for all types of risk, and its main objective is to monitor and manage risks at portfolio level. This covers risk measurement, risk transparency and risk management.

The **Group Asset Liability Committee** (Group ALCO) is the Commerzbank Group committee responsible for the Group-wide and integrated management of financial resources, namely capital, liquidity and balance sheet structure as well as net interest income, in accordance with the regulatory framework. The Group ALCO monitors in particular the Group's risk-bearing capacity and as such plays an important part in the Internal Capital Adequacy Assessment Process (ICAAP). The Group ALCO resolves the recovery plan. Resolutions of the Group ALCO are presented to the Board of Managing Directors for confirmation. In case of violation of a recovery plan indicator, the Group ALCO plays a central role regarding the escalation, the estimation of the situation and the introduction of measures.

Moreover, risk issues are dealt with in other committees listed below:

The **Group Risk Management Executive Committee** acts as the discussion and decision-making committee within Group Risk Management and is responsible in particular for the organisation and strategic development of risk management as well as the creation and maintenance of a uniform risk culture. It also ensures that the Group risk strategy and the resolutions of the Board of Managing Directors are implemented in the risk function.

Compliance topics are dealt with in the **Global Compliance Board** (GCB). The GCB has been established as a forum to share updates on major compliance topics and supervisory actions regarding compliance in the Bank. Furthermore, the GCB serves as an information platform for segments and functions about compliance culture, changes in compliance regulations, updates of compliance-related policies and their implications.

Comprehensive, timely, transparent and methodologically sound risk measurement is the basic prerequisite for ensuring that the Commerzbank Group has sufficient liquidity and capital resources at all times. The processes we deploy make our business and risk strategy measurable, transparent and controllable. The methods and models we use to measure risk are in line with current, common banking industry standards and are subject to regular review by Risk Controlling, Internal Audit, our external auditors and the German and European supervisory authorities. In our assessment, the processes are well suited to safeguarding risk-bearing capacity and permanent solvency on a lasting basis. We consider our risk management methods and processes and our risk management system as a whole to be appropriate and effective.

We likewise consider our ICS as a whole to be appropriate and effective. Details about the ICS at Commerzbank can be found in the section on operational risk.

Risk strategy and risk management

The overall risk strategy, in line with the business strategy, governs the strategic risk focus of the Commerzbank Group. It sets the risk appetite as the maximum risk that the Bank is prepared and able to accept while following its business objectives without exposing itself to existential threats over and above the risks inherent in the business. The guiding idea is to ensure that the Group holds sufficient liquidity and capital. That also includes ensuring that the "Moving forward" business strategy can be implemented through a risk profile that is commensurate with the leeway determined by regulatory and capital market factors. Based on these requirements, suitable limits are defined for the risk resources of capital and liquidity available to the Group. The overarching limits of the overall risk strategy are consistent with the indicator thresholds of the recovery plan.

Key strategic measures have already been successfully implemented under the "Strategy 2024" programme, thereby reducing the remaining implementation risk. However, there are still significant idiosyncratic business risks that arise from ongoing challenges to the business model. These are essentially associated with technological advances, customer expectations and regulation. The "strategy 2027" systematically focuses on the key stakeholders – customers, employees and investors – and their expectations in what continues to be a very volatile and challenging environment. The growth path embarked upon will continue to be pursued while simultaneously boosting profitability and the Bank's attractiveness as an employer. Commerzbank has defined the three pillars of its current strategy as excellence, responsibility and growth. With regard to risk costs, the aim is to cover them through operational business at all times.

The core functions of banks as transformers of liquidity and risk give rise to inevitable threats that can in extreme cases endanger the continued existence of the institution. These depend on the bank's particular business model and are accepted in the pursuit of business objectives. The basis for Commerzbank's strategic alignment is its business strategy. In the event of a sustained change in the assessment of the inherent and existential threats to Commerzbank, the Board of Managing Directors may have to adjust the business model and thus the business and risk strategy in the medium and long term. A distinction can be made between the types of risk accepted on the basis of two fundamental threat scenarios. The occurrence of an inherent, existential threat jeopardises the continued existence of Commerzbank. In this case, rescuing Commerzbank would hardly be feasible without state measures or significant regulatory support measures (e.g. protective guarantees, tolerance of significant deviations from regulatory capital requirements, rescue merger) or activation of the Single Resolution Mechanism (SRM).

However, mitigation strategies are developed to counter these inherent existential threats in order, as far as possible, to reduce the probability of damage or the extent thereof. On the other hand, if a threat materialises that is inherent in the business model but not existential, there is always the possibility of mitigation through, among other things, capital measures available on the market or the use of appropriate capital buffers. It is therefore not necessary to activate the Single Resolution Mechanism (SRM) in this threat scenario. For Commerzbank, the existential threats inherent in its business model include, for example, the default of Germany, the disintegration of the eurozone and a default of one or more of the other major European countries or a default of the United States, a collapse of the financial markets in connection with loss of the basic functionalities of the ECB, or a bank run that entails threats going beyond the components transferable to Commerzbank as a result of currently known events, a collapse or a massive malfunction in global clearing houses, as well as extreme cyber attacks on states and institutions due to increasing digitalisation and geopolitical tensions.

When pursuing its business targets, the Bank accepts threats inherent in its business model (non-existential threats). These include the default of one or a small number of large (peripheral) eurozone countries without significant systemic consequences and a deep recession lasting several years with severe effects on the German economy and the resulting consequences such as huge loan defaults, excessive drawing of lines of credit by customers or a significant outflow of customer deposits with effects on the liquidity situation. If geopolitical crises ensue, such as that currently resulting from Russia's ongoing war against Ukraine, or trade wars, for example between the USA and China, this may have a huge impact on global markets and threaten Commerzbank's business model as an international institution. The measures taken by Commerzbank with a view to managing market, liquidity, credit and operational risk in response to the specific requirements of the geopolitical crisis – i.e. the measures taken to adjust to the new scenario following the invasion of Ukraine by the Russian army – remain in place. However, the observed effects on value chains and commodity prices also show that the impact is still ongoing and remains difficult to assess given the additional uncertainty surrounding further developments in the Middle East. In general, the geopolitical risk profile needs to be taken into account when defining the risk appetite in the sense of a forward-looking determination of the (country) risk disposition for possible geopolitical crises (e.g. with regard to China). As the digitalisation of the business environment continues to increase and Commerzbank undertakes its own digital transformation, cyber risk is an inherent threat that must be accepted. Depending on the severity and impact of a cyber attack, cyber risk can also be considered an existential threat, which is why Commerzbank is continuously working to improve its cyber resilience. The further evolution and possible consequences of mBank's situation in connection with loans indexed in Swiss francs and with the additional credit holidays granted by the national regulator in combination with a default by Poland pose political risks. These may significantly threaten Commerzbank and could require special mitigating capital market measures.

Environmental risk represents another inherent threat. By this we mean both climate-related and biodiversity risk, each of which can be further subdivided into physical and transition risk. We do not regard environmental risk as a separate type of risk, but as a "horizontal" risk that might materialise in the form of the familiar types of risk such as credit risk or market risk. The transition aspects in particular harbour risks (as well as opportunities) in the short term that are difficult to assess. Identifying and mitigating this threat to Commerzbank is one of the objectives of risk strategy. Accordingly, Commerzbank undertakes an annual process to determine for each type of risk whether environmental risks are a key driver.

The need to record and manage the environmental risks was already established as a fundamental part of the assessment of risk-bearing capacity. Furthermore, the carbon emissions intensities of the customer portfolio continued to be reported within Commerzbank's environmental, social and governance (ESG) framework on the basis of explicit and externally communicated sector targets (SBTi), and an initial control system has been set up. On this basis, the management of climate-related risk in connection with the sustainability strategy being pursued will be further expanded and operationalised, including the ongoing improvement of data and methods.

To the extent that it is able to do so, Commerzbank makes early preparations in anticipation of forthcoming changes in regulatory requirements and accounting standards. Such changes and their (retrospective) interpretation may have lasting implications for – and even threaten the survival of – Commerzbank's business model. Commerzbank accepts these regulatory risks because there are many cases where there is no option to mitigate or manage them.

The overall risk strategy covers all material risks to which Commerzbank is currently exposed as listed in the risk inventory. It is updated annually or on an ad hoc basis as required and set out in further detail in the form of sub-risk strategies for the risk types which are material. These are then specified and made operational through policies, regulations and instructions/guidelines. By means of the upstream risk inventory process, Commerzbank aims to ensure that all risk types of relevance to the Group are identified and their materiality assessed. The assessment of the materiality of a risk is based on whether its occurrence could have a major direct or indirect impact on the Bank's risk-bearing capacity.

As part of the planning process, the Board of Managing Directors decides how much of the risk coverage potential of the Group should be utilised. On that basis, individual types of quantifiable risk contributing to the capital requirements are limited in a second stage. A capital framework is allocated to the management-relevant units through the planning process. Compliance with limits and guidelines is monitored during the year, and management measures are put in place where required. In addition, further early warning thresholds are established in the overall risk strategy. Potential negative developments can be identified at an early stage with the help of these indicators.

One of the primary tasks of risk management is the avoidance of risk concentrations. These can arise from the synchronous movement of risk positions both within a single risk type (intra-risk concentrations) and across different risk types (inter-risk concentrations). The latter result from common risk drivers or from interactions between different risk drivers of different risk types.

By establishing risk management and controlling processes, Commerzbank provides for the identification, assessment, management, monitoring and communication of material risks and related risk concentrations. This ensures that all Commerzbank-specific risk concentrations are taken into account in its risk management. Scenario analyses are regularly used to ensure transparency regarding risk concentrations. The structure of the scenarios and the integrated approach ensure that the impact of adverse scenarios on portfolio priorities and risk concentrations is examined in a targeted manner. Management is regularly informed about the results of the analyses so that the potential risk of losses can be avoided in good time.

The Group Risk & Capital Monitor is the monthly risk report, designed for management purposes, on capital, credit risk, market risk, liquidity risk, environmental risk and OpRisk topics within Commerzbank risk management. It shows all the above risk types, including economic and regulatory risk-bearing capacity, for the Commerzbank Group. The report's aims include providing the Board of Managing Directors and the Supervisory Board's Risk Committee with transparent and comprehensive information, highlighting important developments from a risk perspective and setting management measures. The report is also used in particular to monitor limits and guidelines within the overall risk strategy. Responsibility for approving the overall risk strategy and the Group Risk & Capital Monitor lies with the Board of Managing Directors.

Commerzbank has adopted a code of conduct that defines binding minimum standards for Commerzbank's corporate responsibility, its dealings with customers, business partners and colleagues, and its day-to-day business. It goes without saying that the Bank complies with relevant laws, regulatory requirements, industry standards and internal rules, and this therefore forms a particularly important part of its risk culture. It actively requires employees to behave appropriately, courageously, with integrity and in compliance with rules, and any failure to comply with rules is penalised. Expanded procedures ensure that misconduct is evaluated in a uniform and fair manner, strengthening consequence management on a long-term basis.

The main pillar of the Bank's overall risk management and culture is the concept of three lines of defence (3 LoD), which is a core element of the Corporate Charter. Under the three lines of defence principle, protecting against undesirable risks is an activity that is not restricted to the risk function. Each unit (segment or function) forms the first line of defence within its area of operational responsibility and is directly responsible for identifying and managing risks within it while complying with the prescribed risk standards and policies. For example, the front office forms the first line of defence in all business decisions and has to take risk aspects into account in reaching them. The second line of defence for each type of risk lays down standards for appropriate management of risks of that type, monitors this and ensures the application of such standards, and analyses and evaluates the risks. The risk function forms the second line of defence against credit and market risks associated with business decisions. Particularly for credit risk, this includes involvement in the credit decision process by means of a second vote. Units outside the risk function (e.g. Group Communications) also operate as the second line of defence for certain risk types. The third line of defence is Internal Audit.

Risk ratios

Commerzbank uses a comprehensive system of ratios and procedures for measuring, managing and limiting various types of risk. The most important of these are listed below:

Economically required capital is the amount, corresponding to a high confidence level (currently 99.90% at Commerzbank), that will cover unexpected losses arising from risk positions.

The **risk-bearing capacity ratio (RBC ratio)** indicates the excess coverage of the economically required capital by the risk coverage potential.

Exposure at default (EaD) is the expected exposure amount taking into account a potential (partial) drawing of open lines and contingent liabilities that will adversely affect risk-bearing capacity in the event of default. EaD is hereinafter also referred to as "exposure".

Expected loss (EL) measures the potential loss on a loan portfolio that can be expected within one year on the basis of historical loss data.

Risk density is the ratio of expected loss to exposure at default and thus represents the relative risk content of an exposure or a portfolio.

Value at risk (VaR) is a methodology for quantifying risk. It involves setting a holding period (such as one day) and a confidence level (such as 97.5%). The VaR value then denotes the relevant loss threshold that will not be exceeded within the holding period with a probability in line with the confidence level.

Credit value at risk (CVaR) is the economic capital requirement for credit risk with a confidence level of 99.90%. The term results from the application of the value at risk concept to credit risk measurement. Credit VaR is an estimate of the amount by which losses from credit risks could potentially exceed the expected loss within a single year, i.e. unexpected loss. The idea behind this approach is that expected loss simply represents the long-term average of lending losses, but this may vary (positively or negatively) from actual credit losses for the current financial year.

Risk-bearing capacity and stress testing

Risk-bearing capacity analysis is a key part of overall bank management and Commerzbank's ICAAP. The purpose is to ensure that sufficient capital is held at all times. The risk-bearing capacity concept is reviewed and optimised annually. The risk-bearing capacity encompasses a normative (regulatory) perspective and an economic perspective. For information about the key figures for the normative perspective, see Note 60 (Selected key regulatory figures) of the Group financial statements.

When determining the economically required capital, allowance is made for potential unexpected fluctuations in value. Where such fluctuations exceed forecasts, they must be covered by the available economic capital to absorb unexpected losses (risk coverage potential). Only the economic value of equity components that absorb losses in the going concern approach is taken into account in determining the economic risk coverage potential.

The capital requirement for the risks taken is quantified using the internal economic capital model. All risk types of the Commerzbank Group classified as significant and quantifiable within the annual risk inventory are taken into account when determining the economically required capital. The economic risk approach therefore also comprises risk types that are not included in the regulatory requirements for banks' capital adequacy. The model also reflects diversification effects incorporating all types of risk. The confidence level for the calculation of economically required capital is 99.90% and is harmonised with the going concern approach. The quantifiable significant risks in the economic capital model are divided into default risk, market risk, operational risk and (not separately disclosed in the following table) business risk and property value change risk. Furthermore, reserve risk is included in the risk-bearing capacity calculation by means of a corresponding risk buffer. Business risk is the risk of a potential loss resulting from deviations in actual income and expense from the respective budgeted figures. Business risk is used to substantiate a higher-level management buffer that ensures the responsiveness of capital management. Physical asset risk is the risk of an unexpected fall in the value of owned property which is either already recognised as an asset in the Group's balance sheet or which can be recognised during the next 12 months under contractually assured obligations with option character (especially real estate). Environmental risks are defined as horizontal risks within Commerzbank that are manifested in existing risk categories, with both transition and physical risks being considered. The annual materiality assessment of environmental risks provides a comprehensive overview of the impact on existing material risk types identified in the risk inventory. Environmental risks are reflected in Commerzbank's risk-bearing capacity analysis through a risk buffer for default and market risks, which are materially affected by environmental risks. Further information on environmental risks can be found in the section on environmental, social and governance (ESG) risks on page 258 ff.

The results of the risk-bearing capacity analysis are shown using the risk-bearing capacity ratio (RBC ratio), indicating the excess of the risk coverage potential in relation to the economically required capital. Risk-bearing capacity is monitored and managed monthly at Group level. The RBC ratio was 191% as at 31 December 2023. The rise in risk coverage potential compared with December 2022 is mainly attributable to the Bank's earnings performance and to a market-induced decline in hidden liabilities. The decline in market risk reflects a reduced level of market volatility. The RBC ratio remains at a high level.

Risk-bearing capacity Group | €bn	31.12.2023	31.12.2022
Economic risk coverage potential	**24**	**22**
Economically required capital[1]	**13**	**13**
thereof for default risk[2]	9	8
thereof for market risk[3]	3	4
thereof for operational risk[4]	2	2
thereof diversification effects	−2	−2
RBC ratio (%)[5]	**191**	**163**

[1] Including physical asset risk, risk of unlisted investments and the risk buffer for reserve risk, for the quantification of potential fluctuations in value of intangibles and for environmental risks.
[2] Including buffers for planned changes in methods.
[3] Including deposit model risk.
[4] Including cyber and compliance risk.
[5] RBC ratio = economic risk coverage potential/economically required capital (including risk buffer). Change in the ratio as at 31 December 2022 due to changes in market risk figures.

Commerzbank uses macroeconomic stress tests to review the risk-bearing capacity in the event of assumed adverse changes in the economic environment. The underlying scenarios take into account the interdependence of the development of the real economy and the financial economy. They are updated quarterly and approved by the Group ALCO. The scenarios describe an extraordinary but plausible adverse development in the economy, focusing in particular on portfolio priorities (e.g. export-based sectors in Germany) and business strategies of relevance to Commerzbank. Current adverse developments (e.g. high energy costs) are also taken into account when creating the scenarios. Stress tests in the economic perspective cover a time horizon of 12 months. The scenario simulation is run quarterly at Group level using the input parameters of the economic capital requirements calculation for all material and quantifiable risk types. In addition to the capital required, the income statement is also subjected to a stress test based on the macroeconomic scenarios. Based on this, changes in the risk coverage potential are simulated. Whereas the RBC ratio is embedded into Commerzbank's limit system, guidelines for risk-bearing capacity are set as an early warning system in the stressed environment. The ongoing monitoring of the limits and guidelines is a key part of internal reporting. Defined escalations are triggered if the limits are breached.

The risk-bearing capacity and stress testing concept is subject to an annual internal review and is refined on an ongoing basis. The development of the regulatory environment is also taken into account. In addition to the regular stress tests, reverse stress tests are implemented annually at Group level. Unlike regular stress testing, the result of the simulation – a sustained threat to the Bank – is determined in advance. The aim of the analysis process in the reverse stress test is to improve the transparency of Bank-specific risk potential and interactions of risk by identifying and assessing extreme scenarios and events. On this basis, for instance, action fields in risk management including the regular stress tests can be identified and taken into account in the ongoing development efforts. Commerzbank carries out various environmental risk-related scenario analyses and stress tests every year. All material risk types are analysed in terms of the degree to which they are impacted by environmental risk, while risk types materially affected by environmental risk undergo a stress test. Commerzbank also takes part in supervisory stress tests – in particular it participated in the EBA's "One-off Fit-for-55 climate risk scenario analysis" in 2023 and 2024.

Risk-weighted assets

In 2023, the risk-weighted assets resulting from Commerzbank's business activities increased from €169bn to €175bn.

The table below gives an overview of the distribution of risk-weighted assets, broken down by segment and risk type:

	31.12.2023				31.12.2022			
Risk-weighted assets | €bn	**Default risk**	**Market risk**	**Operational risk**	**Total**	**Default risk**	**Market risk**	**Operational risk**	**Total**
Private and Small-Business Customers	40	1	13	54	40	1	13	54
Corporate Clients	73	5	5	83	73	4	5	82
Others and Consolidation	32	2	4	38	28	2	3	34
Group	**144**	**8**	**23**	**175**	**140**	**7**	**21**	**169**

Regulatory environment

Commerzbank operates in markets subject to national and supranational regulation. In addition, it is subject to the overarching requirements imposed by accounting standards. Changes in regulatory requirements and accounting standards have significantly grown in frequency and materiality in recent years. They may have lasting implications for the financial industry in general and Commerzbank's business model in particular. In addition to this persistently high regulatory intensity, the scope of regulations applying to banks is also expanding to include areas such as artificial intelligence, digitalisation and crypto regulation. Commerzbank continues to participate actively and at an early stage in the consultation processes aimed at preparing for the constant changes in the operating environment. It also monitors and evaluates current developments as regards future regulatory projects. At a global level, these include in particular the standards on market risk, operational risk and credit risk published by the Basel Committee on Banking Supervision ("finalisation of Basel III"). At European level, following the conclusion of the trilogue negotiations on the EU banking package, Commerzbank is monitoring the further implementation of the finalisation of Basel III, initiatives put in place by the European Commission to introduce a European deposit guarantee scheme, to create a capital markets union and to implement the European Green Deal, the EBA initiative to revise internal risk models and a number of projects in the area of digitalisation and crypto regulation.

With Basel III, the Basel Committee on Banking Supervision published among other things comprehensive rules on the components of equity and equity ratios as well as the management of liquidity risk. Since 1 January 2014, the associated Capital Requirements Regulation and Directive (CRR and CRD) have been in force as the European implementation of Basel III, with some of the rollout taking place in stages up to 2019 ("phase-in"). Numerous supplementary regulations have since been published, in particular by the European Banking Authority (EBA), and these are now progressively entering into force; this will continue in the years to come. At the beginning of December 2023, the draft laws for the EU banking package, consisting of CRR III and CRD VI, were published within the context of the finalisation of Basel III following the conclusion of the EU trilogue negotiations. Final publication in the Official Journal of the European Union is expected in the first half of 2024. In addition, the banking package envisages conferring roughly 140 mandates to the EBA for the detailed elaboration and review of EU requirements. The first-time application of CRR III is still planned for 1 January 2025. In contrast to the international Basel requirements, implementation in the EU takes into account the special features of the European financial market in various areas. For example, following lengthy discussion between standard setters, banks and industry associations, transitional rules have been included in areas of business that are of importance to European banks – for instance, residential property financing, the financing of companies without an external rating and securitisations – which alleviate the resulting sharp increase in capital requirements, at least temporarily, up to and including 2032. The current EU exemptions, such as those for loans to small and medium-sized enterprises, also remain in place. Commerzbank has analysed the effects expected on this basis and factored them into its internal capital planning by applying the necessary mitigation measures.

The ECB, in its capacity as the supervisory authority for the eurozone banks directly supervised by it, conducted the annual Supervisory Review and Evaluation Process (SREP). On 8 December 2023, in its final SREP decision for 2023, the ECB informed Commerzbank of the results of the SREP and the associated supervisory requirements. The ECB increased the bank-specific capital requirements set for 2024 for the Commerzbank Group – "P2R" (Pillar 2 Requirement) and "P2G" (Pillar 2 Guidance) – by 25 basis points each. With effect from 1 January 2024 the SREP decision replaces the previous SREP decision. In 2023, the ECB continued to closely monitor the establishment of environmental risk management following its Thematic Review in 2022. Several workshops were held in this context, the results of which had qualitative/quantitative SREP implications for individual banks. Commerzbank was not affected. The ECB expects full compliance with the requirements set out in its "Guide on climate-related and environmental risks" by the end of 2024. In addition, the EBA and the ECB have been conducting a "one-off Fit-for-55 climate risk scenario analysis" since the end of 2023, and the Bank will have completed its provision of the data required for this in March 2024.

In accordance with the EU Corporate Sustainability Reporting Directive (CSRD) adopted in 2023, Commerzbank will be obliged for the first time to publish a non-financial statement in accordance with CSRD requirements as part of the management report for the

2024 financial year. This will replace the previous non-financial report produced in accordance with the EU Non-financial Reporting Directive (NFRD). Future reporting will cover a wide range of ESG issues in greater detail and span the entire scope of financial consolidation. In 2023, Commerzbank set up a Group-wide project to ensure timely implementation.

The EU Bank Recovery and Resolution Directive has been in force since mid-2014. Responsibility for the drafting of resolution plans and the resolution of at-risk banks supervised by the ECB was transferred to the Single Resolution Board (SRB) in Brussels with effect from 1 January 2016. At the same time, eurozone banks started to fund the Single Resolution Fund. The SRB defines the formal Minimum Requirement for Own Funds and Eligible Liabilities (MREL) for the banks under its responsibility on a consolidated and individual basis.

The legal basis for setting the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) and Total Loss-Absorbing Capacity (TLAC) was revised at European level and published on 7 June 2019 as part of the Risk Reduction Package in the form of the Single Resolution Mechanism Regulation (SRMR II), the Bank Recovery and Resolution Directive II (BRRD II) and the CRR II. The BRRD II as a European directive requires implementation into national law within 18 months. The amendments included, among other things, adjustments to the calculation logic and, for certain banks, a statutory subordination requirement for parts of MREL. Most of the new provisions came into force in December 2020.

The Group-wide recovery plan was updated in the fourth quarter of 2023 to reflect the regulatory requirements. The recovery plan describes in detail for instance the courses of action and recovery potential available to the Bank in the event of a crisis and which specific recovery measures, in various stress scenarios, will enable the Bank to complete its recovery.

The regulatory environment also remains challenging with respect to compliance risks. Of continued relevance are the requirements in connection with the prevention of money laundering and terrorist financing – such as the implementation of BaFin's new administrative practice, the planned creation of a new national anti-money laundering authority in Germany (Federal Office for Fighting Financial Crime) and the stipulations of international standard setters, for example the new EU anti-money laundering package.

Given the geopolitical situation, the sanctions imposed by national governments or supranational institutions such as the United Nations (UN) and the European Union (EU) are of particular importance for Commerzbank. In particular, Group Compliance is actively monitoring the sanctions that have been imposed in response to Russia's invasion of Ukraine. Most recently, the EU sanctions packages have been aimed in particular at preventing the evasion of sanctions via third countries. In addition, in 2023 the United States created the option of imposing secondary sanctions on foreign financial institutions, targeting transactions with certain sectors of the Russian economy. Group Compliance is also observing current developments in the Middle East conflict in Israel and Gaza.

With respect to the plans to provide crypto asset custody services for corporate clients, for which the Bank obtained a crypto custody licence under Art. 32 of the German Banking Act (KWG) at the end of 2023, there are new requirements applying to Commerzbank. These include the EU's revised Funds Transfer Regulation (FTR) and the EU's Markets in Crypto-assets Regulation (MiCAR), for which detailed rules are being drawn up in delegated legal acts and publications from the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA). These legal acts will enter into force on 30 December 2024.

In addition, the prevention of fraud, bribery and corruption (including Art. 25h of the German Banking Act (KWG), the United Kingdom Bribery Act and the United States Foreign Corrupt Practices Act) and market compliance (including new EU requirements on sustainable finance, US requirements and CFTC regulations) are putting further risk types into the regulatory focus.

Furthermore, the protection of human rights and of the environment at Commerzbank and in business relationships with suppliers along the supply chain is monitored by Group Compliance in accordance with the German Supply Chain Due Diligence Act (LkSG), which came into force in 2023.

Default risk

Default risk is defined as the risk of losses sustained or profits foregone due to the default of a counterparty. It is a quantifiable material risk and includes the sub-risk types of credit default risk, issuer risk, counterparty credit risk, country and transfer risk, dilution risk and reserve risk.

Strategy and organisation

The credit risk strategy is the sub-risk strategy for default risks and is derived from the overall risk strategy. It is embedded in the ICAAP process of the Commerzbank Group and forms a link between the Bank's overall risk management across all risk types and the operationalisation of default risk management. The overriding aim is to ensure the adequate quality of the credit portfolio. To this end, the credit risk strategy defines the credit risk tolerance, specifies risk strategy priorities, provides an overview of the material credit risk management concepts and thereby plays an integral part in maintaining the Group's risk-bearing capacity. The credit risk strategy makes use of quantitative and qualitative management tools that are intended to give decision-makers clear guidance on both portfolio management and decisions in specific cases.

The environment remained a challenging one in 2023, which was manifested in particular in signs of a recession, energy shortages and changing trade corridors. The resulting impact on Commerzbank's loan portfolio was to be seen primarily in sectors that were particularly affected by this environment. In its credit risk management, Commerzbank continues to be guided by the principle of seeking a low-risk profile while limiting cluster risks and undertaking portfolio-specific risk management. A further focal point in this connection is financing the transformation of the German economy with a view to achieving the objectives of the Paris Agreement. Both the front office and the risk function are involved in credit risk management as the first and second lines of defence, based on a uniform Group-wide credit risk culture.

Credit risk management is a joint task of the front office and the risk function, based on a standardised Group-wide credit risk culture. Impeccable moral and ethical conduct in compliance with the law and regulations is a key element of a culture of integrity and core to the credit risk culture. Default risks are assessed against uniform standards, regardless of segment limits. In line with the three lines of defence principle, the front office is the first line of defence and must take risk aspects into account when taking business decisions. The risk function (back office and Risk Controlling) is the second line of defence, its fundamental task being to manage, limit and monitor risks. The third line of defence is Internal Audit. It is tasked with independently auditing the Bank's processes and safeguards, and as such also assesses the activities of the first and second lines of defence.

The Group Credit Committee is the highest decision-making committee for operative credit risk management, comprising two representatives each from the back office and front office. It takes decisions in line with the competencies delegated to it by the Board of Managing Directors and is responsible for managing all credit risks. In so doing, the Group Credit Committee operates on the basis of the valid credit risk strategy. Reporting to the Group Credit Committee are sub-credit committees, which operate on the basis of their respective rules of procedure and within the competencies approved by the Board of Managing Directors. They comprise at least two representatives from the segments and two representatives from Group Risk Management. The sub-credit committees are responsible for managing all credit risks in the sub-portfolios within their respective remit and are entitled, in turn, to sub-delegate certain credit decisions within their prescribed competencies.

Discrete back-office areas are responsible for operational credit risk management at portfolio level and on a case-by-case basis. The responsibilities are separated between the performing loan area on the one hand and Intensive Care on the other. All credit decisions in the performing loan area are risk/return decisions. The front and back office take joint responsibility for risk and return from an exposure, with the front office having primary responsibility for the return, and the back office for the risk. Accordingly, neither office can be overruled in its primary responsibility in the credit decision process. Since the risk management function cannot be overruled in the credit decision-making process, the third-line-of-defence concept is adhered to.

Higher-risk customers are handled by specialist Intensive Care areas. The customers are moved to these areas as soon as they meet defined criteria for assignment or mandatory transfer. The principal reasons for assignment to Intensive Care areas are criteria relating to number of days overdrawn, together with event-related criteria such as rating, third-party enforcement measures or credit fraud. The Intensive Care function decides on further action based on the circumstances of individual cases. Customers must be transferred to Intensive Care if they are in default (for example due to insolvency). This graduated approach ensures that higher-risk customers can continue to be managed promptly by specialists in a manner appropriate to the risks involved and in defined standardised processes.

Risk management

Commerzbank manages default risk using a comprehensive risk management system. The management framework comprises an organisational structure, methods and models, quantitative and qualitative management tools and regulations and processes. The risk management system ensures that the entire portfolio and the sub-portfolios, right down to individual exposure level, are managed consistently and thoroughly on a top-down basis.

The ratios and measures required for the operational process of risk management are based on the overarching Group objectives. The principle of seeking a low-risk profile in all business decisions is closely combined here with the risk function's aim of providing support for business that is appropriate in terms of risk. Preference is given to transactions and products with a low level of complexity. Another focus is on the responsiveness of a credit line or exposure.

Quantitative credit risk strategy guidelines limit risks with regard to poorer credit ratings and exposures with high loss-at-default contributions (concentration management) and for selected sub-portfolios with a high risk weight or regulatory importance, and, as applicable, for individual products with a high portfolio share. Detailed arrangements for operationalising the guidelines for selected sub-portfolios are set out in separate portfolio policies. In addition, qualitative management guidelines in the form of credit policies define the target business of the Bank. At the level of individual transactions, they regulate the transaction type for which the available risk resources are to be used. These credit policies are firmly embedded in the credit process: transactions which do not meet the requirements are escalated through a fixed competence regulation.

Group-wide guiding principles are based on risk-oriented analyses of trends (e.g. of the development of weaker credit ratings over time) combined with an assessment of external framework conditions and internal rules. Risk-oriented analyses on key dates (e.g. rating profile of individual asset classes) are used in particular to derive portfolio guiding principles. Trend analyses of product-specific risk drivers are key factors for determining product guiding principles (e.g. loan-to-value of mortgage lending). In contrast, credit and portfolio policies are primarily produced through a multi-level coordination process involving the product and portfolio managers from the front and back offices, combined with an assessment of internal and external information sources.

To monitor compliance with credit risk strategic rules, continuous monitoring and reporting has also been set up at whole Group level and at segment or sub-portfolio level. Asset quality reviews as part of the second line of defence make an important contribution to quality assurance. The focus of these reviews is on regular spot checks of selected dual-control lending processes. Ad hoc reporting processes have been established. In addition, crisis events may pose a risk to the Bank's capital and liquidity adequacy and thereby to its risk-bearing capacity. In a crisis, the Risk Mitigation Task Force will manage decisions flexibly in a coordinated, Group-wide process. For example, the Russia-Ukraine war prompted the establishment of the Task Force at the beginning of 2022, and continued its work in 2023, in order to identify effects on the Group portfolio as quickly as possible and to be able to take countermeasures. As part of the process, emergency action plans ensure that risk-mitigation measures are implemented quickly and efficiently.

The avoidance of risk concentrations is a core strategy of risk management. Risk concentrations are actively managed in order to identify at an early stage and contain the increased potential for loss from the synchronous movement of risk positions. In addition to exposure-related credit risk concentrations (bulk risks), default risk also includes country and sector concentrations. Segment-specific features are taken into account here.

Management and the Supervisory Board's Risk Committee are regularly informed about the results of the analyses.

Management of economic capital commitment

Economic capital commitment is managed in order to ensure that the Commerzbank Group holds sufficient capital. To this end, all relevant risk types in the overall risk strategy for economic risk capital are given limits on a Group-wide basis, with, in particular, a CVaR limit being specified. Due to the systematically restricted options for reducing default risk on a short-term basis, it is important to take account of expected trends (medium-term and long-term) in order to manage credit risk. For this reason, forecast values of credit risk parameters play a key role in ongoing management. At segment and business area level, changes to forecasts are monitored and adjustments made when necessary. There is no cascaded capital limit concept for credit risk below Group level.

Overview of management instruments and levels

	Risk strategies and policies	**Limit and guideline systems**	**Portfolio monitoring and reporting**	**Structures of organisation and committees**
Group	Overall risk strategy plus sub-risk strategies for significant risk types Establishment of a general risk understanding and creation of a uniform risk culture	Definition of Group limits (across all risk types) for capital and liquidity management Additional definition of guidelines as key points of the aspired target portfolio	Group Risk & Capital Monitor plus risk type specific Group formats (including flash reporting) Uniform, consolidated data repository as basis for Group reporting	Ensuring exchange of information and networking in committees that operate across all risk types Retaining qualified staff in line with progressive product innovation or regulatory adjustments
Sub-portfolios	Clear formulation of risk policy in guidelines (portfolios, asset classes, etc.) Differenciated credit authorities based on compliance of transactions with the Bank's risk policy	Performance metrics on level of risk categories and sub-portfolios Expansion of Group-wide performance metrics using sub-portfolio-specific indicators	Portfolio batches as per established portfolio calendar* Asset quality review and analysis of High Attention Parts (HAP) Trigger monitoring with clear escalation and reporting lines	Interdisciplinary composition of segment committees Ensuring uniform economic opinions
Individual exposures	Rating-dependent and bulk-sensitive credit authority regulations with clear escalation processes	Limitation of bulk risk	Limit monitoring at individual exposure level Monthly report to the Board of Managing Directors on the development of bulk risks Review of individual customers/exposures resulting from asset quality review or HAP analyses	Deal team structures Institutionalized exchange within the risk function, also taking account of economic developments Sector-wise organization of domestic corporate business

Rating classification

The Commerzbank rating method comprises 25 rating classes for customers not in default (1.0 to 5.8) and 5 default classes (6.1 to 6.5). The Commerzbank master scale allocates precisely one rating class, stable over time, to each probability of default. The rating methods are validated annually and recalibrated where necessary so that they reflect the latest assessment based on all actual observed defaults.

The probability of default ranges assigned to the ratings are the same for all portfolios. This ensures internal comparability consistent with the master scale method. For guidance and indicative purposes, the Commerzbank master scale also shows external ratings as well as credit quality steps in accordance with Art. 136 CRR. However, a direct reconciliation is not possible, because external ratings of different portfolios show fluctuating default rates from year to year.

In lending decisions, which are based among other things on the rating result, the credit approval authorities of both individual staff and the committees (Board of Managing Directors, Credit Committee, sub-credit committees) are graduated by a range of factors including size of exposure and rating class.

Commerzbank master scale

Commerzbank AG rating	PD and EL mid-point %	PD and EL range %	S&P scale		Credit quality steps in accordance with Article 136 CRR[1]	
1.0	0	0	AAA	AAA	I	Investment Grade
1.2	0.01	0 – 0.02				
1.4	0.02	0.02 – 0.03	AA+	AA		
1.6	0.04	0.03 – 0.05	AA, AA–			
1.8	0.07	0.05 – 0.08	A+, A	A	II	
2.0	0.11	0.08 – 0.13	A–			
2.2	0.17	0.13 – 0.21	BBB+	BBB	III	
2.4	0.26	0.21 – 0.31	BBB			
2.6	0.39	0.31 – 0.47				
2.8	0.57	0.47 – 0.68	BBB–			
3.0	0.81	0.68 – 0.96	BB+	BB	IV	Sub-investment grade
3.2	1.14	0.96 – 1.34	BB			
3.4	1.56	1.34 – 1.81				
3.6	2.10	1.81 – 2.40	BB–			
3.8	2.74	2.40 – 3.10				
4.0	3.50	3.10 – 3.90	B+	B	V	Non-investment grade
4.2	4.35	3.90 – 4.86				
4.4	5.42	4.86 – 6.04	B			
4.6	6.74	6.04 – 7.52				
4.8	8.39	7.52 – 9.35	B–			
5.0	10.43	9.35 – 11.64				
5.2	12.98	11.64 – 14.48	CCC+	CCC	VI	
5.4	16.15	14.48 – 18.01	CCC, CCC–			
5.6	20.09	18.01 – 22.41	CC, C	CC, C		
5.8	47.34	22.41 – 99.99				
6.1	100	> 90 days past due	D			Default
6.2		Imminent insolvency				
6.3		Restructuring with recapitalisation				
6.4		Termination without insolvency				
6.5		Insolvency				

[1] CRR = Capital Requirements Regulation (EU) No 575/2013.

Risk mitigation

The collateral taken into account in risk management changed in the period under review from €126.4bn to €123.9bn based on the most realistic value (MRV) for positions in the Group's performing portfolio, and remained unchanged at €1.4bn for positions in the default portfolio.

Commerzbank mitigates credit risk through various measures including collateral and netting procedures.

Types of collateral include in particular land charges, financial collateral, guarantees, indemnities, credit derivatives, life insurance policies, other registered liens and other physical collateral.

The Bank takes account of credit risk mitigation effects from the acceptance of recognisable warranties (guarantees, comparable claims on third parties) by using the guarantor's risk parameters (PD and LGD) and/or the regulatory risk weightings.

As at the reporting date, no loan loss provisions were created for transactions in the performing portfolio with a total volume of €5.3bn (31 December 2022: €5.5bn), as these are entirely collateralised.

Guarantors are subject to a creditworthiness check and rating assignment based on their sector and business as part of the assessment of their declaration of liability. The aim of the creditworthiness check is to establish the guarantor's creditworthyness and maximum solvency.

The quality of the collateralisation is rigorously checked and monitored on an ongoing basis. carried out at appropriate intervals depending on the type of collateral, at least annually or on an event-driven basis. Positive correlations between the debtor's creditworthiness and the value of the collateral or guarantee are defined in the credit and collateral processing process; collateral instruments affected are not counted. Collateral is processed and evaluated primarily outside the front office.

The Bank analyses all credit collateral (physical and personal collateral) for evidence of collateral concentrations. The analysis includes checks on various dimensions such as collateral categories, the borrower's rating classes or regional allocations of collateral. The Board of Managing Directors receives regular information in respect of the above dimensions about changes in the collateral pool and possible issues/concentrations.

The measurement and processing of collateral is governed by generally applicable standards and collateral-specific instructions (guidelines, process descriptions, IT instructions). Collateral agreements are legally reviewed; standard agreements and templates are used where possible. The standards established to hedge or mitigate credit risk include:

- Legal and operational standards for documentation and data collection and measurement standards.
- Standards to ensure the uniformity and timeliness of collateral measurement through the definition of measurement processes, uniform measurement methods, parameters and defined collateral discounts, clear definition of competences and responsibility for the processing and measurement process, and regular remeasurement frequencies.
- Other standards to take account of specific risks such as operational risk, correlation and concentration risk, market price change risk (e.g. due to currency fluctuations), country risk, legal and legal change risk and the risk of inadequate insurance coverage.

Commerzbank Group

Commerzbank focuses its business on two customer segments, Private and Small-Business Customers and Corporate Clients.

A high level of crisis-related economic uncertainty still prevails in connection with geopolitical tensions. The model-based parameters used to establish loan loss provisions do not yet fully reflect these effects. According to Commerzbank's assessment, the secondary effects TLA booked in this regard continues to reflect adequately the anticipated effects.

In the remaining risk figures, the expected uncertain development is currently primarily perceptible in the figures for Central and Eastern Europe, where the current situation is reflected in an increased expected loss and thus a higher risk density.

Credit risk parameters

The credit risk parameters in the Commerzbank Group are distributed in the rating classes 1.0 to 5.8 over the segments as follows:

	31.12.2023				31.12.2022			
Credit risk parameters	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**CVaR** €m	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**CVaR** €m
Private and Small-Business Customers	211	468	22	2,095	204	431	21	2,088
Corporate Clients	176	406	23	4,470	177	378	21	4,299
Others and Consolidation[1]	149	236	16	1,716	137	65	5	1,184
Group	**536**	**1,110**	**21**	**8,281**	**517**	**874**	**17**	**7,571**

[1] Mainly liquidity portfolios of Treasury.

When broken down on the basis of PD ratings, 88% of the Group's portfolio is in the internal rating classes 1 and 2, which comprise investment grade.

	31.12.2023					31.12.2022				
Rating breakdown EaD | %	**1.0-1.8**	**2.0-2.8**	**3.0-3.8**	**4.0-4.8**	**5.0-5.8**	**1.0-1.8**	**2.0-2.8**	**3.0-3.8**	**4.0-4.8**	**5.0-5.8**
Private and Small-Business Customers	31	55	11	3	1	30	56	11	2	1
Corporate Clients	20	60	14	4	1	19	61	14	4	2
Others and Consolidation	77	21	1	0	0	77	22	2	0	0
Group	**40**	**47**	**9**	**2**	**1**	**38**	**49**	**10**	**2**	**1**

In establishing country risk, transfer risks are recognised that arise from the economic and political situation of a country and to which all economic entities in the country are subject. Country risks are managed on the basis of transfer risk limits defined at country level.

Country exposures which are significant for Commerzbank due to their size are handled by the Credit Committee on a separate basis.

The regional breakdown of the exposure corresponds to the Bank's strategic direction and reflects the main areas of its global business activities.

	31.12.2023			31.12.2022		
Group portfolio by region	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp
Germany	314	401	13	312	390	12
Western Europe	86	180	21	85	133	16
Central and Eastern Europe	61	416	68	53	261	49
North America	46	45	10	40	38	10
Asia	18	25	14	16	22	14
Other	11	43	38	11	30	27
Group	**536**	**1,110**	**21**	**517**	**874**	**17**

More than half of the Bank's exposure relates to Germany, just under one-third to other countries in Europe, 9% to North America and 3% to Asia. The rest is broadly diversified and is split among a large number of countries where we serve German exporters in particular or where Commerzbank has a local presence. The expected loss of the Group portfolio is mainly divided between Germany and the other European countries.

Risk result

The risk result relating to the Group's lending business in 2023 amounted to €–618m (prior-year period: €–876m).

The following table shows the breakdown of the risk result by stage according to IFRS 9. Note 31 of the Group financial statements (Credit risks and credit losses) provides details on the stages. Note 11 (Risk result) gives the definition of the risk result.

Any fluctuations in the market values of fair value loans are not recognised in the risk result. They are recognised in the net income from financial assets and liabilities measured at fair value through profit or loss.

	31.12.2023					31.12.2022				
Risk result | €m	**Stage 1**	**Stage 2**	**Stage 3**	**POCI[1]**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**POCI[1]**	**Total**
Private and Small-Business Customers	7	−162	−322	6	−472	−5	−122	−256	−8	−392
Corporate Clients	20	−62	−104	−9	−155	−6	65	−480	−24	−446
Others and Consolidation	14	−14	8	0	8	0	53	−91	0	−38
Group	**42**	**−238**	**−419**	**−3**	**−618**	**−12**	**−5**	**−827**	**−32**	**−876**

[1] POCI – purchased or originated credit-impaired.

The risk result decreased by €258m to €–618m year on year. The change in the previous year was mainly attributable to the impact of the Russian invasion of Ukraine. The 2023 result was driven predominantly by defaults by individual counterparties and increases in loan loss provisions, particularly in the Corporate Clients segment, which also benefited from reversals of loan loss provisions as a consequence of disposals. Meanwhile, the Private and Small-Business Customers segment was impacted by modelling and methodological effects, including the reflection of macroeconomic trends. The main modelling and methodological effects were the charges from the anticipation of an expected adjustment of models ("future of IRB") and the introduction of the "threefold PD" as an additional backstop indicator.

The total secondary effects TLA at Group level as at 31 December 2023 was €453m (€482m in the previous year).

A high level of crisis-related economic uncertainty still prevails in connection with geopolitical tensions. The model-based parameters used to establish loan loss provisions do not yet fully reflect these effects. The secondary effects TLA booked in this regard was reviewed during the year at the quarterly reporting dates and, in Commerzbank's assessment, continues to reflect adequately the anticipated effects. The baseline scenario on which the TLA is based includes the following assumptions:

- The global economy is suffering as a result of geopolitical tensions (e.g. the Russian invasion of Ukraine, the Middle East conflict) and the widespread tightening of monetary policy.
- Positive effects resulting from the gradual resolution of supply chain issues and from the easing in energy markets are not sufficient to make up for the negative effects of a restrictive monetary policy, which, with a time lag, is increasingly acting as a drag on economic activity.
- The eurozone economy is suffering as a consequence of the high interest rate environment, which is having a sharply negative impact on capital expenditure, on consumer spending and specifically on sectors such as real estate.
- The German economy will remain weak because, in addition to the high interest rate environment, it is also having to cope with a contraction in demand from abroad.

The adequacy of the TLA is continually reviewed. (Details on the background to and adjustment of the TLA can also be found in Note 31 of the Group financial statements (Credit risks and credit losses).)

Further drivers of the risk result in the reporting period are addressed in the following explanatory notes on the segments.

Default portfolio

The Group's default portfolio decreased by €901m in 2023 and stood at €4,756m as at the end of the year. In addition to defaults, recoveries and disposals relating to individual cases, the change is largely due to the reduction in the Russian portfolio.

The following breakdown of the default portfolio shows the claims in the default portfolio in the amortised cost and fair value OCI (other comprehensive income) categories. The loans are almost exclusively assigned to the amortised cost category, of which by far the greatest share of €4.5bn (31 December 2022: €5.4bn) relates to the loans and receivables class and €218m (31 December 2022: €249m) to off-balance-sheet transactions. As at 31 December 2023, the volume of defaulted securities that can be assigned to the debt securities class was €27m in the fair value OCI category (31 December 2022: €0m). The collateral shown is liable to the full extent for loans in the amortised cost category, with €1.3bn (31 December 2022: €1.4bn) relating to loans and receivables and €26m (31 December 2022: €16m) to off-balance-sheet transactions.

As at 31 December 2023, there was €0m default volume to be reported for credit transactions in the fair value OCI category (31 December 2022: €57m).

	31.12.2023			31.12.2022		
Default portfolio Group | €m	**Loans**	**Securities**	**Total**	**Loans**	**Securities**	**Total**
Default portfolio	4,730	27	4,756	5,601	57	5,658
LLP[1]	2,250	5	2,255	2,247	9	2,256
Coverage ratio excluding collateral (%)[2]	48	19	47	40	16	40
Collateral	1,373	0	1,373	1,389	0	1,389
Coverage ratio including collateral (%)[2]	77	19	76	65	16	64
NPE ratio (%)[3]			0.8			1.1

[1] Loan Loss Provision.
[2] Coverage ratio: LLP (incl./excl. collateral) as a proportion of the default portfolio.
[3] NPE ratio: default portfolio (non-performing exposures – NPE) as a proportion of total exposures (EaD including NPE) according to EBA Risk Dashboard.

Commerzbank uses the definition in Art. 178 CRR as the criterion for default. The EBA guidelines on the application of the definition of default referred to in Art. 178 of Regulation (EU) No 575/2013 are taken into account. The default portfolio is divided into the following 5 classes based on the nature of the default:

- Rating class 6.1: Over 90 days past due;
- Rating class 6.2: Unlikely to pay;
- Rating class 6.3: The Bank is assisting in financial rescue or distressed restructuring at the customer by making concessions;
- Rating class 6.4: The Bank has demanded immediate repayment of its claims;
- Rating class 6.5: The customer is in insolvency.

The table below shows the breakdown of the default portfolio based on the 5 rating classes:

	31.12.2023				31.12.2022			
Group rating classification | €m	**6.1**	**6.2/6.3**	**6.4/6.5**	**Total**	**6.1**	**6.2/6.3**	**6.4/6.5**	**Total**
Default portfolio	887	2,022	1,847	4,756	739	3,295	1,624	5,658
LLP	337	710	1,208	2,255	259	1,094	902	2,256
Collateral	285	649	439	1,373	299	641	450	1,389
Coverage ratio including collateral (%)	70	67	89	76	76	53	83	64

Overdrafts in the performing loan book

In order to avoid an increase in the default portfolio, overdrafts are closely monitored at Commerzbank. In addition to the 90 days-past-due trigger event, IT-based management of overdrafts starts on the first day the account is overdrawn. The table below shows overdrafts outside the default portfolio based on the exposure at default as at the end of December 2023. The changes may also be due to short-term overdrafts:

	31.12.2023					31.12.2022				
EaD €m	**> 0 ≤ 30 days**	**> 30 ≤ 60 days**	**> 60 ≤ 90 days**	**> 90 days**	**Total**	**> 0 ≤ 30 days**	**> 30 ≤ 60 days**	**> 60 ≤ 90 days**	**> 90 days**	**Total**
Private and Small-Business Customers	574	95	52	0	720	724	90	45	1	861
Corporate Clients	2,824	29	0	0	2,853	2,752	41	25	0	2,819
Group[1]	**3,398**	**124**	**52**	**0**	**3,573**	**3,476**	**131**	**70**	**1**	**3,680**

[1] Including Others and Consolidation.

Private and Small-Business Customers segment

The Private and Small-Business Customers (PSBC) segment includes activities with private and small-business customers, and with customers of the comdirect and Commerz Real brands. mBank is also shown in the Private and Small-Business Customers segment.

The focus of the portfolio is on traditional owner-occupied home financing and the financing of real estate capital investments (retail mortgage financing and investment properties with a total EaD of €100bn). We provide our small-business customers with credit mainly in the form of individual loans with a volume of €28bn. In addition, we meet our customers' day-to-day demand for credit with consumer loans (overdrafts, instalment loans and credit cards, to a total of €14bn).

Compared with the end of 2022, the risk density of the portfolio rose somewhat to 22 basis points.

	31.12.2023[1]			31.12.2022		
Credit risk parameters	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp
Private Customers	127	178	14	64	91	14
Small-Business Customers	30	55	19	30	53	18
comdirect	–	–	–	2	6	28
Commerz Real	0	0	10	0	0	5
Private Banking	–	–	–	35	31	9
Wealth Management	–	–	–	27	29	11
mBank	55	234	43	46	221	49
PSBC	**211**	**468**	**22**	**204**	**431**	**21**

[1] The structuring of the sub-segments was adjusted in the first quarter of 2023; the figures as at 31 December 2023 are therefore only to a limited extent comparable to those as at 31 December 2022.

The risk result in the Private and Small-Business Customers segment was €–472m in the 2023 financial year (previous year: €–392m). The main drivers were modelling and methodological effects as well as macroeconomic effects, such as the introduction of the "threefold PD" as an additional backstop indicator, and charges from the anticipation of the expected adjustment to models ("future of IRB") for the purpose of including forward-looking information as prescribed by IFRS 9.

The secondary effects TLA remains a necessity in view of crisis-related economic uncertainty and remained in place for 2023. The total TLA was €175m as at 31 December 2023 (previous year: €189m).

The risk result at mBank as at 31 December 2023 was €–241m (previous year: €–174m) and was mainly driven by the retail banking portfolio. The increase was due to difficulties identified among micro-enterprises and individual customers. This was amplified by the recalibration of the risk model and changes in staging. Despite the difficult economic and geopolitical environment, the risk result in Corporate and Investment Banking is at a similar level to the previous year.

The default portfolio in the segment stood at €2,053m as at the reporting date (31 December 2022: €1,842m), which was above the figure for the previous year.

	31.12.2023			31.12.2022		
Default portfolio PSBC | €m	**Loans**	**Securities**	**Total**	**Loans**	**Securities**	**Total**
Default portfolio	2,053	0	2,053	1,842	0	1,842
LLP	971	0	971	841	0	841
Coverage ratio excluding collateral (%)	47	–	47	46	–	46
Collateral	698	0	698	707	0	707
Coverage ratio including collateral (%)	81	–	81	84	–	84

Corporate Clients segment

The Corporate Clients segment (CC) comprises the Group's activities with mid-size corporate clients, the public sector, institutional customers and multinational corporates. The segment is also responsible for the Group's relationships with banks and financial institutions in Germany and abroad, as well as with central banks. The regional focus of our activities is on Germany and Western Europe. The Group's customer-oriented capital markets activities are also bundled in this segment.

The EaD of the Corporate Clients segment decreased from €177bn to €176bn compared with 31 December of the previous year. Risk density increased from 21 basis points to 23 basis points.

For details of developments in the Financial Institutions portfolio, please see page 237 f.

	31.12.2023			31.12.2022		
Credit risk parameters	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp
Mittelstand	80	187	23	77	175	23
International Corporates	62	140	23	64	126	20
Financial Institutions	22	64	29	22	61	28
Other	12	16	13	14	16	12
CC	**176**	**406**	**23**	**177**	**378**	**21**

The risk result for the Corporate Clients segment in the 2023 financial year was €–155m (previous year: €–446m). The change in the previous year was mainly attributable to the impact of the Russian invasion of Ukraine.

Valuation allowances in the segment were mainly driven by defaults of individual counterparties and the increase in loss provisions for defaulted individual counterparties. At the same time, the segment has benefited from reversals of loan loss provisions as a consequence of disposals. The risk result also includes charges from modelling and methodological effects, such as the introduction of the "threefold PD" as an additional backstop indicator, and from the anticipation of the expected adjustment of models ("future of IRB") and the reflection of macroeconomic trends.

The total TLA as at 31 December 2023 was €274m (previous year: €284m). The secondary effects TLA remains a necessity in view of crisis-related economic uncertainty and remained in place for 2023.

The default portfolio in the segment stood at €2,459m as at the end of 2023 (31 December 2022: €2,811m). The contraction in 2023 was due in particular to the disposal of individual exposures from the default portfolio in the International Corporates portfolio.

	31.12.2023			31.12.2022		
Default portfolio CC | €m	**Loans**	**Securities**	**Total**	**Loans**	**Securities**	**Total**
Default portfolio	2,459	0	2,459	2,811	0	2,811
LLP	1,054	0	1,054	1,174	0	1,174
Coverage ratio excluding collateral (%)	43	–	43	42	–	42
Collateral	675	0	675	681	0	681
Coverage ratio including collateral (%)	70	–	70	66	–	66

The risk result in Others and consolidation was mainly influenced by portfolio changes. The risk result in the 2023 financial year stood at €8m (previous year: €–38m). €4m of this was attributable to the secondary effects TLA.

Further portfolio analyses

The analyses below are independent of the existing segment allocation. The positions shown are already contained in full in the Group and segment presentations above.

Corporates portfolio by sector

So far, a number of sectors have been benefiting from full order books and healthy earnings, although there are signs of a cross-sector decline in incoming orders. The reduction in purchasing power resulting from the high level of interest rates as well as shifts in consumer behaviour are leading to falling gross income along with rising costs. As a consequence, shrinking profitability can be observed in a number of industries, but particularly in consumer-oriented sectors.

The current economic environment in Germany and the delicate geopolitical situation are having a negative impact on capital expenditure in some areas. A shortage of skilled labour, inflation, the higher cost of materials and labour, cumbersome bureaucracy and reduced demand for (consumer) goods are putting a strain on our customers. At the same time, falling supplies of LNG and lower temperatures in the coming winter could again present a severe test for energy supply across all sectors.

Sizeable amounts of financing are still required for investment in environmental protection and CO_2-neutral production. Reducing dependencies and ensuring a stable supply chain will also create a cost burden. However, we regard our clients as being broadly well positioned in these respects.

A breakdown of the corporates exposure by sector is shown below:

	31.12.2023[1]			31.12.2022		
Corporates portfolio by sector	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp
Consumption	22	60	28	14	39	27
Technology/Media/Telecommunication	17	36	21	14	29	20
Chemicals/Plastics	14	40	27	8	19	23
Consruction/Metal	14	41	30	4	8	18
Automotive	14	32	23	10	24	25
Mechanical engineering	12	26	22	8	15	20
Energy supply/Waste management	11	33	30	12	28	24
Transport/Tourism/Services	10	31	30	9	27	30
Other	22	64	29	30	78	26
Wholesale	–	–	–	12	28	24
Basic materials/Metals	–	–	–	8	15	18
Services/Media	–	–	–	8	17	21
Pharma/Healthcare	–	–	–	4	8	20
Total	**137**	**362**	**27**	**142**	**335**	**24**

[1] The definition of sectors was adjusted in the first quarter of 2023; the figures as at 31 December 2023 are therefore not comparable to those as at 31 December 2022.

Financial Institutions portfolio

Our network of correspondent banks continued to focus on trade finance activities on behalf of our corporate customers and on capital market activities. In derivatives, we enter into trades with counterparties selected according to internal policies under the European Market Infrastructure Regulation (EMIR) standards.

We continue to keep a close watch on the impact of regulatory requirements on banks. In this context, we continue to pursue our strategy of holding as few exposures as possible which might absorb losses in the event of a bail-in of an affected institution.

We are keeping a close eye on developments in various countries affected by specific issues such as recessions, embargoes and economic uncertainty caused by political events (at present in particular the situation in the Middle East) and are responding with flexible portfolio management that is tailored to the individual situation of each country. This applies in particular to the impact on banks' loan portfolios due to high inflation and rising interest rates in recent years, trends in energy prices and recurring supply bottlenecks. All this impacts our correspondent banks, both in industrialised countries and in developing countries.

Overall, our risk appetite is geared to keeping the portfolio as responsive as possible.

FI portfolio by region	31.12.2023[1]			31.12.2022		
	Exposure at default €bn	Expected loss €m	Risk density bp	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	5	3	6	61	6	1
Western Europe	17	8	4	17	7	4
Central and Eastern Europe	2	9	50	13	41	30
North America	3	1	2	12	0	0
Asia	4	11	27	8	14	17
Other	6	25	44	7	22	30
Total	**37**	**57**	**15**	**119**	**90**	**8**

[1] The definition of financial institutions was adjusted in the first quarter of 2023 and central banks (€87bn as at 31 December 2022) were reclassified; the figures as at 31 December 2023 are therefore not comparable to those as at 31 December 2022.

Non-Bank Financial Institutions portfolio

In Commerzbank's assessment, the Non-Bank Financial Institutions (NBFI) portfolio mainly comprises insurance companies, asset managers, regulated funds and central counterparties. Business activities are focused on Germany, Western Europe, the United States and Asia.

Commerzbank conducts new business with NBFIs partly in consideration of regulatory requirements (clearing via central counterparties) and partly in the interests of our institutional customers; from the Bank's perspective the focus is on attractive opportunities with customers with good credit ratings and valuable security.

We manage our portfolios with the aim of ensuring their high quality and responsiveness. We are keeping a close eye on risks arising from global events such as recessions, embargoes and economic uncertainty caused by political events (at present in particular the situation in the Middle East) and are responding with flexible portfolio management that is tailored to the individual situation. That also applies to the current issues that have prevailed for several quarters such as the significant increase in the level of interest rates and the effects of continued high inflation.

NBFI portfolio by region	31.12.2023			31.12.2022		
	Exposure at default €bn	Expected loss €m	Risk density bp	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	21	22	10	19	20	11
Western Europe	16	28	18	15	20	13
Central and Eastern Europe	2	15	61	2	12	70
North America	7	9	12	8	8	10
Asia	1	3	27	2	3	18
Other	1	3	34	1	2	22
Total	**48**	**80**	**16**	**46**	**65**	**14**

Originator positions

Commerzbank has in recent years securitised receivables from loans to the Bank's customers with a current volume of €14.7bn for capital management purposes (31 December 2022: €12.2bn). As at the reporting date 31 December 2023, risk exposures with a value of €13.1bn were retained (31 December 2022: €11.3bn). By far the largest share of all positions was accounted for by €12.9bn (31 December 2021: €11.2bn) on senior tranches, which are almost entirely rated good to very good. In the year under review, Commerzbank issued two synthetic STS (simple, transparent and standardised) securitisations with a volume of €1.75bn and €3.2bn, which are mainly based on corporate receivables from Germany and other European countries. In addition, Commerzbank's Polish subsidiary, mBank, issued a synthetic STS securitisation with a volume of €2.3bn, which is based on receivables from private customers.

		Commerzbank volume[1]			
Securitisation pool | €bn	**Maturity**	**Senior**	**Mezzanine**	**First loss piece**	**Total volume**
Corporates	2025 – 2036	10.8	< 0.1	0.1	12.4
Private customers	2023 – 2036	2.1	–	< 0.1	2.3
Total 31.12.2023		**12.9**	**< 0.1**	**0.1**	**14.7**
Total 31.12.2022[2]		11.2	< 0.1	0.1	12.2

[1] Tranches/retentions (nominal) in the banking book.
[2] Risk figures of mBank were adjusted.

Conduit exposure and other asset-backed exposures

The Bank provides financing to securitise receivables, in particular trade and leasing receivables, from customers in the Corporate Clients segment. In this context, Commerzbank acts mainly as an arranger of asset-backed securities transactions via the Commerzbank-sponsored multi-seller conduit Silver Tower. The volume and risk values for the securitisation of receivables in the Corporate Clients segment rose by €1.3bn to €5.2bn in 2023.

Liquidity risk subsumes the risk that Commerzbank will be unable to meet its payment obligations on a day-to-day basis. Liquidity risks from securitisations are modelled in the internal liquidity risk model on a risk-adjusted basis. In the case of transactions subject to variable utilisation, it is assumed that the purchase facilities provided to the special-purpose companies must be refinanced almost in full by Commerzbank for the duration of their term and until the maturity of the last financed receivable. Securitisations only qualify as liquid assets if they are eligible for rediscount at the European Central Bank. These positions are only included in the liquidity risk calculation after risk-adjusted discounts are applied.

The other asset-backed exposures mainly comprise government-guaranteed asset-backed securities (ABS) held by Commerzbank Finance & Covered Bond S.A. and Commerzbank AG in Germany. In 2023, the volume declined to €3.0bn (December 2022: €3.4bn), as did the risk values[1] at €3.0bn (31 December 2022: €3.4bn).

There are also investments in the Structured Credit area. The volume of new investments entered into since 2014 stood at €7.3bn (December 2022: €7.1bn). We have invested in bonds of senior tranches of securitisation transactions in the consumer (auto) ABS, UK RMBS and CLO asset classes, which have a robust structure and a moderate risk profile. At 31 December 2023, this portfolio solely contained AAA-rated CLO positions (which was also the case at 31 December 2022). Remaining structured credit positions with a volume of €0.2bn were already in the portfolio prior to 2014 (December 2022: €0.2bn), while risk values stood at €0.1bn (December 2022: €0.1bn).

Forbearance portfolio

The EBA's definition of forbearance comprises two requirements, which have to be met concurrently: the debtor is having difficulties or will probably have difficulties in meeting their financial obligations and the measures of the bank to help the debtor include concessions to the debtor that the bank would not have agreed to under different circumstances. Examples of concessions include deferrals, increases in limits or loans and waivers in connection with restructuring. The definition of forbearance applies independently of whether the debtor is in the performing or the non-performing portfolio.

The following tables show Commerzbank's total forbearance portfolio on the basis of the EBA definition as well as the loan loss provisions for these positions:

	31.12.2023			31.12.2022		
Forbearance portfolio by segment	**Forborne exposure** €m	**LLP** €m	**LLP coverage ratio** %	**Forborne exposure** €m	**LLP** €m	**LLP coverage ratio** %
Private and Small-Business Customers	1,061	171	16	1,064	195	18
Corporate Clients	2,373	560	24	1,951	503	26
Others and Consolidation	215	215	100	213	212	100
Group	**3,648**	**946**	**26**	**3,228**	**909**	**28**

[1] Risk value is the balance sheet value of cash instruments. For long CDS positions, it comprises the nominal value of the reference instrument less the net present value of the credit derivative.

The forbearance portfolio by region is as follows:

	31.12.2023			31.12.2022		
Forbearance portfolio by region	**Forborne exposure** €m	**LLP** €m	**LLP coverage ratio** %	**Forborne exposure** €m	**LLP** €m	**LLP coverage ratio** %
Germany	2,183	458	21	2,045	489	24
Western Europe	412	260	63	412	261	63
Central and Eastern Europe	767	174	23	623	148	24
North America	12	9	78	11	0	1
Asia	95	8	8	90	5	6
Other	180	37	21	46	7	15
Group	**3,648**	**946**	**26**	**3,228**	**909**	**28**

The rise in forbearance exposure in 2023 is attributable to the Corporate Clients segment. The LLP coverage ratio at Group level decreased to 26%.

In addition to the LLP of €946m (31 December 2022: €909m), the risks in the forbearance portfolio are covered by collateral totalling €1,127m (31 December 2022: €1,067m).

Market risk

Market risk is the risk of potential financial losses due to changes in market prices (interest rates, commodities, credit spreads, exchange rates and equity prices) or in parameters that affect prices such as volatilities and correlations. Losses may impact profit or loss directly, e.g. in the case of trading book positions. However, for banking book positions they are reflected generally in the revaluation reserve or in hidden liabilities/reserves.

Strategy and organisation

Commerzbank's market risk strategy is derived from its overall risk strategy and the business strategies of the individual segments. It sets targets for market risk management in relation to Commerzbank's main business activities. The core market risk management tasks are the identification of all material market risks and drivers of market risk and the independent measurement and evaluation of these. Risk-oriented management is based on these results and assessments as part of an integrated risk/return-oriented management.

The Board of Managing Directors of Commerzbank is responsible for ensuring the effective management of market risk throughout the Commerzbank Group. Specific levels of authority and responsibility in relation to market risk management have been assigned to the Group Market Risk Committee.

In the Group Market Risk Committee, segment representatives, along with representatives from the risk function and finance area, discuss current risk positioning issues and decide on appropriate monitoring and control measures. Chaired by the risk function, the Group Market Risk Committee, which meets monthly, deals with the Commerzbank Group's market risk position. Discussions centre on the monthly market risk report, which is also presented to the Board of Managing Directors for their consideration. The report summarises the latest developments relevant to the Bank on financial markets, the Bank's positioning and related risk ratios.

The risk management process for market risk involves the identification, measurement, management and monitoring of risks and reporting on them. It is the responsibility in functional terms of market risk management, which is independent of trading activities. Central market risk management is complemented by decentralised market risk management units at segment level and for regional units and subsidiaries. The close integration of central and local risk management with the business units means that the risk management process starts in the trading areas themselves. The trading units are responsible in particular for the active management of market risk positions, e.g. reduction measures or hedging.

Commerzbank's risk appetite is determined in the annual internal capital adequacy assessment process (ICAAP). A specific amount of economically required capital (ErC) is assigned to market risk and acts as a limit on market risk. This limit reflects the appetite for market risk and is broken down into the various portfolio levels for the purpose of operational management.

Market risk from credit spread volumes represents a significant risk for the Bank. Other market risks arise from position volumes that react to interest rate changes, at Commerzbank mainly in euros, UK pounds and US dollars. In addition, Commerzbank is exposed to significant inflation risk, which mainly results from its pension fund. Currency and commodity risk are important market risks for the Corporate Clients segment. Commodity risk relates in particular to transactions in CO_2 certificates and precious metals. Equity price risk mainly results from equity holdings and the pension fund.

The economically required capital also takes into account the credit spread risk from positions that are measured at amortised cost as well as model risks from core deposit models and from customer behaviour with regard to early repayments in lending business.

Risk management

Commerzbank uses a wide range of quantitative and qualitative tools to manage and monitor market risk. Market risk limits are defined for various key figures such as sensitivities, value at risk (VaR), stress test results and economic capital metrics. Our rulebook, in the form of market risk policies and guidelines as well as restrictions on portfolio structure, new products, maturities and minimum ratings, establishes the qualitative framework for market risk management. The market risk strategy lays down the relevance of figures in each segment. Thereby allowance is made for the varying impact of the parameters for the management of the segments in line with the business strategy.

Market risk is managed internally at Group level, segment level and in each segment's reporting units. An internal limit system broken down to portfolio level is implemented and forms a core part of internal market risk management.

The quantitative and qualitative factors limiting market risk are determined by the market risk committees by reference to the Group's management of economic capital. The utilisation of these limits, together with the relevant net income figures, is reported daily to the Board of Managing Directors and the responsible heads of the Group divisions. Based on qualitative analyses and quantitative ratios, the market risk function identifies potential future risks, anticipates potential financial losses in collaboration with the finance function, and draws up proposals for further action, which are discussed with the front office units. Voting on the proposed measures or risk positions takes place in the above-mentioned market risk committee and is subsequently submitted to the Board of Managing Directors for approval.

Risk concentrations are restricted directly using specific limits or are indirectly avoided, for example, using stress test limits. In addition, the combination of various conventional risk measures (e.g. VaR, sensitivities) ensures the appropriate management of concentration risks. Furthermore, risk drivers are analysed on a regular basis in order to identify concentrations. The risk management of existing concentrations is also reviewed using situation-driven analyses and, where necessary, supplemented by targeted measures such as limits.

Any limits that are breached are handled in a separate escalation procedure. After a limit breach has been identified, the front office and risk units design adequate countermeasures. If the limit breach cannot be remedied within a reasonable period, it will be escalated by the market risk function to the next hierarchical level.

Regulatory risk measures that are not included in economic risk-bearing capacity are limited and managed separately. These include, for example, stressed VaR and incremental risk charge.

In internal management, positions relevant to market risk in the trading book and the banking book are managed jointly. In addition, for regulatory purposes the trading book is managed separately (in accordance with regulatory requirements, including currency and commodity risks in the banking book) and interest rate risks in the banking book are managed on a stand-alone basis. In order to provide a consistent presentation in this report, all figures relating to VaR are based on a confidence level of 99%, a holding period of one day, equally weighted market data and a 254-day history. The internal VaR model is based on a historical simulation.

Trading book

Below, we show how the regulatory market risk ratios of the trading book portfolio developed. Most of Commerzbank's trading book positions derive from the Corporate Clients segment and Group Treasury division. The VaR figures comprise all risks in the internal VaR model. Commerzbank subsidiaries use standardised approaches for their regulatory capital calculation under partial use rules. They are not included in the regulatory VaR figures presented.

The VaR increased slightly to €14m as at 31 December 2023 (31 December 2022: €13m).

VaR of portfolios in the trading book | €m	2023	2022
Minimum	8	6
Mean	11	9
Maximum	21	14
VaR at end of reporting period	**14**	**13**

The market risk profile for value at risk is distributed across asset classes, interest rate (including inflation) risk, currency risk, credit spread risk and commodity risk. The asset classes that dominated at the end of 2023 were interest rate and credit spread risks.

VaR contribution by risk type in the trading book | €m	31.12.2023	31.12.2022
Credit spreads	4	2
Interest rates	8	6
Equities	0	0
FX	2	4
Commodities	1	2
Total	**14**	**13**

Further risk ratios are calculated for regulatory capital adequacy. This includes the calculation of stressed VaR. Stressed VaR is calculated using the internal model on the basis of the VaR method described above. The main difference lies in the market data used to value the assets. Stressed VaR measures the risk in the present position in the trading book by reference to market movements from a specified crisis period in the past. The crisis observation period used for this is checked regularly through model validation and approval processes and adjusted where necessary. The crisis observation period remained the same during the year.

The market risk profile in stressed VaR is also distributed across the various asset classes. The dominant asset classes are interest rates and commodities. The decrease in stressed VaR resulted in particular from changes in positions in the Corporate Clients segment and from changes in currency risk relating to the pension fund and equity holdings.

Stressed VaR contribution by risk type in the trading book | €m	31.12.2023	31.12.2022
Credit spreads	4	4
Interest rates	9	8
Equities	0	0
FX	4	6
Commodities	5	6
Total	**21**	**25**

In addition, the incremental risk charge and the equity event VaR figures (components of the VaR calculation) quantify the risk of deterioration in creditworthiness and event risks in trading book positions. The incremental risk charge rose from €39m to €76m in the course of 2023. The increase was due to trading activities in the Corporate Clients segment in the context of hedging transactions for counterparty risks. The equity event VaR is part of the VaR calculation.

The reliability of the internal model (historical simulation) is monitored in various ways, including backtesting on a daily basis. The VaR calculated is set against actually occurring changes in the portfolio value (profits and losses). In the process, a distinction is made between the variants backtesting of the hypothetical change in portfolio value (clean P&L) and backtesting of the actual change in portfolio value (dirty P&L). In the former, exactly the same positions in the income statement are used as were used for calculating the VaR. This means that the profits and losses result only from changes in market prices (hypothetical changes in the portfolio value). In dirty P&L backtesting, by contrast, profits and losses from newly concluded and expired transactions from the day under consideration are also included (actual profits and losses induced by portfolio value changes). Profits and losses from valuation adjustments and model reserves are factored into dirty and clean P&L according to the regulatory requirements.

If the actual loss exceeds the VaR, it is described as a negative backtesting outlier. Analysing the results of backtesting provides an informative basis for checking parameters and for potential improvement to the market risk model. In the 2023 financial year, no negative clean P&L outliers and no negative dirty P&L outliers were measured at Group level.

Backtesting is also used by the supervisory authorities for evaluating internal risk models. Negative outliers are classified by means of a traffic-light system laid down by the supervisory authorities. All negative backtesting outliers at Group level (from both clean P&L and dirty P&L) must be reported to the supervisory authorities, citing their extent and cause.

As the VaR concept gives a prediction of potential losses assuming normal market conditions, it is supplemented by stress tests. These stress tests for the whole portfolio (banking book and trading book) measure the risk to which Commerzbank is exposed, based on unlikely but still plausible events. These events may be simulated using extreme movements on various financial markets. The key scenarios relate to major changes in credit spreads, interest rates and yield curves, exchange rates, share prices and commodities prices. Examples of events simulated in stress tests include all stock prices falling by 15%, a parallel shift in the yield curve and changes to the curve's gradient.

Extensive Group-wide stress tests and scenario analyses are carried out as part of risk monitoring.

The internal model's individual components are validated at regular intervals to assess their appropriateness for risk measurement. The identification and elimination of model weaknesses are of particular importance in this.

Banking book

The key drivers of market risk in the banking book are the Group Treasury portfolios, with their credit spread, interest rate and basis risks.

In market risk management, credit spread sensitivities in the banking and trading books are considered together. Credit spread sensitivities (downshift of 1 basis point) for all securities and derivative positions (excluding loans and pension funds) were almost unchanged at €30m as at the end of 2023 (31 December 2022: €30m).

Most credit spread sensitivities related to securities positions measured at amortised cost. Changes in market price have no impact on the revaluation reserve or the income statement for these positions. The impact of an interest rate shock on the economic value of the Group's banking book is simulated monthly in compliance with regulatory requirements. In accordance with the EU Banking Directive, the German Federal Financial Supervisory Authority and the European Central Bank have prescribed two scenarios of uniform, sudden and unexpected changes in interest rates (+/–200 basis points) to be used by all banks, which have to report on the results of this stress test every quarter. In the scenario –200 basis points, the yield curve is floored at 0 (negative sections of the yield curve are left unchanged).

As a result of the scenario +200 basis points, a potential economic loss of €2,061m as at 31 December 2023 (31 December 2022: €2,062m potential economic loss) was determined, and in the scenario –200 basis points a potential economic profit of €1,169m (31 December 2022: €1,133m potential economic profit). Commerzbank does not, therefore, need to be classified as a bank with elevated interest rate risk, as the decline in net present value represents less than 20% of its regulatory capital.

The interest rate sensitivity of the overall banking book (excluding pension funds) fell slightly to €2.0m as at 31 December 2023 (31 December 2022: €2.4m) per basis point of interest rate decline.

Pension fund risk is also part of market risk in the banking book. Our pension fund portfolio comprises a diversified investment section and the insurance-related liabilities. The duration of the liabilities is extremely long (cash outflows modelled over almost 90 years), and the main portion of the overall portfolio's present value risk is in maturities of 15 years and over. The main risk drivers are long-term euro interest rates, credit spreads and expected euro inflation due to anticipated pension dynamics. Equity, volatility and foreign exchange risk also need to be taken into consideration. Diversification effects between individual risks reduce the overall risk. The extremely long maturities of these liabilities represent the greatest challenge, particularly for hedging credit spread risk. This is because there is insufficient liquidity in the market for corresponding hedging products.

Market liquidity risk

Market liquidity risk is the risk of the Bank not being able to liquidate or hedge risky positions in a timely manner, to the desired extent and on acceptable terms as a result of insufficient liquidity in the market.

Market liquidity risk is taken into account in Commerzbank's risk-bearing capacity concept by scaling the value at risk to one year, i.e. the implicitly recognised liquidation period. Additional valuation adjustments (prudent valuation) for market liquidity risk are also reflected in the calculation of the risk coverage capital. As part of the prudent valuation calculation, the liquidity horizon among other things is used to determine the amount of the capital deduction items.

Liquidity risk

We define liquidity risk in the narrower sense as the risk that Commerzbank will be unable to meet its payment obligations on a day-to-day basis. In a broader sense, liquidity risk describes the risk that future payments cannot be funded for the full amount, in the required currency or at standard market conditions, as and when they are due.

Strategy and organisation

The Board of Managing Directors adopts the business strategy and the Bank's risk tolerance, which is associated with it. The business strategies for 2024 and 2027 and the potential risks resulting from them are described in the section Overall bank management: Risk strategy and risk management.

Liquidity risk tolerance is then operationalised by defining the liquidity reserve period and the limit framework. In order to ensure an appropriate liquidity risk management process, the Board of Managing Directors delegates certain competences and responsibilities in connection with the Group-wide liquidity risk strategy to the Risk and Treasury functions.

The Group Asset Liability Committee (Group ALCO) is responsible for the integrated management of financial resources, in particular for strategic and structural liquidity decisions. The Group ALCO is supported by various sub-committees in this.

Risk management

Commerzbank uses a wide range of tools to manage and monitor liquidity risks on the basis of its own liquidity risk model. The stress scenario within the Bank that underlies the model and is relevant for management purposes allows for the impact of both a bank-specific stress event and a broader market crisis. Binding regulatory requirements are an integral component of the management mechanism.

Group Treasury is responsible for the Group's liquidity management operations. Group Treasury is represented in all major locations of the Group in Germany and abroad and has reporting lines into all subsidiaries. Commerzbank manages its global liquidity centrally using cash pooling. This approach seeks to ensure that liquidity resources are used efficiently and that this occurs across all time zones, as Group Treasury units are located in Frankfurt, London, New York and Singapore. Additional information on this subject can be found in the "Funding and liquidity of the Commerzbank Group" section of the Group management report.

Liquidity risk is monitored on the basis of the Bank's own liquidity risk model by the independent risk function.

The Bank has established early warning indicators for the purpose of managing liquidity risk. These ensure that appropriate steps can be taken in good time to secure long-term financial solidity.

Risk concentrations can lead to increased outflows of liquidity, particularly in a stress situation, and thus to increased liquidity risk. They can, for example, occur with regard to maturities, large individual creditors or currencies. By means of ongoing monitoring and reporting, emerging risk concentrations in funding can be recognised in a timely manner and mitigated through suitable measures.

Foreign currency risks and payment obligations in foreign currencies are monitored on the basis of established liquidity risk limits. The Bank also mitigates concentration by continuously using its access to broadly diversified sources of funding, in particular diverse customer deposits and capital market instruments.

In the event of a market-driven and/or idiosyncratic liquidity crisis, the liquidity contingency plan provides for certain measures which, depending on the nature of the crisis, can be initiated either through Treasury's extended authority to act or through the recovery process of the recovery plan. The liquidity contingency plan is an independent part of emergency planning and upstream of the recovery plan. Both the liquidity contingency plan and the recovery plan at Commerzbank are updated at least once a year; the individual measures of the recovery plan are checked regularly during the year for plausibility. The liquidity contingency plan also defines a clear allocation of responsibilities for the processes to be followed in emergency situations and gives details of any action that may need to be taken.

Liquidity risk model

A key component of liquidity risk management is the daily calculation of the liquidity gap profile. The liquidity gap profile shows the deterministic or stochastic inflows and outflows expected in the future on a given reporting date and across all portfolios. This forms the basis for calculating liquidity requirements or excess liquidity per maturity band. This also includes modelling the proportion of customer deposits that will be permanently available, known as the core deposit base.

The liquidity gap profile is also used to set the issuance strategy of the Commerzbank Group, which is operationalised by the Group Treasury division. The Group Finance division is responsible for calculating and allocating liquidity costs on the basis of the liquidity gap profile, which are then incorporated in the management of the segments' business activities.

Based on the liquidity gap profile, management mechanisms such as recovery and early warning indicators are limited and monitored accordingly. The liquidity gap profile is limited in the maturity bands up to 1 year. The Group limits are broken down into individual Group units and currencies. The internal liquidity risk model is complemented by the regular analysis of additional adverse, reverse and historical stress scenarios.

Quantification and stress testing

Commerzbank uses a wide range of tools to manage and monitor liquidity risks on the basis of its own liquidity risk model. In addition to internal economic considerations, liquidity risk modelling also factors in the binding regulatory requirements under the Capital Requirements Regulation (CRR) and the requirements of the Minimum Requirements for Risk Management (MaRisk). Commerzbank incorporates this within its liquidity risk framework, thereby quantifying the liquidity risk appetite established by the Board of Managing Directors.

The stress scenarios within the Bank that underlie the model and are relevant for management purposes allow for the impact of both a bank-specific stress event and a broader market crisis. The Commerzbank-specific idiosyncratic scenario simulates a stress situation arising from a rating downgrade of two notches, whereas the market-wide scenario is derived from experience of the subprime crisis of 2007–2008 and simulates an external market-wide shock. The main liquidity risk drivers of both scenarios are a markedly increased outflow of short-term customer deposits, above-average drawdown of credit lines, prolongations of lending business regarded as commercially necessary, the need to provide additional collateral for secured transactions and the application of higher risk discounts to the liquidation values of assets.

As a complement to the individual scenarios, the Bank also simulates the impact on the liquidity gap profile (net liquidity position) of a scenario that combines idiosyncratic and market-specific effects. The liquidity gap profile is shown for the whole of the modelling horizon across the full spectrum of maturities and follows a multi-level concept. This allows for a nuanced presentation – deterministic and modelled cash flows in existing business on the one hand and the inclusion of prolongations on the other.

The table below shows the liquidity gap profile values after application of the respective stress scenarios for periods of one and three months as at the end of the year. Significantly more liquidity flows out in a combined scenario compared with the individual scenarios. As at the end of 2023, in the one-month and three-month periods, the combined stress scenario leaves net liquidity of €27.0bn and €22.2bn respectively.

Net liquidity in the stress scenario | €m		**31.12.2023**	**31.12.2022**
Idiosyncratic scenario	1 month	34.7	30.0
	3 months	32.2	31.4
Market-wide scenario	1 month	35.7	30.0
	3 months	30.9	29.6
Combined scenario	1 month	27.0	21.2
	3 months	22.2	20.9

Liquidity reserves

Significant factors in the liquidity risk appetite include the reserve period, the size of the liquidity reserve portfolio held to compensate for unexpected short-term liquidity outflows, and the limits in the various maturity bands. As the liquidity reserve portfolio consists of highly liquid assets, it functions as a buffer in stress situations. The liquidity reserve portfolio is funded in line with the liquidity risk appetite to ensure that it is kept at the required size throughout the entire reserve period stipulated by the Board of Managing Directors, which extends beyond the reserve period required for regulatory purposes.

Part of this liquidity reserve is held in a separate stress liquidity reserve portfolio managed by Group Treasury to cover liquidity outflows should a stress event occur and to ensure solvency at all times. The amount of the stress liquidity reserve portfolio is checked and, if necessary, adjusted as part of the daily liquidity risk calculation.

The Bank also holds an intraday liquidity reserve portfolio. As at the 2023 reporting date, the total value of this portfolio was €6.1bn (31 December 2022: €6.1bn).

As at the end of 2023, the Bank had highly liquid assets of €134.3bn. This liquidity reserve is funded in line with the liquidity risk appetite to ensure that it is kept at the required size throughout the entire reserve period stipulated by the Board of Managing Directors, which extends beyond the reserve period required for regulatory purposes.

The liquidity reserves in the form of highly liquid assets consisted of the following three components:

Liquidity reserves from highly liquid assets | €bn	31.12.2023	31.12.2022
Highly liquid assets	134.3	104.7
of which level 1	124.4	97.5
of which level 2A	9.2	6.8
of which level 2B	0.8	0.4

Liquidity ratios

Throughout the 2023 financial year, Commerzbank's internal liquidity ratios, including the regulatory liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR), were above the limits set at least annually by the Board of Managing Directors.

The LCR is calculated as the ratio of liquid assets to net liquidity outflows under stressed conditions. It is used to measure whether a bank has a large enough liquidity buffer to independently withstand any potential imbalance between inflows and outflows of liquidity under stressed conditions over a period of 30 calendar days.

As at the reporting date, Commerzbank significantly exceeded the required minimum LCR ratio of 100% with a ratio of 145.4% (31 December 2022: 145.9%). At 136.2%, the average of the last 12 month-end values was also well above the minimum ratio (as at the end of 2022: 141.1%).

The Bank has established corresponding limits and early warning indicators to ensure the LCR minimum requirements are met.

The NSFR describes the regulatory requirement of stable refinancing as a ratio of the amount of the available stable refinancing and the amount of the required stable refinancing over a one-year horizon.

The NSFR itself is defined as the ratio of the weighted available stable refinancing and the necessary weighted stable refinancing. It must be at least 100%.

As at 31 December 2023, the NSFR was 130.2% (31 December 2022: 128.3%) and is thus well above the minimum ratio.

Operational risk

Commerzbank defines operational risk (OpRisk) as the risk of loss resulting from the inadequacy or failure of internal processes, people and systems or from external events. This definition includes, among other things, legal risk, human resources risk, IT risk, outsourcing risk, supplier risk and tax risk, as well as operational and organisational risk. In this definition the focus is not on strategic or reputational risk. In view of their increased economic significance, compliance risk and cyber risk are managed as separate risk types. However, losses from compliance risks and cyber risks are incorporated into the model for determining the economic capital required for operational risks.

Strategy and organisation

Within Commerzbank, OpRisk and governance issues of the Internal Control System (ICS) are closely connected in terms of both organisational structure and methodology and are continuously being enhanced. This is because many OpRisk cases are closely linked with failures in the control mechanisms. A properly functioning ICS thereby helps to reduce or avoid losses from operational risks and thus to lower the amount of economic capital required to cover operational risks in the medium to long term.

Commerzbank's ICS is based on the internationally applicable "COSO I"[1] framework developed by the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

Implementation at Commerzbank took place in 2010 in the form of an annual ICS control cycle on the basis of minimum standards, and this is continually being optimised in risk-based fashion and adapted in line with current circumstances and Group structures.

Conversely, the operational risk management systems enable the ICS to adapt itself consistently to them. The further development of the ICS structure is an essential aspect of the proactive reduction or prevention of operational risks.

The ICS at Commerzbank can again be classified as "appropriate" and "effective" overall in the 2023 financial year.

Chaired by the CRO, the Group OpRisk Committee meets at least four times a year and deals with the management of operational risks within the Commerzbank Group. It also acts as the escalation and decision-making committee for key OpRisk topics that span all areas. The Group OpRisk Committee and/or the Segment Committees with responsibility for operational risk deal with the management of operational risk in the relevant units. They analyse OpRisk issues that affect them, such as loss events, and define subsequent measures or recommend action.

Commerzbank's OpRisk strategy is approved on an annual basis by the Board of Managing Directors after it has been discussed and voted upon in the Group OpRisk Committee. The OpRisk strategy describes the risk profile, key elements of the desired risk culture, its management framework and measures to be taken by Commerzbank to manage operational risk. OpRisk management is based on three consecutive levels (three lines of defence) which, when taken together, are crucial for reaching the given strategic aims. The segments and management/service units constitute the first line of defence. They are directly responsible for identifying and managing risks in their respective areas of responsibility. The specified risk standards and policies must be adhered to. The second line of defence sets standards for appropriate risk management for the relevant risk type, ensures the implementation of these standards and carries out suitable monitoring. It conducts analyses and assessments of the risks. The third line of defence is Internal Audit. It is tasked with independently auditing the Bank's processes and safeguards, and as such also assesses the activities of the first and second lines of defence.

The operational risk strategy defines overarching focus topics and also sets further individual strategic objectives for each sub-risk type (see the section Sub-risk types of operational risk). One of the focus topics for 2024 is the implementation of the new provisions of the Capital Requirements Regulation (CRR III), which come into force on 1 January 2025. In this context, a new standardised approach for calculating OpRisk RWA and new reporting requirements will be introduced. The focus is also on analysing and implementing the requirements of DORA (Digital Operational Resilience Act), in particular the definition and establishment of ICT risk management within the organisation. Other topics include optimising the monitoring of non-financial risk (NFR), introducing a holistic approach to managing risk for all types of third parties and optimising digital banking processes in order to detect and prevent external fraudulent activities at an early stage.

In order to meet the requirements of the ECB's "Guide on climate-related and environmental risks" for banks by the end of 2024, the measurement and assessment of environmental (ESG) risks will be further developed. A focus in 2024 will be on an optimised mapping of biodiversity risk across all risk management activities.

[1] The COSO I model is an internationally recognised standard for documenting, analysing and designing an internal control system. The definition of the control model encompasses the following core objectives to be met: effectiveness and efficiency of business processes, reliability of reporting, and adherence to applicable laws and regulations (compliance).

Risk management

Commerzbank takes an active approach to managing operational risk, aiming to systematically identify OpRisk profiles and risk concentrations and to define, prioritise and implement risk mitigation measures.

Operational risks are characterised by asymmetric distribution of losses. This means that most of the losses are relatively small, while isolated losses with a very low probability of occurrence have the potential to be large and devastating. This makes it necessary not only to limit high loss potential but also to proactively manage losses that can be expected to occur frequently.

To do this, Commerzbank has set up a multi-stage system that brings together the defined limits on economic capital (risk capacity) and those set for operative risk management during the year (risk appetite/tolerance), complemented by rules on the transparent and conscious acceptance and approval of individual risks (risk acceptance).

OpRisk management includes an annual evaluation of the Bank's ICS key controls and a risk scenario assessment. OpRisk loss events are also subject to ongoing analysis and ICS backtesting on an event-driven basis. Lessons learned activities are carried out after all material loss events.

Since the fourth quarter of 2021 Commerzbank has measured regulatory capital using the standardised approach (SA), while economic capital for operational risks continues to be measured using a dedicated internal model (OpRisk ErC model, based on the previous AMA (advanced measurement approach)). Risk-weighted assets for operational risks on this basis came to €22.8bn at the end of the fourth quarter of 2023 (31 December 2022: €21.2bn). The main reason for the increase compared with the previous year was provisional revenues in 2023. The economically required capital was €2.2bn. A comparison with the previous year (31 December 2022: €2.3bn) shows no significant change.

The following table gives an overview of risk-weighted assets and the economically required capital (ErC) by segment:

	31.12.2023		31.12.2022	
€bn	RWA	ErC	RWA	ErC
Private and Small-Business Customers	13.3	1.4	13.3	1.6
Corporate Clients	5.1	0.3	4.5	0.3
Others and Consolidation	4.3	0.6	3.3	0.5
Group	**22.8**	**2.2**	**21.2**	**2.3**

The total charge for OpRisk events as at the end of the fourth quarter of 2023 was approximately €1,176m (full-year 2022: €951m). The events mainly related to losses in the "Products and business practices" category. First and foremost, the losses and provisions at mBank for legal risks in connection with loans indexed in Swiss francs should be mentioned here.

OpRisk events[1] | €m	31.12.2023	31.12.2022
Internal fraud	2	0
External fraud	45	1
Damage and system failure	2	4
Products and business practices	1,158	936
Process related	–33	13
HR related	3	–3
Group	**1,176**	**951**

[1] Losses incurred and provisions, less OpRisk-based income and repayments.

A structured, centralised and decentralised reporting system ensures that the members of the OpRisk Committee, the segments and the supervisory bodies are informed regularly, promptly and fully about operational risk. Detailed and extensive OpRisk reports are prepared on a quarterly basis. They contain changes in OpRisk losses, the segments' main loss events, current risk analyses, changes in the capital requirement, changes in ESG risk, changes in non-financial risk and the status of measures implemented.

Operational risks are also part of the regular risk reporting process to the Board of Managing Directors and to the Supervisory Board's Risk Committee.

Sub-risk types of operational risk

The risks listed below are the sub-risk types of operational risk included in Commerzbank's risk inventory.

Legal risk

Legal risk primarily arises for the Commerzbank Group when the Bank's claims cannot be enforced for legal reasons or when claims can be made against the Bank because the underlying law was not observed or has changed since a transaction was concluded.

The operation of banking and financial services transactions that are subject to regulatory provisions may also result in legal risk. This risk may also take the form of orders or sanctions issued or imposed by one or more authorities whose supervision Commerzbank is subject to anywhere in the world. Legal risk also arises in realised losses or provisions due to or in connection with court cases brought against Commerzbank (passive proceedings). Cases brought by Commerzbank (active proceedings) generally represent a credit risk rather than an operational risk, so the risk of loss is already taken into account through write-downs. However, the costs of legal action (court and lawyers' costs) for active proceedings are classified as legal risk.

Organisation

Within Commerzbank, the functional management of legal risk throughout the Group is the responsibility of Group Legal as the second line of defence. All legal staff at the various Group Legal locations including the foreign branches as well as the legal staff of the legal departments of the domestic and foreign subsidiaries are as legal risk managers operationally responsible for the identification and management of the Group-wide legal risk within Commerzbank.

Risk management

The task of the Group's legal risk managers is to detect legal risks and all losses potentially resulting from them at an early stage, to highlight possible solutions that might avoid or minimise such losses, and to play an active part in reaching decisions concerning legal risks. They must ensure that they are always up to date with all legal changes or new findings within their area of responsibility and inform the business units affected about the impact on legal risk and any action that needs to be taken as a result.

The legal risk managers are responsible for arranging or adjusting legal provisions and look after and monitor new and ongoing court proceedings.

In the case of passive proceedings, provisions are recognised on the basis of the risk assessment carried out by the responsible legal risk manager. To determine the amount of the provisions for the claim, the legal risk manager makes the best possible estimate of the probable loss (in cash / cash outflow) from the proceedings. The provisions for the claim must be recognised in the amount of this expected loss if the outflow of resources is probable. The legal risk manager must review the probability of occurrence and the expected loss in the event of new findings, particularly after each significant stage of the proceedings, and adjust the provisions for the claim accordingly. In the case of active proceedings, provisions are usually only recognised for the expected court and lawyers' costs.

Group Legal provides information about all major court proceedings and risk trends in a quarterly litigation report. This report is sent to the Bank's management and Supervisory Board, the supervisory authority and the OpRisk Committee.

Current developments

Commerzbank and its subsidiaries are involved in a variety of court and arbitration cases, claims and official investigations (legal proceedings) in connection with a broad range of issues. They include, for example, allegations of defective advice, disputes in connection with credit finance or payment transactions, entitlements to occupational pensions, allegedly false accounting and incorrect financial statements, enforcement of claims due to tax issues, allegedly incorrect prospectuses in connection with underwriting transactions, alleged violations of competition laws, and cases brought by shareholders and other investors as well as investigations by supervisory authorities. Applicable sanctions regimes may result in Commerzbank or its subsidiaries being prevented from fulfilling obligations towards customers or business partners; as a result, Commerzbank and its subsidiaries may be subject to legal action. In addition, changes to rulings by supreme courts, which may render them more restrictive, as well as to legal conditions, e.g. in the private customer business, may result in more claims being brought against Commerzbank or its subsidiaries. In these court cases, claimants are mostly asking for the payment of compensation, claims on account of unjust enrichment or the reversal of agreements already entered into. If the courts were to find in favour of one or more of the claimants in these cases, Commerzbank could be liable to pay compensation, which could in some cases be substantial, or could incur the expense of reversing agreements or of other cost-intensive measures.

Regulatory authorities and governmental institutions in various countries in which Commerzbank and its subsidiaries are or have been active have for some years been investigating irregularities in connection with the fixing of foreign exchange rates and with foreign exchange business in general. In the course of these investigations, supervisory authorities and governmental institutions have also sought checks on Commerzbank or have approached the Bank with requests for information. Commerzbank has cooperated fully with these bodies and also looked into the relevant matters on the basis of its own comprehensive investigations. The cases are no longer active with the exception of one case in which the investigating authority transferred the matter to the national competition tribunal. Financial consequences cannot be ruled out.

The public prosecutor's office in Frankfurt is investigating equity transactions conducted by Commerzbank and the former Dresdner Bank around the dividend record date (cum-ex transactions). Commerzbank had already initiated a forensic analysis of cum-ex transactions at the end of 2015, which was concluded at the start of 2018 in respect of Commerzbank's equity transactions and in September 2019 in respect of the equity transactions of the former Dresdner Bank. All back taxes demanded by the tax authorities have been paid.

The public prosecutor's office in Cologne has been conducting investigations at Commerzbank since September 2019 in connection with a separate case concerning cum-ex transactions. It is investigating on suspicion that the Bank (including Dresdner Bank) was involved in cum-ex transactions in various roles, including by supplying shares to third parties who were allegedly acting as short sellers. According to the current understanding, these proceedings do not involve Commerzbank's own tax credit claims with regard to capital gains tax and the solidarity surcharge on dividends.

The Bank is cooperating fully with authorities conducting investigations into cum-ex transactions. It is currently not possible to predict whether this will result in a burden, whether it will occur, or the amount of any resulting burden.

Based on the circular on cum/cum transactions published by the Federal Ministry of Finance (BMF) in 2017, the tax auditors commented on the treatment of these transactions in the form of audit notes. The tax office reduced the credit for capital gains taxes accordingly. In response, Commerzbank made value adjustments to tax credits shown in the balance sheet and set up additional provisions for possible repayment claims in order to reflect the changed risk situation fully and appropriately. The BMF published a revised version of its circular on cum/cum transactions on 9 July 2021. In view of the potential impact of the BMF circular, the provision was adjusted in the second quarter of 2021. Based on current knowledge, the tax risks arising from this issue have thereby been adequately covered. The possibility of further charges over and above the provisions recognised by the Bank cannot be completely ruled out.

With respect to securities lending transactions, Commerzbank is exposed to compensation claims (including in court) from third parties for crediting entitlements that have been denied. In the context of these securities lending transactions, the contracting parties were obliged to reimburse Commerzbank for dividends and withholding tax. However, the tax offices of various contracting parties partially refused or subsequently disallowed subsequent crediting against corporate income tax.

In May 2017, a Polish court admitted a class action lawsuit against mBank alleging the ineffectiveness of index clauses in loan agreements denominated in Swiss francs. A total of 1,731 plaintiffs have joined the class action. The plaintiffs appealed against the claim's dismissal by the court of first instance. In January 2024, the court of appeal referred the case back to the court of first instance for a new hearing.

Independently of this, numerous borrowers of loans indexed in foreign currencies have also filed individual lawsuits for the same reasons. In addition to the class action, 22,602 other individual proceedings were pending as at 31 December 2023 (31 December 2022: 17,627). mBank has contested these claims.

As at 31 December 2023, there were 4,528 final rulings relating to loans indexed in foreign currencies in individual proceedings against mBank, of which 104 were decided in favour of mBank and 4,424 were decided against mBank.

The questions submitted to the ECJ by the Polish Supreme Court on the legality of the process for appointing new judges to the Polish Supreme Court are still unanswered and the further course of the proceedings and the outcome remain to be seen.

In a request for a preliminary ruling from a Polish court to the ECJ in proceedings concerning mBank (C-140/22), the ECJ ruled in December 2023 that a consumer can choose not to assert unfairness of a contractual term and voluntarily agree to the contractual term, but is not obliged to assert the unfairness in court in order to enforce their rights. The ECJ also reaffirmed its case law from the ruling of 15 June 2023 (C-520/21) and rejected claims by the bank beyond the repayment of capital and the payment of statutory default interest.

In proceedings against another bank (C-28/22), the ECJ ruled in December 2023 that the limitation period must be symmetrical for both parties; the limitation period for customer claims must not begin before the limitation period for the banks' claims. The court also ruled that interest on arrears would continue to accrue during the period in which the bank exercised a right of retention.

In a referral proceeding against another bank (C-756/22), questions were referred to the ECJ regarding the bank's claims in the event of the reversal of loans; in its decision in December 2023, the ECJ referred to its ruling of 15 June 2023 (C-520/21) and confirmed that the bank has no claim against the consumer beyond the repayment of the capital and statutory default interest.

In a referral proceeding at the ECJ concerning mBank (C-488/23), a decision was issued in January 2024 in which the court confirmed its ruling of 15 June 2023 (C-520/21), according to which a bank is not entitled to remuneration for the transfer of capital, not even in the form of compensation for the loss in value of the capital transferred ("valorisation").

mBank established a settlement programme beginning in the fourth quarter of 2022 that is aimed at all customers with active loans indexed in Swiss francs, including those who already have lawsuits against the bank. Customers will be offered the option of having their loans converted into zloty loans with a fixed or variable interest rate as well as the cancellation of an individually negotiated part of the outstanding loan value. As at the reporting date, mBank had accounted for risks in connection with future settlement payments in the amount of €285.7m.

mBank has looked into the implications of the ECJ's rulings and decisions and has examined and partly adjusted the parameters of the model, such as the expected number of borrowers who will still sue, the nature of the expected court judgements, the amount of the Bank's loss in the event of a judgement and the acceptance rate for settlements. The methodology used to calculate the provision is based on parameters that are varied, discretionary and in some cases associated with considerable uncertainty. Fluctuations in the parameters as well as their interdependencies and rulings of the Polish courts and the ECJ may mean that the amount of the provision has to be adjusted significantly in the future.

As at 31 December 2023, the portfolio of loans indexed in foreign currencies that have not been fully repaid had a carrying amount of 3.4bn Polish zloty. The portfolio of fully repaid loans and loans for which a settlement had been agreed or final ruling had been issued amounted to 11.2bn Polish zloty at the time of disbursement. Overall, the Group recognised a provision of €1.9bn for the risks arising from the matter, including potential settlement payments and the class action lawsuit (31 December 2022: €1.4bn), this relates almost exclusively to loans indexed in Swiss francs. In the case of loans that have not yet been fully repaid, the legal risks are taken into account in the gross carrying amounts of the receivables directly when estimating the cash flows, and not shown as a provision.

In April 2021, the German Federal Court of Justice ruled on the mechanism for changes to banks' general terms and conditions (AGB Banken) in a case against another bank and declared the relevant clauses of the general terms and conditions to be void. This mechanism stipulated that the customer's consent to certain changes in the contract was given after a certain period of time if the customer had not objected. The Bank has examined the impact of this case law on its business units and products, as the charges introduced or increased for consumers as a result of the mechanism for changes to banks' general terms and conditions may be void.

Some of these cases could also have an impact on the reputation of Commerzbank and its subsidiaries. The Group recognises provisions for such proceedings if liabilities are likely to result from them and the amounts to which the Group is likely to be liable can be determined with sufficient accuracy. Since there are considerable uncertainties as to how such proceedings will develop, the possibility cannot be ruled out that some of the provisions recognised for them may prove to be inadequate once the courts' final rulings are known. As a result, substantial additional expense may be incurred. This is also true in the case of legal proceedings for which the Group did not consider it necessary to recognise provisions. The eventual outcome of some legal proceedings might have an impact on Commerzbank's results and cash flow in a given reporting period; in the worst case, it cannot be fully ruled out that the liabilities which might result from them may also have a significant impact on Commerzbank's earnings performance, assets and financial position.

Further information on legal proceedings may be found in Note 54 regarding provisions and Note 56 regarding contingent liabilities and lending commitments in the Group financial statements.

Operational and organisational risk

Through its written rules of procedure, Commerzbank has a defined framework for its organisational structure and processes. These rules are based on legal requirements, including the Minimum Requirements for Risk Management of Credit Institutions (MaRisk), section AT5 Organisational guidelines, and on Commerzbank's strategy and constitution.

The rules for the organisational structure include uniform and binding minimum requirements for the Bank's structure and they thereby allocate responsibilities clearly. The core elements are the assignment of responsibilities for the Board of Managing Directors, the business objectives with the descriptions of the tasks of the corporate units, and the administrative cost approval authorities for the different management levels.

For organisational processes, standards are set for the creation, regular updating, approval and documentation of instructions and processes as well as the systems to be used.

Regular reviews of up-to-date status are carried out for both components. The managers responsible for risk are involved through approval processes and are thus informed about any changes in risks.

This creates overall certainty for the work of all standard-setting functions and employees.

IT risk

In our internal definition, we define IT risk as risks to the security of information processed in our systems in terms of meeting the four IT security objectives set out below:

Confidentiality: Information is confidential if it is not accessible to, or capable of being reconstructed by, unauthorised persons, business processes or IT systems.

Integrity: Information possesses integrity if it has not been modified or destroyed by any unauthorised means. An information-processing system (IT system) possesses integrity if it can perform its intended functions without hindrance and free of unauthorised manipulations, whether deliberate or accidental.

Traceability: Actions and technologies applied to information are traceable if they themselves and their source can be traced back without any ambiguity.

Availability: Information is available if it is always capable of being used to a predefined extent by authorised persons, business processes and IT systems when it is required.

Commerzbank attaches great importance to the protection and security of its own information, of that entrusted to it by customers, and of the business processes and IT products used to process it. They form a permanent core element in our IT strategy. IT security requirements are based on the IT security objectives referred to above and are set down in policies and procedural instructions.

IT risks are identified, evaluated and regularly reviewed as part of IT governance processes. IT risk is covered in the quarterly IT risk report. Information security is also established as a principal objective for our Internal Control System. As a result of altered conditions, more attention has been given to consideration of the four IT security objectives for home office technologies.

Relevant IT risks are also evaluated as part of operational risk management through risk scenarios and considered in the Bank's ErC calculation. This includes the risk of a breakdown of critical IT, the risk of external attack on the Bank's systems or data and the risks of cloud sourcing (cyber risk and cloud scenarios), the theft of corporate data or the default of service providers and vendors. See also the description of cyber risk.

Given the major importance of IT security to Commerzbank, it is further developed and improved on an ongoing basis by means of strategic initiatives. We have taken into account the significance of the "human" factor in IT security and cyber security by introducing additional training and awareness-raising measures

The "IT Strategy 2024–2027" deals with the issues of IT risk management and IT security in general and with reference to the regulatory requirements of BaFin's Supervisory Requirements for IT in Financial Institutions (BAIT) and of MaRisk. IT security is one of the five goals of the IT strategy. In the IT Strategy 2024-2027, fields of activity and measures are derived from the status quo. With regard to cybersecurity, the Bank will be striving on an ongoing basis to optimise the zero trust model and the general application of zero trust principles. The associated measures and the measures derived from the Information Security Strategy contribute to IT risk management.

Human resources risk

The internal, management-oriented interpretation of this definition at Commerzbank AG includes the following elements in human resources risk.

Adjustment risk: Adjustment risk results when organisational and operational circumstances change (for example, restructuring, changes in management culture, qualification needs), these changes impact employees' scope of responsibilities and therefore require a greater willingness to change on the part of the staff.

Motivation risk: Motivation risk arises when demotivating factors are not eliminated and employees do not adequately perceive motivating factors such as management or remuneration. The effects (such as withheld performance by employees) can have a direct impact on the working environment and the organisation's productivity.

Departure risk: Departure risk takes into account the consequences of undesired employee departures (for example, if an employee resigns voluntarily), particularly when high performers are involved.

Supply risk: Supply risk reflects the consequences of insufficient staffing (for example, positions budgeted for but unfilled, inadequate development of young staff) and the resulting consequences (operating bottlenecks, increased workload, lower productivity and illness).

Strategy and organisation
Employees are a key resource for Commerzbank. With this in mind, all managers have a basic responsibility to keep an eye on the human resources risk within their own area of responsibility and to deal with any undesirable developments, if necessary with the involvement of Group Human Resources (GM-HR). Human resources risk is additionally and systematically managed by GM-HR with the aim of identifying, assessing and managing any changes in the risk situation, such as through the use of selected personnel tools.

The Group division GM-HR is the responsibility of the Group Human Resources division head, who reports directly to the member of the Board of Managing Directors responsible for human resources (CHRO).

Risk management
The strategic guidelines from the overarching Group risk strategy apply without limitation to human resources risk. The operational risk sub-risk strategy, as part of the overall risk strategy of Commerzbank, sets the risk strategy framework and contains a detailed description of human resources risk management in addition to strategic and organisational elements. In this context, GM-HR prepares a human resources risk report for Commerzbank AG and its largest subsidiaries every six months for the attention of the Board of Managing Directors in order to assess adjustment risk, motivation risk, departure risk and supply risk based on defined criteria and to identify current risk-relevant areas where action is needed.

Adjustment risk is countered through selected internal and external training, continuing education and change measures. Steps are taken to ensure that the qualification levels of our employees keep pace with the current requirements, that guidance is provided for structural changes and that our employees can fulfil their duties and responsibilities. The potential for a loss of expertise is countered with training aimed at reskilling and upskilling as well as the elaboration of a sustainable human resources development plan.

Motivation risk is captured by GM-HR by means of regular employee surveys. These enable us to respond swiftly to potential changes in employees' level of corporate loyalty and to initiate adequate measures. This includes the development of incentive systems to recognise individual achievements as well as measures for employee development and the reassignment of more demanding tasks to top performers.

With regard to departure risk, great care is taken to avoid lasting disruptions to operational processes caused by the absence or departure of employees. GM-HR monitors staff turnover on a regular basis from both a quantitative and a qualitative perspective. Another risk-mitigating measure is agreement on mutual consent for social plan instruments to prevent unwanted departures in the context of downsizing measures.

Supply risk is countered by appropriate staffing in quantitative and qualitative terms. The aim in this is to ensure that the internal operating requirements, business activities and prevailing strategy of Commerzbank AG can be implemented. In addition to strengthening the employer brand, this also includes modernising the recruitment process in Germany and at international locations. These steps can help ensure that an appropriate number of employees with the required qualifications are available.

Current developments
In order to ensure the necessary stability in human resources and to manage transformation-related human resources risks appropriately, a variety of measures were taken to support the "Strategy 2024" programme. Overall, the human resources risk situation must continue to be monitored as it may shift in response to structural changes (for example, as a result of a revised Group strategy). In view of demographic change and extremely competitive employee profiles, increasing demands can be expected both in terms of retaining and recruiting new employees. These human resources risks are being countered through change and organisational measures that have already been introduced as well as through Commerzbank AG's new employer campaign in particular.

Outsourcing risk

Outsourcing arrangements are defined at Commerzbank in accordance with the EBA Guidelines on outsourcing arrangements (EBA/GL/2019/02) and in line with Art. 25 a/b of the German Banking Act (KWG) and MaRisk AT9. The Group Outsourcing Policy is the basic framework used by the Group in its efforts to mitigate the risks from outsourcing in accordance with the outsourcing strategy. The principles and rules for all components of the Group Outsourcing Policy are binding on Commerzbank AG and its domestic and foreign subsidiaries and branches.

An essential part of the outsourcing process is determining the materiality of the outsourcing project. The classification of each outsourcing arrangement as "material" or "non-material" complies with regulatory requirements based on a structured risk analysis. Material outsourcing arrangements are subject to a more stringent control and monitoring system. The responsible first line of defence (Retained Organisation) must establish suitable control measures for every outsourcing arrangement, such as the checking of service quality, satisfaction with the service provider and regular evaluation of internal or external audits. In addition, the risk analyses must be reviewed and updated on a regular basis. For a material outsourcing arrangement, this must be carried out annually; for a non-material outsourcing arrangement, the review is carried out in a one, two or three-year cycle, depending on the individual risk. Regardless of this, the first line of defence must update the risk analysis outside the control cycle in the event of significant, unforeseen events.

Outsourcing relationships represent a subset of third-party relationships. Increasing complexity, from traditional arrangements to cloud outsourcing, requires a correspondingly comprehensive approach to supplier and outsourcing risk. Therefore, a holistic approach to managing risk across all types of third-party risk will be introduced in 2024.

Supplier risk

The key points for supplier risk are the assessment and management of risks that arise from the relationship with suppliers. Supplier risk is already assessed as part of the structured selection process for suppliers, covering criteria such as performance and profitability.

In active relationships with suppliers, changes in supplier risk are regularly reviewed and, if necessary, risk mitigation measures are initiated. Efforts to optimise supplier risk using a risk-oriented approach will continue. A holistic approach to managing risk across all types of third-party risk will be introduced (see Outsourcing risk) in 2024.

Tax risk

Tax risk consists of the following components: the risk of submitting erroneous[1], incomplete or late tax returns, internally calculated tax returns and mandatory notifications of tax-relevant details/information, or infringement against disclosure, reporting, notifycation or cooperation obligations.

This may result in the following costs: penalties for late execution and late payment surcharges due to non-compliance with statutory deadlines, interest expenses for back taxes and penalties in the form of coercive penalty payments or late payment surcharges for non-adherence to cooperation, documentation, archiving and retention periods (Principles for the proper keeping and storage of books, records and documents in electronic form and for data access; GoBD).

Tax risk also includes: fines or penalty interest arising from administrative and criminal tax offences, additional charges due to avoidable double taxation (e.g. including the same information in different tax contexts), avoidable tax/interest expenses or non-refund of taxes due to non-filing or improper filing of applications or examination of tax assessments, and additional expenses due to tax estimates.

In view of the above-mentioned tax risks and the zero tolerance approach to criminal tax offences and to aiding and abetting criminal and administrative tax offences, Commerzbank has set up a Tax Compliance Management System (TCMS), which is continually analysed and optimised by the specialised GM-TAX Tax Compliance Management unit in collaboration with various units inside and outside GM-TAX.

Commerzbank reports known tax risks resulting from criminal tax offences quarterly to the Bank-wide Anti-Fraud & Corruption Committee (BAFCC) for Commerzbank AG including material foreign branches and relevant subsidiaries.

[1] In the case of errors, it must be determined whether it was possible to evaluate/recognise the error as such at the time the tax return or notification was submitted. If legal regulations have been undeniably misinterpreted, incorrect information has been deliberately provided or existing procedures have not been followed, this must be viewed as erroneous. If there is a justifiable different interpretation of a legal regulation that leads to an adjustment as part of a tax audit, this is not construed as an error within the meaning of operational risk.

Other material risks

The risks listed below are – with the exception of ESG risks - the other material risks included in Commerzbank's risk inventory. ESG risk is classified as a "horizontal risk".

Compliance risk

Compliance risk falls within the definition of operational risk. Commerzbank acknowledges and understands the existence of inherent compliance risk in its areas of business, which are subject to the risk of abuse in general and in particular by financial crime. Compliance risk in this context comprises risks relating to money laundering, terrorist financing, sanctions/embargoes, markets compliance, other punishable actions such as fraud, bribery and corruption, as well as consideration of human rights and environmental risks in accordance with the German Supply Chain Due Diligence Act (LkSG).

In order to actively promote a compliance culture in the Bank, the Board of Managing Directors of Commerzbank has laid down and communicated corresponding values in the Code of Conduct.

Organisation
Group Compliance is led by the Divisional Board member for Group Compliance, who reports directly to the Board of Managing Directors. Pursuant to Art. 87 (5) of the German Securities Trading Act (WpHG) and BT 1.1 MaComp (minimum requirements of the compliance function), the Group Compliance division head is both the Group's Compliance Officer and, under Art. 25 h (7) of the German Banking Act (KWG) and Art. 7 and 9 of the German Anti-Money Laundering Act (GwG), the Anti-Money Laundering Officer, or Group Anti-Money Laundering Officer for the Group. The Group Compliance division head also assumes the role as human rights officer according to the German Supply Chain Due Diligence Act (LkSG).

Group Compliance is responsible for:

A. The five types/areas of compliance risk:

1) anti money laundering / fighting terrorist financing

2) sanctions and embargoes

3) combating fraud, bribery and corruption

4) markets compliance

5) consideration of human rights and environmental risks in accordance with the LkSG

as well as

B. Further responsibilities:

1) coordination of the requirements under MaRisk section 4.4.2 ("MaRisk compliance function"),

2) independent implementation of internal special investigations with compliance relevance.

Risk management
To prevent compliance risks, Commerzbank has implemented security systems and controls for its transactions, customers, products and processes. These procedures for ensuring compliance with material legal provisions and requirements are referred to in their entirety as a compliance management system. Commerzbank's compliance management system is based on international market standards and the regulatory requirements in the various countries which are relevant for Commerzbank's business activities. Commerzbank is constantly developing its compliance management system in order to meet its responsibilities and address the growing complexity and increasing regulatory requirements. Under the three lines of defence principle, protecting against undesirable compliance risks is an activity that is not restricted to the compliance function (Group Compliance). Instead, the organisational control and monitoring elements are aligned in three sequential levels. The units in the first line of defence (1st LoD) assume responsibility as part of their operational activities for identifying and managing risks and for complying with their own business rules; they are also responsible for setting up process-oriented control mechanisms. Group Compliance, the second line of defence (2nd LoD), sets standards for appropriate risk management, oversees the appropriateness and effectiveness of the procedures and controls in the first line of defence, and assesses and communicates any deficiencies found. In addition, Group Compliance carries out analyses and assessments of compliance risks and ensures that the risk management framework is implemented. Internal Audit, the third line of defence (3rd LoD), uses regular and independent audits to check that compliance in both the 1st LoD and 2nd LoD is appropriate and effective.

Compliance risks are managed in a control circuit with interacting elements. Commerzbank constantly monitors relevant regulatory requirements and ensures the definition or adjustment of corresponding internal standards intended to make sure it complies with the requirements. Regular internal training measures and consulting services from the compliance function support the effective implementation of these standards in the Group. Implementation encompasses setting up and carrying out suitable processes and controls in daily work, assuring their quality and testing their effectiveness in the 1st and 2nd LoD. Compliance risks are monitored and are the subject of regular internal reporting. Where necessary, matters are escalated according to their urgency and severity.

Risk analysis (compliance risk analysis) is one of the core elements of risk management. It assesses the inherent risk arising from doing business with different customer groups and products and compares this in the Control Assessment with an evaluation of the corresponding control environment for mitigating the inherent risk. A residual risk is determined as the outcome. The Bank defines measures to further enhance risk management (e.g. introducing additional controls) as necessary and tracks implementation closely.

The compliance sub-risk strategy, as part of the overall risk strategy of Commerzbank, sets the risk strategy framework for dealing with compliance risks and contains a detailed description of compliance risk management in addition to strategic and organisational elements. In particular, the risk appetite per compliance risk type is specified and the strategic fields of action are defined. Group Compliance factors the Bank's Strategy 2027 into the sub-risk strategy.

Current developments

Overall, there continues to be an increased focus on ensuring the implementation of sanctions requirements and the prosecution of possible sanction violations.

Political and regulatory attention remains firmly fixed on Russia-related sanctions, as shown in particular by the 12th EU sanctions package of 18 December 2023 and US Executive Order 14114, which was also enacted in December 2023. Current geopolitical developments, as well as the evolving expectations of regulators with regard to the implementation of sanctions requirements, are continuously monitored in order to be able to react promptly to changes.

Recently, export control requirements in particular have become a focal point with respect to achieving the objectives of the sanctions. Regulators have now defined various individual goods and classes of goods that are not allowed to be exported to Russia. These restrictions on trade in goods are widespread and cover a large number of goods – far beyond armaments or dual-use goods that were previously the focus of attention. Accordingly, Commerzbank has established enhanced screening routines, particularly in the trade finance business, in order to fulfil the requirements. In addition, emphasis is placed on detecting possible transactions aimed at evading sanctions.

In January 2024, in the context of the EU trilogue negotiations, an agreement was reached on uniform standards for combating money laundering and terrorist financing in all EU member states. The new EU AML regulation will have an impact on all of Commerzbank's business segments. Group Compliance is currently analysing the requirements and helping the impacted areas of the Bank make the necessary adjustments to processes and controls.

The level of external fraud-related attacks increased significantly in 2023. The level of attacks is expected to continue to rise, particularly through "fraud as a service" in which fraudsters make use of generative artificial intelligence. Group Compliance will therefore continue to focus on fraud prevention in 2024.

The compliance risks in connection with the plans for crypto custody services for corporate clients may in principle affect all compliance risk types; AML and sanctions risks as well as market compliance risks (because of the Markets in Crypto-assets Regulation (MiCAR)) are of particular importance.

Reputational risk

Reputational risk is the risk that stakeholders may lose confidence in Commerzbank or that its reputation may be damaged as a result of negative events in its business activities. Commerzbank's stakeholder groups include in particular the public and the media, non-governmental organisations and its customers. In the present-day competitive environment, a company's reputation is becoming more and more important. The main factor determining this is how companies handle environmental or social risks in their core business (intrinsic reputational risks). Companies are judged not only on the basis of people's personal experiences of them, but also on reports reaching the public, especially through the media. Reputational risk therefore goes hand in hand with communication risk.

Strategy and organisation

All employees and managers have a fundamental duty to protect and reinforce Commerzbank's good reputation as a significant element of its enterprise value. The segments and significant subsidiaries bear direct responsibility for reputational risk resulting from their particular business activity. Managing intrinsic reputational risk means in particular identifying and reacting to potential environmental and social risks at an early stage, thereby reducing any potential communication risk or even preventing it completely.

The Reputational Risk Management department is part of the central Group Communications division of the Commerzbank Group and focuses on intrinsic reputational risk that may directly lead to reputational damage among stakeholder groups. The department maintains close links with the relevant front office units. Management of intrinsic reputational risk is the responsibility of the Chairman of the Board of Managing Directors. It is a component of Commerzbank's overall risk strategy. Reputational Risk Management's tasks include identifying, evaluating and addressing intrinsic reputational risk in systematic processes at an early stage and suggesting or implementing appropriate measures (early warning function).

According to the risk inventory, reputational risk is one of the main non-quantifiable risk types in the Commerzbank Group. These must be limited and monitored in accordance with the overall risk strategy through a sub-risk strategy using suitable qualitative guidelines. Thus, the reputational risk management sub-risk strategy gives specific shape to the overall risk strategy through strategic management that is based on three main pillars:

- Firstly, strategic management of the intrinsic reputational risk aims to prevent reputational damage from arising from socially or environmentally questionable transactions, products and customer relationships. To this end, Commerzbank has created the clear governance structures described in this sub-risk strategy.
- Secondly, expected economic implications of reputational damage (lower business volumes) are factored directly into business planning and multi-year planning.
- Thirdly, the risk-bearing capacity analysis implicitly takes into account possible effects of reputational risks materialising unexpectedly in business risk or operational risk.

The global functional lead for managing intrinsic reputational risk in the Commerzbank Group lies with Group Communications/ Public Affairs/Reputational Risk Management.

The strategy aims to ensure

- overall management of intrinsic reputational risk, as well as:
  - the consideration of environmental risk aspects considered material (currently greenwashing),
  - an annual scenario analysis on aspects of environmental risk relevant to reputational risk (climate-related and biodiversity risks),
- explicit integration of sustainability criteria into banking business,
- internal measures to raise the awareness of managers and employees for intrinsic reputational risk and the associated corporate responsibility,
- informing management through reputational risk reporting.

Management

Intrinsic reputational risks are essentially managed by the Reputational Risk Management department using a qualitative approach. As part of a structured process, transactions, products and customer relationships in connection with sensitive areas are assessed with reference to environmental and social risks on a qualitative five-point scale. This assessment can contain conditions and in some cases a negative verdict, which could lead to a rejection. In addition to the qualitative assessment of intrinsic reputational risks, an annual scenario-based ICAAP materiality analysis is used to quantitatively assess the impact of environmental risks (particularly climate-related and biodiversity risks) on reputational risks and to ensure appropriate ICAAP consideration via business risk.

The sensitive areas regularly and comprehensively analysed in Reputational Risk Management include armaments exports, and transactions and customer relationships relating to power generation and commodities extraction. Commerzbank's attitude towards these areas is laid down in positions, guidelines and the ESG framework that are binding for all employees. Commerzbank's Reputational Risk Management department regularly observes and analyses new environmental and social issues and informs the relevant parts of the Bank about these, if necessary. The reputational risks identified and addressed by the department are incorporated into the quarterly reputational risk report – part 1: non-quantifiable risks; part 2: high and major intrinsic reputational risks (sustainability issues) – which is prepared for the Board of Managing Directors and the Risk Committee of the Supervisory Board.

Environmental, social and governance (ESG) risks

The integration of ESG aspects into the Bank's risk management processes is hugely important for sustainable finance. Under the three lines of defence approach, ESG risks are viewed as a horizontal type of risk and are therefore managed across various control units at the Bank. Group Sustainability Management also acts the second line of defence for social (S) and governance (G) risks, serving as a central point of oversight. For environmental risks (E), this is the responsibility of the Chief Environmental Risk Officer (CERO) and the Environmental Risk Control operating unit within the risk control function.

Through our ESG framework we have made our understanding of and commitment to sustainability transparent for all stakeholders. The framework creates a Bank-wide standard that enables stringent management of all relevant products, processes and activities and ensures the sustainable transformation of Commerzbank. The focus of the ESG framework is on our core business. We distinguish between "transformation finance" and "sustainable finance". We are convinced that the entire economy has a role to play in sustainable transformation and must act accordingly. Therefore, we classify all portfolio components that are not affected by our exclusion criteria as transformation finance. Sustainable finance, on the other hand, describes that part of our portfolio that we classify as explicitly sustainable. This includes financial products and services that serve positive environmental and/or social purposes and thus contribute, for example, to achieving the goals of the Paris Agreement or the UN Sustainable Development Goals. In order to determine which exposures meet our sustainability requirements and are thus part of sustainable finance, we have developed a transparent review system and our own criteria, which are disclosed in the ESG framework.

The ESG framework also provides an overview of our sustainability directives and exclusion criteria.

We are pursuing the strategic goal of reducing the CO_2 emissions of our entire loan and investment portfolio to net zero by 2050. To this end, we analysed the carbon intensity of Commerzbank's entire portfolio in 2022 using sector-specific target values in accordance with the Paris Agreement. In terms of methodology, we are guided by the Science Based Targets Initiative (SBTi), which advocates the reduction of greenhouse gases on the basis of scientifically calculated targets. This enables companies to align their climate policy with the goals of the Paris Agreement and effectively counteract climate change. Using the SBTi method "Sectoral Decarbonisation Approach" (SDA), we have set specific sector-specific goals with a view to reducing the CO_2 emissions associated with our loan and investment portfolio (known as "financed emissions") and ultimately meeting our net zero target.

We aim to manage all portfolios highlighted as requiring attention in the SBTi method, with a particular focus on emissions-intensive sectors. These include power generation, automotive manufacturing, and the production of cement, iron and steel. We will likewise consider the private residential mortgage loan portfolio, which is deemed optional in the SBTi analysis. In 2022, corresponding emissions intensity reduction targets were formulated for all these portfolios and they were validated under the SBTi at the beginning of 2023. The portfolio targets under the SBTi are published in the ESG framework. The status of target achievement is regularly updated in this framework. Our ambition is to support companies in the real economy in their transition process and to sustainably reduce emissions.

Commerzbank defines environmental risks as both climate-related and biodiversity risks. We do not see environmental risk as a separate type of risk, but as a horizontal risk that can materialise in the familiar types of risk. In 2023, we carried out another comprehensive materiality analysis for environmental risks across all risk types for the Commerzbank Group as part of the annual risk inventory process, taking into account the requirements of the European Central Bank's "Guide on climate-related and environmental risks".

As a result of the analysis, the influence of climate-related risks for the risk types credit risk, market risk, operational risk (including compliance and cyber risk), reputational risk and business risk was confirmed as material. No materiality was established for property value risks, liquidity risks and model risks. A risk type is considered to be materially influenced by climate-related risks as soon as it is materially affected by either climate-related transition or physical climate-related risks[1] in the short, medium or long term.

Commerzbank considers both climate-related and biodiversity risks. These are also regarded as horizontal risks for the Bank. As with climate-related risks, the classification of biodiversity risk for material risk types is a central component of the annual materiality analysis.

Following the initial 2022 report, the scope of the analyses and methodology were expanded to cover more specific issues and improved in the reporting year. To summarise, credit risk, reputational risk and business risk are materially affected by biodiversity risks. The focus here is primarily on medium and long-term transition risks. The impact analysis enabled us to identify potential fields of action and strategic priorities and we plan to develop further analyses, measures and products to protect biodiversity.

The findings of the materiality analysis feed into business strategy, the overall risk strategy and the sub-risk strategies as well as into other core elements of the Bank's internal process to ensure an adequate capital position, such as the internal stress test framework and the risk-bearing capacity concept. Particularly in the case of risk types materially affected by climate-related risks, environmental risks are managed within the risk function responsible for the respective risk type. The materiality analysis for environmental risks is an integral part of the Commerzbank Group's risk governance. In addition to the annual materiality analysis, we carry out internal climate stress tests too.

Greenwashing risks are also permanently monitored by Commerzbank and largely mitigated through various measures. These include, for example, greenwashing risk governance such as an internal control framework and the consideration of greenwashing in the new product process.

[1] Transition risks arise for companies as a result of the transition to a lower-emission and more sustainable economic system (e.g. owing to regulatory or legal changes in energy policy, changes in market sentiment and preferences or technological innovations). Physical risks arise as a result of changing climatic conditions and the associated more extreme and more frequent acute weather events, such as floods or heatwaves, or chronic effects, such as rising sea levels.

For credit risk, we took a portfolio-specific approach in the materiality analysis with regard to climate risk and carried out quantitative analyses wherever possible. For the potentially hardest-hit portfolio (corporate clients), these analyses were carried out using a scenario simulation that translates the relevant parameters of a scenario into economic effects (changes in balance sheet ratios). With regard to transition risks, changes in regulation, price changes, shifts in supply and demand and the impact of technological changes are considered. In the case of physical risks, effects from all relevant events (storm/hurricane, drought, heatwaves, flood, rising sea levels) are taken into account.

As a major financier of the German economy, we are also active in sectors that are particularly exposed to climate-related physical or transition risks. However, we have little exposure to some of the hardest-hit sectors (agriculture, for example). Sectors that could potentially be more heavily affected by climate-related risks and that have a larger exposure are, for example, the energy sector, the automotive sector and mechanical engineering, as well as (commercial) real estate finance. Owing to the geographical focus of our portfolio in Germany and Europe, we are less affected by physical climate risks, such as hurricanes and rising sea levels, than other regions in the world. Overall, both climate-related transition and physical risks are considered material to credit risk over a long-term time horizon.

In order to manage the effects of climate-related risks in Commerzbank's lending business, we combine the specific findings from the scenario analyses (including the sector or country-specific impact of climate-related risks) with individual risk analysis at customer level. The findings from the scenario and credit risk analyses are aggregated in a structured assessment ("score"). We factor this score into the individual loan decision. Depending on the score, increased requirements or restrictions are triggered on a portfolio-specific basis. We also use this score as part of our portfolio analysis and management. Portfolio-specific guidelines, which are anchored in the credit risk strategy, limit the share of the portfolio with heightened climate-related risk. In the particularly relevant portfolios such as corporate clients, special financing, banks and commercial real estate finance, we have supplemented the qualitative risk analysis in the individual loan decisions with these specific aspects for the analysis of climate-related risks. We will progressively extend this approach to other relevant portfolios and include smaller companies, for example. In our target state, we want to integrate climate risks – as far as possible – into the quantitative credit risk analysis and thus fully reflect them across the process chain, including in pricing and reporting.

Another key aspect is the ongoing addition to our specialists' expertise in climate-related risk, which enables us to discuss the challenges and assess the risks with our customers on an equal footing. By combining these measures, we ensure that we are taking appropriate account of the associated risks in our efforts to support the transformation.

Market risk in relation to climate change risk was assessed on a portfolio basis and in particular from an economic perspective. Overall, Commerzbank is subject to market risks in sectors that are potentially affected by climate-related risks and that are sensitive in particular to credit spreads in affected sectors, as well as to interest rates; all of these risks are likely to increase depending on the adaptability of companies and of the world's economies. It can be inferred from the volatility assumptions specific to the climate scenario that climate-related transition risk is a material driver of market risk in the long term. For physical climate risk, no material effects were derived from the scenario calculation. The positions particularly affected by climate risks are subject to regular monitoring.

Operational risk has also been classified with regard to environmental risks in the defined time horizons. Specific scenario analyses were used to quantify possible effects. As a result, climate-related transition risks were classified as material in all three time horizons. The applied analysis method covered issues including natural disasters, supplier or vendor failure, vandalism/terrorism (by activists) and greenwashing. The latter scenario in particular is a key driver of the materiality classification. Corresponding scenarios are factored into the specific modelling for OpRisk and are subject to an annual assessment and update. A risk indicator that reflects climate-related losses in operational risk was established in 2023. Further associated control measures have been implemented, such as the establishment of greenwashing controls and the screening of new sustainable products including greenwashing checks.

Reputational risk, which is also assessed as material in relation to climate-related risk, is one of the Commerzbank Group's main non-quantifiable risk types according to the risk inventory. Sustainability in the core business is assessed by the Reputational Risk Management department at Commerzbank. We do not limit ourselves to what is legally required; instead, we consider the legitimacy of all transactions. To this end, we have formulated sector-specific requirements, for example for mining, energy and fossil fuels, including oil and gas. Exclusion criteria were defined for particularly critical products, transactions or business relationships. In view of the special risks associated with fossil fuels and armaments, the Board of Managing Directors of Commerzbank has passed its own binding directives on these matters that define many of the relevant transactions and business relationships in these areas as being subject to assessment, and encompass exclusion criteria.

Given the particular importance of sustainability aspects, including environmental risks, for the overarching business strategy, climate-related risk is deemed a material risk driver for business risk, driven by medium- and long-term transition risks. Business risk may potentially be affected in particular by secondary effects from reputational risk. Potential impacts from climate-related risks are taken into account in the buffer that has already been established for business risk and are subject to a regular review of their appropriateness.

To avoid social and governance risks, Commerzbank's business activities are steered by a robust framework. Our binding code of conduct is at the heart of this. Other elements include regular, comprehensive training for all employees on compliance issues (e.g. corruption, bribery, money laundering), regular employee surveys, an intensive dialogue with our customers and other external stakeholders such as NGOs (through surveys and established advisory boards) and an internally and externally available whistleblower system. In addition, the focus of our business activities is in the European Union and Germany, meaning that they are subject to a wide range of legal standards, for example with regard to employee and consumer protection. Social and governance issues are already an integral part of the Bank's risk management in many areas. That applies, for example, to the management of operational and reputational risk and, in particular, to compliance risk.

We also report in detail on our ESG activities and risks in the non-financial report, in our GRI report (sustainability reporting in accordance with the standards of the Global Reporting Initiative) and in the disclosure report in accordance with the CRR.

Cyber risk

Cyber risk comprises risks with direct relevance to security and risks that lead to relevance to security (with respect to cyber space). The part of cyber space of relevance to Commerzbank is all connected IT environments within the Bank and those outside the Bank that lead to customers, business partners and service providers. Cyber risk is therefore concerned with the digital representation of the Bank's assets (data, information) within cyber space.

The strategic guidelines from the overarching Group risk strategy, the Information Security Strategy and the cyber risk sub-risk strategy apply without limitation to cyber risk. In particular, this involves expanded identity and access management, the implementation of the zero trust model, strengthening cyber resilience and continuing to implement extensive awareness measures.

Commerzbank manages cyber and information security risks via the Group division "Group Risk Management – Cyber Risk & Information Security" (GRM-CRIS), which reports to the Group Chief Information Security Officer (CISO). In addition to established security functions such as the ISO 27001 certified Information Security Management System (ISMS) as well as risk reporting on key risk indicators, GRM-CRIS focuses on managing cyber risk appropriately and on strengthening Commerzbank's cyber-resilience (including its information security incident management capabilities). It also addresses the interaction between cyber and information security risks and other types of material risk relating to areas such as operational risk.

The main factor in the current cyber risk situation – in which risk remains at a high level – is the geopolitical tension surrounding the Ukraine war. The Russia-Ukraine war continues to harbour a risk of attacks by state actors on critical infrastructure and resulting collateral effects on the Bank.

Ransomware has become one of the established attack vectors in organised cyber crime, and is a threat in particular to SMEs. With regard to distributed-denial-of-service (DDoS) attacks, we are observing an increasing shift from the network to the application level.

Steps have already been initiated to ensure improved protection from these threats by means of the agreed packages of capital investment and associated measures. Developments in the cyber context are observed on an ongoing basis at Commerzbank by an interdisciplinary task force (top management and specialists from GRM-CRIS and Group Technology Foundations – GS-TF).

By closely interlinking the first and second line of defence activities in the field of cyber threat analysis, including corresponding protective measures and incident management processes, the Bank aims to continue to be adequately protected against such attacks.

Business risk

Business risk is the risk of negative effects on the achievement of Commerzbank's projected results with a one-year risk horizon and the Bank's medium to long-term strategic goals, for example as a result of changes in the market or competitive environment, capital market requirements, regulatory/political factors or the inadequate implementation of the Group strategy (primary risk drivers).

Strategy and organisation

On the basis of external and internal factors, the Board of Managing Directors sets out a sustainable business strategy describing the major business activities and steps required to meet the targets.

The aim in managing and monitoring ongoing business risk is to make a prediction about possible adverse deviations in the development of the operating results from the planned figures over a 12-month time horizon and thus to take the volatility of the underlying income and expenses into account when planning business activities. The aim of medium to long-term business strategy risk management, on the other hand, is the appropriate implementation of Group strategy in order to achieve the announced business goals and, if necessary, early adjustment of the business strategy if changes in the environment become apparent.

Risk management

To ensure proper implementation of the Group strategy to achieve the business targets, strategic controls are carried out through regular monitoring of quantitative and qualitative targets in the

Group and the segments. The bank has various instruments at its disposal to make deviations between actual performance and planned performance transparent at an early stage and to initiate countermeasures to limit business risk – including regular reporting on the earnings situation for the Group and the segments, including monitoring KPIs and early warning indicators. Based on ongoing observations of the German and international market and competitive environment as well as the requirements of the regulator and the capital markets, the main changes and developments that are visible in the medium to long term are continuously analysed and the necessary measures are derived from this to ensure the Bank's long-term success. Strategy implementation is checked and tracked on an ongoing basis; this includes in particular regular monitoring of progress made with respect to the implementation of the delivery portfolio defined for the "Moving forward" strategy.

From an economic perspective, the management of business risk is closely linked to internally defined capital ratio requirements. The fulfilment of these requirements and the way in which business risk is taken into account when placing a limit on the risk-bearing capacity ratio ensure that sufficient capital backing is available at all times (risk coverage potential). If it becomes necessary to make adjustments to Commerzbank's risk appetite and/or initiate capital measures, this is done in line with general risk governance under the overall risk strategy. In the normative perspective, business risk is implicitly taken into account through the SREP P2G and P2R requirements as well as various scenario formats with a time horizon of up to three years.

Responsibility for strategic corporate management and for managing business risk as part of achieving the planned results lies with the Board of Managing Directors. Specific business policy decisions (acquisition and sale of equity holdings > €300m) also require the authorisation of the Supervisory Board's Risk Committee. In addition, all major initiatives and projects are decided by the Board of Managing Directors.

Property value risk

Property value risk is understood to be the risk that arises from

- the negative change in market values of Group properties that have already been recognised as assets in the next 12 months with a corresponding charge to the income statement,
- properties that may be recognised on the Group's balance sheet owing to contractually guaranteed obligations in the nature of options for certain dates and fixed redemption prices for investors and accordingly may have a negative impact on the income statement.

Property value risk results from real estate used for business purposes and from the business activities of Commerz Real.

Strategy and organisation

Property value risk is classified as a material risk type for Commerzbank and is included as a quantifiable risk in determining the economic capital requirement and thus directly in the risk-bearing capacity calculation. In the normative perspective of the ICAAP, property value risk is taken into account as part of the scenario analyses.

The property value risk resulting from real estate used for business purposes includes risk from the market environment, risk for business activities and risk from legal proceedings. The need for cost-effective provision of adequate premises for the Bank is factored into the desired risk structure as a key consideration. The multi-year planning for premises costs adopted in each case acts as a guide for mapping the financial opportunities and risks within the real estate portfolio. Commerz Real's property value risk results from directly held assets, assets from majority equity holdings, assets from minority equity holdings and outstanding residual values as well as tenant loans from real estate leasing contracts. The central asset classes are ships, real estate and infrastructure. Sustainably achievable cash flow is the central risk driver.

Risk management

When managing and controlling property value risk, a distinction is made between two different classes:

1. real estate used for business purposes
2. property value risk at Commerz Real

For the sake of completeness, the first class also includes property-related risks that arise from the perspective of a real estate operator and that go beyond the scope of the property value risk.

The Group value for property value risk is calculated each quarter and reported regularly in the Group Risk & Capital Monitor.

At Group level, property value risk is restricted overall by an economic limit, which is set and regularly monitored as part of the setting of economic limits under the overall risk strategy. If the limit is exceeded, defined escalation mechanisms under the overall risk strategy apply.

Model risk

Model risk is the risk of incorrect management decisions based upon an inaccurate depiction of reality by the models used. With regard to the causes of model risk we distinguish between model risk from exceeding model boundaries and model risk from model errors (manual errors in model development/implementation). In line with the focus of the Group risk strategy, namely to ensure that the Bank has adequate capital and liquidity, the models for assessing risk-bearing capacity (capital requirements under the Basel framework and economic capital requirements, respectively) and liquidity resources are central for risk management.

Model risk constitutes a material but non-quantifiable type of risk. Therefore, a qualitative management approach is applied: The basic principles of model risk management are the identification and avoidance of model risks and appropriate consideration of known model risks (e.g. through conservative calibration or consideration of margins of conservatism or model reserves). Model risks that are unknown and hence cannot be mitigated are accepted as an inherent risk in the complexity of the Commerzbank business model. In respect of the governance of model risk management, requirements relating to model validation, model development and model changes are established.

The war in the Ukraine and its geopolitical impact as well as the economic secondary effects from the coronavirus pandemic pose challenges for the risk models used. These factors are taken into account in ongoing management of model risks and in particular in regular validation work.

The strategically relevant credit risk models (PD, LGD, CCF for private and corporate customers, PD for banks and for renewable energy project financing) are currently being fundamentally revised. In this context, high standards in model development and initial validation play a major role. In addition, a project to consolidate the booking systems for financial products will be completed in 2024, with implications for the valuation models used for the corresponding products and therefore relevant from a model risk perspective.

Disclaimer

Commerzbank's internal risk measurement methods and models which form the basis for the calculation of the figures shown in this report are state-of-the-art and based on banking sector practice. The risk models produce results appropriate to the management of the Bank. The measurement approaches are regularly reviewed by Risk Controlling and Internal Audit as well as by German and European supervisory authorities. Despite being carefully developed and regularly checked, models cannot cover all the influencing factors that have an impact in reality or illustrate their complex behaviour and interactions. These limits to risk modelling apply in particular in extreme situations. Supplementary stress tests and scenario analyses can only show examples of the risks to which a portfolio may be exposed in extreme market situations; stress-testing all imaginable scenarios is not feasible. They cannot definitively estimate the maximum loss should an extreme event occur.

Group Financial Statements

›Our Group Accounts are drawn up in accordance with International Financial Reporting Standards (IFRS) and their interpretation by the IFRS Interpretations Committee. We have taken account of all the standards and interpretations that are binding in the European Union for the 2023 financial year.

Financial Statements of the Commerzbank Group as at 31 December 2023

Contents

Income statement

€m	Notes	1.1.-31.12.2023	1.1.-31.12.2022	Change in %
Interest income accounted for using the effective interest method	(9)	15,482	9,127	69.6
Interest income accounted for not using the effective interest method	(9)	2,781	1,205	.
Interest income	(9)	18,263	10,332	76.8
Interest expenses	(9)	9,895	3,873	.
Net interest income	(9)	8,368	6,459	29.6
Dividend income	(10)	26	32	– 16.9
Risk result	(11)	– 618	– 876	– 29.4
Commission income	(12)	4,116	4,194	– 1.9
Commission expenses	(12)	730	675	8.2
Net commission income	(12)	3,386	3,519	– 3.8
Net income from financial assets and liabilities measured at fair value through profit or loss	(13)	– 359	451	.
Net income from hedge accounting	(14)	39	– 113	.
Other sundry realised profit or loss from financial instruments		– 115	– 340	– 66.1
Gain or loss on disposal of financial assets – Amortised cost		167	48	.
Other net income from financial instruments	(15)	52	– 292	.
Current net income from companies accounted for using the equity method	(16)	4	13	– 69.7
Other net income	(17)	– 1,055	– 606	74.0
Operating expenses	(18)	6,006	5,844	2.8
Compulsory contributions	(19)	415	642	– 35.3
Restructuring expenses	(20)	18	94	– 80.4
Pre-tax profit or loss		**3,403**	**2,005**	**69.7**
Taxes on income	(21)	1,188	612	94.2
Consolidated profit or loss		**2,214**	**1,393**	**58.9**
Consolidated profit or loss attributable to non-controlling interests		– 10	– 42	– 76.5
Consolidated profit or loss attributable to Commerzbank shareholders and investors in additional equity components		2,224	1,435	55.0

€		1.1.-31.12.2023	1.1.-31.12.2022	Change in %
Earnings per share	(23)	1.63	0.99	63.9

The earnings per share, calculated in accordance with IAS 33, are based on the consolidated profit or loss attributable to Commerzbank shareholders. No conversion or option rights were outstanding either in the previous or current financial year. The figure for diluted earnings per share was therefore identical to the undiluted figure.

Condensed statement of comprehensive income

€m	1.1.-31.12.2023	1.1.-31.12.2022	Change in %
Consolidated profit or loss	2,214	1,393	58.9
Change from remeasurement of defined benefit plans not recognised in income statement	7	87	– 92.0
Change in own credit spreads (OCS) of liabilities FVO not recognised in income statement	– 131	147	.
Change in revaluation of land and buildings not recognised in income statement	–	–	.
Items not recyclable through profit or loss	**– 124**	**234**	**.**
Change of revaluation reserve of debt securities (FVOCImR)			
Reclassified to income statement	133	68	94.7
Change in value not recognised in income statement	205	– 432	.
Change in cash flow hedge reserve			
Reclassified to income statement	1	2	– 45.6
Change in value not recognised in income statement	93	– 48	.
Change in currency translation reserve			
Reclassified to income statement	21	32	– 34.6
Change in value not recognised in income statement	101	16	.
Valuation effect from net investment hedge		–	
Reclassified to income statement	–	–	.
Change in value not recognised in income statement	– 2	– 1	.
Change in companies accounted for using the equity method	1	– 1	.
Items recyclable through profit or loss	**554**	**– 365**	**.**
Other comprehensive income	429	– 130	.
Total comprehensive income	**2,644**	**1,263**	**.**
Comprehensive income attributable to non-controlling interests	128	– 85	.
Comprehensive income attributable to Commerzbank shareholders and investors in additional equity components	2,516	1,348	86.7

Other comprehensive income | €m	1.1.–31.12.2023		
	Before taxes	Taxes	After taxes
Change in own credit spread (OCS) of liabilities FVO	– 131	–	– 131
Change from remeasurement of defined benefit plans	12	– 5	7
Change in revaluation of land and buildings	–	–	–
Change in revaluation of debt securities (FVOCImR)	339	–	339
Change in cash flow hedge reserve	94	–	94
Change from net investment hedge	– 2	–	– 2
Change in currency translation reserve	122	–	122
Change in companies accounted for using the equity method	1	–	1
Other comprehensive income	**434**	**– 5**	**429**

Other comprehensive income | €m	1.1.–31.12.2022		
	Before taxes	Taxes	After taxes
Change in own credit spread (OCS) of liabilities FVO	147	–	147
Change from remeasurement of defined benefit plans	141	– 54	87
Change in revaluation of land and buildings	–	–	–
Change in revaluation of debt securities (FVOCImR)	– 364	–	– 364
Change in cash flow hedge reserve	– 46	–	– 46
Change from net investment hedge	– 1	–	– 1
Change in currency translation reserve	47	–	47
Change in companies accounted for using the equity method	– 1	–	– 1
Other comprehensive income	**– 77**	**– 54**	**– 130**

Balance sheet

Assets | €m	**Notes**	**31.12.2023**	**31.12.2022**[1]	**Change in %**
Cash on hand and cash on demand	(58)	93,126	75,233	23.8
Financial assets – Amortised cost	(24)	298,689	296,192	0.8
of which pledged as collateral		3,791	3,282	15.5
Financial assets – Fair value OCI	(26)	40,143	34,887	15.1
of which pledged as collateral		9,651	5,335	80.9
Financial assets – Mandatorily fair value P&L	(28)	48,359	29,912	61.7
of which pledged as collateral		–	–	.
Financial assets – Held for trading	(29)	28,334	33,573	– 15.6
of which pledged as collateral		1,618	1,325	22.1
Value adjustment on portfolio fair value hedges		– 2,305	– 3,935	– 41.4
Positive fair values of derivative hedging instruments	(42)	1,497	1,729	– 13.4
Holdings in companies accounted for using the equity method	(43)	142	182	– 22.1
Intangible assets	(44)	1,394	1,289	8.2
Fixed assets	(45)	2,352	2,426	– 3.1
Investment properties	(46)	53	57	– 7.9
Non-current assets held for sale	(47)	62	156	– 60.5
Current tax assets	(48)	138	178	– 22.3
Deferred tax assets	(48)	2,505	3,113	– 19.5
Other assets	(50)	2,677	2,436	9.9
Total		**517,166**	**477,428**	**8.3**

[1] Prior-year figures adjusted due to restatements (see Note 4).

Liabilities and equity | €m	**Notes**	**31.12.2023**	**31.12.2022**[1]	**Change in %**
Financial liabilities – Amortised cost	(25)	419,809	390,385	7.5
Financial liabilities – Fair value option	(27)	36,941	25,018	47.7
Financial labilities – Held for trading	(30)	18,927	24,759	– 23.6
Value adjustment on portfolio fair value hedges		– 3,311	– 4,840	– 31.6
Negative fair values of derivative hedging instruments	(42)	3,100	3,113	– 0.4
Provisions	(54, 55)	3,553	3,479	2.1
Current tax liabilities	(49)	535	826	– 35.2
Deferred tax liabilities	(49)	3	6	– 48.3
Liabilities of disposal groups		–	–	.
Other liabilities	(51)	4,599	3,749	22.7
Equity	(59)	33,009	30,934	6.7
Subscribed capital		1,240	1,252	– 1.0
Capital reserve		10,087	10,075	0.1
Retained earnings		18,026	16,495	9.3
Other reserves (with recycling)		– 475	– 891	– 46.7
Equity attributable to Commerzbank shareholders		28,878	26,931	7.2
Additional equity components		3,114	3,114	–
Non-controlling interests		1,016	888	14.4
Total		**517,166**	**477,428**	**8.3**

[1] Prior-year figures adjusted due to restatements (see Note 4).

Statement of changes in equity

€m	Subscribed capital	Capital reserve	Retained earnings	Other reserves: Revaluation reserve	Other reserves: Cash Flow Hedge reserve	Other reserves: Currency translation reserve	Equity attributable to Commerzbank shareholder	Additional equity components[1]	Non controlling interests	Equity
Equity as at 1.1.2023	**1,252**	**10,075**	**16,495**	**– 447**	**– 117**	**– 327**	**26,931**	**3,114**	**888**	**30,934**
Total comprehensive income	–	–	2,100	302	65	48	2,516	–	128	2,644
Consolidated profit or loss			2,224				2,224		– 10	2,214
Change in own credit spread (OCS) of liabilities FVO			– 131				– 131		–	– 131
Change from remeasurement of defined benefit plans			7				7		– 0	7
Change in revaluation of land and buildings not recognised in income statement							–		–	–
Change in measurement of equity instruments (FVOCIoR)							–		–	–
Change in revaluation of debt securities (FVOCImR)				302			302		37	339
Change in cash flow hedge reserve					65		65		29	94
Change in currency translation reserve						49	49		73	122
Valuation effect from net investment hedge						– 2	– 2		–	– 2
Change from non-current assets held for sale							–		–	–
Change in companies accounted for using the equity method						1	1		–	1
Share buyback	– 12	12	– 122				– 122		–	– 122
Dividend paid on shares			– 250				– 250		– 3	– 253
Transfer between equity components							–		–	–
Dividends paid on additional Tier 1 instruments			– 194				– 194		–	–194
Changes in ownership interests			– 2				– 2		2	–
Other changes			– 0				– 0	–	2	1
Equity as at 31.12.2023	**1,240**	**10,087**	**18,026**	**– 145**	**– 52**	**– 278**	**28,878**	**3,114**	**1,016**	**33,009**

[1] Includes the Additional Tier 1 bonds (AT1 bonds), which are unsecured subordinated bonds classified as equity under IFRS. There were no repurchases.

€m				Other reserves						
	Subscribed capital	Capital reserve	Retained earnings[1]	Revaluation reserve	Cash Flow Hedge reserve	Currency translation reserve	Equity attributable to Commerzbank shareholders[1]	Additional equity components[2]	Non controlling interests	Equity[1]
Equity as at 31.12.2021 (before IAS 8 corrections)	**1,252**	**10,075**	**14,979**	**–86**	**–88**	**–396**	**25,738**	**3,114**	**975**	**29,827**
Changes due to retrospective restatements	–	–	28	–	–	–	28	–	–	28
Equity as at 1.1.2022	**1,252**	**10,075**	**15,008**	**– 86**	**– 88**	**– 396**	**25,766**	**3,114**	**975**	**29,855**
Total comprehensive income	–	–	1,669	–361	–29	69	1,348	–	–85	1,263
Consolidated profit or loss			1,435				1,435		– 42	1,393
Change in own credit spread (OCS) of liabilities FVO			147				147		–	147
Change from remeasurement of defined benefit plans			87				87		0	87
Change in revaluation of land and buildings not recognised in income statement			0				0		0	0
Change in measurement of equity instruments (FVOCIoR)							–		–	–
Change in revaluation of debt securities (FVOCImR)				– 361			– 361		– 3	– 364
Change in cash flow hedge reserve					– 29		– 29		– 17	– 46
Change in currency translation reserve						71	71		– 23	47
Valuation effect from net investment hedge						– 1	– 1		–	– 1
Change from non-current assets held for sale							–		–	–
Change in companies accounted for using the equity method						– 1	– 1		–	– 1
Dividend paid on shares							–		– 5	– 5
Transfer between equity components							–		–	–
Dividends paid on additional Tier 1 instruments			– 190				– 190		–	– 190
Changes in ownership interests			– 2				– 2		2	–
Other changes			10				10	0	1	11
Equity as at 31.12.2022	**1,252**	**10,075**	**16,495**	**– 447**	**– 117**	**– 327**	**26,931**	**3,114**	**888**	**30,934**

[1] Prior-year figures adjusted due to restatements (see Note 4).

[2] Includes the Additional Tier 1 bonds (AT1 bonds), which are unsecured subordinated bonds classified as equity under IFRS. There were no repurchases.

AT1 bond
There was no AT1 bond issuance in the current financial year and the previous year.

Other changes
As at 31 December 2023, the subscribed capital of Commerzbank Aktiengesellschaft pursuant to the Bank's Articles of Association was €1,240m (previous year: €1,252m) and was divided into 1,240,223,329 no-par-value shares (previous year: 1,252,357,634 no-par-value shares) (accounting value per share of €1.00). Pursuant to a share buyback programme, 12,134,305 no-par-value shares representing 0.97% of the share capital were repurchased in June 2023. The average purchase price per share paid on the stock market was €10.05. The purpose of the share buyback was to reduce the share capital of Commerzbank Aktiengesellschaft. The repurchased shares were cancelled on 29 September 2023. Since then, the share capital pursuant to the Bank's Articles of Association has amounted to 1,240,223,329 shares.

A proposal to pay a dividend of €0.35 per share out of Commerzbank Aktiengesellschaft's net profit for the 2023 financial year (previous year: dividend of €0.20 per share paid) will be put before the AGM. With 1,240,223,329 shares issued as at 31 December 2023 (previous year: 1,252,357,634), there would have been a distribution amount of €434m, without taking account of the share buyback programme launched at the beginning of January 2024. A dividend of €250m was paid in the previous year.

As at 31 December 2023, and as in the previous year, there was no material impact on "Other reserves" from non-current assets held for sale.

As at 31 December 2023, the portion of inactive hedging relationships in the cash flow hedge reserve was €–2m (previous year: €–3m), and the portion of active hedging relationships was €–50m (previous year: €–114m).

The main changes in the currency translation reserve in the current financial year were due to the US dollar, Polish zloty, British pound, Brasilian real and Russian rouble.

Other changes primarily include changes in the group of consolidated companies and changes from taxes not recognised in the income statement.

The changes in ownership interests in retained earnings of €–2m (previous year: €–2m) resulted from the purchase of additional interests in already consolidated companies.

Cash flow statement

€m	Notes	2023	2022[1]
Consolidated profit or loss		**2,214**	**1,393**
Non-cash positions in consolidated profit or loss and reconciliation with cashflow from operating activities:			
Write-downs, depreciation, write-ups on fixed and other assets, changes in provisions and net changes due to hedge accounting		823	554
Change in other non-cash positions		952	– 5,589
Net gain or loss on the sale of fixed assets	(17)	11	36
Other adjustments		– 6,970	– 5,062
Subtotal		**– 2,970**	**– 8,667**
Change in assets and liabilities from operating activities after adjustment for non-cash positions:			
Financial assets - Amortised cost	(24)	– 2,759	2,793
Financial assets - Mandatorily fair value P&L	(28)	– 18,554	– 1,338
Financial assets – Fair value OCI	(26)	– 5,256	5,228
Financial assets - Held for trading	(29)	167	2,793
Other assets from operating activities		– 31	482
Financial liabilities – Amortised cost	(25)	29,980	17,329
Financial liabilities – Fair value option	(27)	11,849	3,975
Financial liabilities – Held for trading	(30)	39	7
Net cash from contributions into plan assets	(54)	272	184
Other liabilities from operating activities		– 672	– 2,570
Interest received	(9)	17,665	9,585
Dividends received	(10)	26	32
Interest paid	(9)	– 8,996	– 3,739
Income tax paid	(21)	– 673	– 233
Net cash from operating activities		**20,087**	**25,859**
Proceeds from the sale of:			
Holdings in subsidiaries and companies accounted for using the equity method	(43)	23	76
Fixed assets and intangible assets	(45)	57	55
Payments for the acquisition of:			
Holdings in subsidiaries and companies accounted for using the equity method	(43)	– 2	– 62
Fixed assets and intangible assets	(45)	– 998	– 675
Effects from changes in the group of consolidated companies			
Cash flow from acquisitions less cash reserves acquired		–	–
Cash flow from disposals less cash reserves disposed of		– 1	– 106
Net cash from investing activities		**– 920**	**– 713**
Dividend paid on shares previous year		– 250	–
Raising/repayment of subordinated liabilities		– 439	477
Share buybacks		– 122	–
Repayment of lease liabilities		– 283	– 299
Net cash from financing activities		**– 1,094**	**178**
Cash and cash equivalents at the end of the previous period		**75,233**	**49,507**
Net cash from operating activities		20,087	25,859
Net cash from investing activities		– 920	– 713
Net cash from financing activities		– 1,094	178
Effects from exchange rate changes		– 180	402
Cash and cash equivalents at the end of the period		**93,126**	**75,233**

[1] Adjusted figures.

Explanations on cash flow statement, cash and cash equivalents and net debt are included in Note 58.

Notes

General information

The Commerzbank Group has its headquarters at Kaiserplatz in 60311, Frankfurt/Main, Germany. The parent company is Commerzbank Aktiengesellschaft, which is registered in the Commercial Register at the District Court of Frankfurt/Main under registration no. HRB 32000. Commerzbank is one of Germany's leading banks for private and corporate clients and an internationally active commercial bank. Our Group financial statements as at 31 December 2023 were prepared in accordance with Art. 315 e of the German Commercial Code (Handelsgesetzbuch, or "HGB") and Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 (the IAS Regulation). In addition, other regulations for adopting certain international accounting standards on the basis of the International Financial Reporting Standards (IFRS) approved and published by the International Accounting Standards Board (IASB) and their interpretation by the IFRS Interpretations Committee have also been applied.

All standards and interpretations that are mandatory within the EU in the 2023 financial year have been applied. We have not applied standards and interpretations that are not required until the 2024 financial year or later.

The information required under IFRS 7.31 to 7.42 (nature and extent of exposure to risks arising from financial instruments) is basically reported in the Group management report, Risk section (for further information please refer to notes 33 and 34).

The Group management report, including the separate Group risk report appears on pages 183 to 263 of this Annual Report.

The Group financial statements are prepared in euros, the reporting currency of the Group. Unless otherwise indicated, all amounts are shown in millions of euros. All items under €500,000.00 are presented as €0.00, and zero items are denoted by a dash. Due to rounding, in some cases the individual figures presented may not add up precisely to the totals provided.

For information on environmental, social and governance (ESG) risks, we refer to the management report of this Annual Report (pages 258 ff.).

(1) Initially applicable, revised and new standards

Standards to be applied for the first time

Global minimum taxation

The Commerzbank Group has applied International Tax Reform – Pillar Two Model Rules (amendments to IAS 12) since the it was published on 23 May 2023. The amendments contain a mandatory temporary exemption, applicable immediately, to the accounting for deferred taxes resulting from the introduction of global minimum taxation. Furthermore, the amendments provide for targeted disclosure requirements enabling an understanding of the extent to which the Commerzbank Group is affected by minimum taxation, both currently and going forward.

It is assumed that Commerzbank Aktiengesellschaft will be subject to minimum taxation because it has subsidiaries and business premises in countries that have a nominal tax rate of less than 15 percent. However, global minimum taxation is not currently expected to give rise to any significant tax burden in any jurisdiction.

Revised standards

The revision of the IAS 1 and IFRS 16 standards clarifies the classification of debt with credit terms as well as sale and leaseback transactions. These amendments have no material effects on the Group financial statements. The revised standards must be applied for financial years beginning on or after 1 January 2024.

Amendments to IAS 7 and IFRS 7 were published under the title "Supplier Finance Arrangement" and concern regulations on supplier financing agreements. Endorsement is still pending. The revised standards must be applied for financial years beginning on or after 1 January 2024.

The amendment to IAS 21 concerns updates introduced regarding how to determine the exchange rate when there is a long-term lack of exchangeability, which was previously not regulated. Endorsement is still pending. The revised standard must be applied for financial years beginning on or after 1 January 2025.

The Commerzbank Group does not plan to apply in any of the above cases early.

All standard changes not explicitly mentioned do not have a significant impact on our Group financial statements at present.

Accounting and measurement policies

(2) Changes in accounting and measurement policies

We have applied the same accounting and measurement policies in these Group financial statements as in our Group financial statements as at 31 December 2022. The Commerzbank Group changed to hedge accounting prospectively according to IFRS 9 as at 1 July 2022. Until 30 June 2022, the option for hedge accounting in accordance with IAS 39 was applied (see Note 42).

(3) Significant principles and uncertainties in estimates

Significant principles

Uniform accounting and measurement methods explained in the notes below are used throughout Commerzbank Group in preparing the financial statements.

The Group financial statements are based on the going concern principle. Financial assets and liabilities are generally measured at amortised cost, unless a different form of measurement is required by IFRS standards. In particular, this applies to certain financial instruments classified in accordance with IFRS 9.

Income and expenses are accounted for on an accrual basis; they are recognised in the income statement for the period to which they are attributable in economic terms. Interest from all contractual agreements relating to financial assets or liabilities is reported in net interest income on an accrual basis. We have reported negative interest separately in net interest income (see Note 9). Dividend income is only recognised where a corresponding legal entitlement exists. Commission income and expenses are recognised on the basis of the accounting treatment of the associated financial instruments and on the basis of the nature of the activity. Commission income for services which are performed over a given period is recognised over the period in which the service is performed. Fees associated with the completion of a particular service are recognised at the time of completion of the service. Performance-related fees are recognised when the performance criteria are met. Commission income on trading transactions carried out on behalf of customers is reported in net commission income.

Borrowing costs that are directly attributable to the acquisition, construction or production of a significant tangible or intangible asset are capitalised in the balance sheet, provided that a period of at least 12 months is required to prepare the asset for its intended use.

Assets and liabilities must be posted in the balance sheet as gross (not netted). However, in accordance with IAS 32.42, financial assets and liabilities relating to the same counterparty are netted and shown in the balance sheet on a net basis if there is a legally enforceable right to net the amounts and the transactions are fulfilled on a net basis or the asset is realised simultaneously with the settlement of the liability.

In addition to the netting of positive and negative fair values attributable to derivatives with clearing agreements and any variation margins payable on them, this also applies to the netting of claims and liabilities in reverse repo and repo transactions with central and bilateral counterparties, provided they have the same term.

For fully consolidated companies and holdings in companies accounted for using the equity method in the Group financial statements we have generally used financial statements prepared as at 31 December 2023. As regards companies accounted for using the equity method, in some cases we use the most recent audited financial statements under national GAAP if the company's financial statements for the current financial year are not yet available at the date the Group financial statements are being prepared.

Where there is an intention to sell the assets and liabilities of subsidiaries and companies accounted for using the equity method and their sale is highly probable within one year, they are reported separately in the relevant balance sheet items and notes (see Notes 47) and in the statement of changes in equity in accordance with IFRS 5 until transfer of the shares is completed.

Note 37 contains a breakdown of all balance sheet items into short-term and long-term items. The maturities for all financial instruments held as liabilities, financial guarantees and irrevocable lending commitments with contractual maturity dates are also reported in this note.

Monetary assets and liabilities denominated in foreign currencies and pending spot foreign exchange transactions are translated at the spot mid-rate on the reporting date. Realised income and expenses are normally translated using the spot rate applying on the date of realisation.

Average exchange rates may also be used to translate income and expenses, provided the prices on the reporting date have not undergone major fluctuations. Hedged expenses and income are translated using the hedging rate. The expenses and income resulting from the translation of items in the balance sheet are recognised in the net income from financial assets and liabilities measured at fair value through profit and loss.

Non-monetary items are translated using the current rate method. Gains and losses on the translation of non-monetary items are recognised either in equity or profit or loss depending on the way the net gain or loss is recognised.

Monetary and non-monetary assets and liabilities in the financial statements of consolidated subsidiaries and companies accounted for using the equity method that report in foreign currency are translated at the exchange rate prevailing on the reporting date, while income and expenses are normally translated at the exchange rate on the transaction date. For simplification purposes, a price can be used for translation which represents an approximation of the exchange rate on the transaction date, for example the average exchange rate over a given period. All differences arising on translation are recognised as a separate component of equity in the currency translation reserve. Effects arising from the translation of the capital components of subsidiaries included in the consolidation of the capital accounts are recognised in equity in the currency translation reserve. On the date of the sale or partial sale of companies reporting in foreign currency, the translation gains or losses are recognised in other net income. Even if an equity holding in a foreign currency is reduced without being fully deconsolidated, the effect of this partial reduction on the currency translation reserve is recognised in profit or loss.

Uncertainties in estimates

The Group financial statements include values which are determined, as permitted, on the basis of estimates and judgements. The estimates and judgements used are based on past experience and other factors, such as planning and expectations or forecasts of future events that are considered likely as far as we know today. The estimates and judgements themselves and the underlying estimation methods and judgement factors are reviewed regularly and compared with actual results. Nonetheless, the actual outturns may differ from the estimates in the instances listed below.

Estimation uncertainties arise, among other things, in the calculation of fair values or the expected cash flows of financial instruments and in the creation of loan loss provisions, which may occur in particular when determining the top-level adjustment (TLA) for secondary effects. For the calculation of loan loss provisions, please also refer to the counterparty risk section of the Group risk report within the Group management report. As a horizontal risk driver, environmental risks can influence various types of risk. Greater detail can be found in the environmental, social and governance (ESG) risks section of the Group risk report in the Group management report. There are also uncertainties surrounding the fair value of investment properties, in the accounting of pension obligations, and in provisions for tax-related operational risks.

Pension obligations are measured based on the projected unit credit method for defined benefit pension plans. In measuring such obligations, assumptions have to be made, in particular regarding the discount rate, the long-term rate of increase in pensions, and average life expectancy. Changes in the underlying assumptions from year to year and divergences from the actual annual effects are reported as remeasurements without effect on income in retained earnings (see Note 54 on the impact of changes in parameters).

Provisions for tax-related operational risks are recognised taking into account the most current information from the ongoing tax audit and case law (see Note 49).

There are also uncertainties in the recognition of deferred tax assets.

The assumptions and parameters underlying the estimates we have made are based on the exercise of appropriate judgement by management. This applies in particular to the appropriate selection and use of parameters, assumptions and modelling techniques when valuing financial instruments for which there are no market prices and no comparative parameters observable on the market. Where differing valuation models lead to a range of different potential valuations, management uses its judgement to determine the choice of the model to be used.

The following items in the financial statements are also subject to the judgement of management:

- the impairment of loans and securities and the recognition of provisions for off-balance-sheet lending exposures, in particular the analysis of the borrower's financial situation and the determination of the expected cash flows including the recognition, level and timing of the realisation of collateral (see Note 31);
- impairment testing of other financial assets such as holdings in companies accounted for using the equity method and financial instruments held for sale, in particular the choice of criteria used to determine whether an asset is impaired (see Note 47);

- Impairment testing of deferred tax assets, in particular determining the methodology used for tax planning and to assess the probability that the expected future tax results will actually occur (see Notes 48 and 49), as well as accounting for tax risk positions; the assessment of the availability of tax assets is primarily based on the potential future taxable income based on our multi-year planning;
- the recognition of provisions for uncertain liabilities (see Note 54);
- the assessment of legal risks (see Note 56);

The main estimation uncertainties relate to the provision for possible losses on loans and receivables and debt securities (€3.3bn) under the Financial assets – Amortised cost balance sheet item (€299bn).

(4) Adjustments in accordance with IAS 8

In connection with a change in method for valuation allowances (provisions) in prior years, there was an additional adjustment in accordance with IAS 8.41 of certain off-balance sheet items that do not represent financial guarantees within the meaning of IFRS 9. The general valuation allowance based on lifetime expected credit loss is replaced by the inclusion of these instruments in the IFRS 9 stage model. As a result of this adjustment, provisions fell by €38m and deferred tax assets decreased by €10m as at 1 January 2022. Retained earnings, on the other hand, increased by €28m. This had no impact on consolidated profit or loss, the statement of comprehensive income or the earnings per share. This adjustment was already reported in the interim financial information as at 31 March 2023, in the interim report as at 30 June 2023 and in the interim financial information as at 30 September 2023.

Principles of consolidation

All intragroup receivables and liabilities as well as income and expenses resulting from transactions between entities consolidated in the Group financial statements are eliminated when liabilities and income and expenses are consolidated. Any gains or losses realised in the Group on intragroup transactions are likewise consolidated as part of interim results elimination. The ability of the Commerzbank Group to access or use assets and monitor the liabilities of subsidiaries including structured entities, associated companies and joint ventures can be subject to legal, regulatory and contractual restrictions.

(5) Subsidiaries and business combinations

Subsidiaries are entities which are directly or indirectly controlled by Commerzbank Aktiengesellschaft, because Commerzbank has the power to direct the relevant activities of the entity, has exposure, or rights, to significant variable returns from its involvement and has the ability to use its power over the entity to affect the amount of its returns. When deciding whether or not to consolidate, we review a range of factors such as voting rights, the object and structure of the company and our ability to exert influence. If voting rights are the sole and immediate dominant factor in directing the relevant activities, control can be established more in these cases. We are nonetheless obliged to investigate whether there are any other factors present, such as legal provisions or contractual agreements, which prevent Commerzbank from exercising control in spite of holding a majority of voting rights. Other factors can also lead to control, for example if Commerzbank and the entity stand in a principal-agent relationship. In this case, another party with decision-making powers acts as agent for Commerzbank, but does not control the entity, because it only exercises powers which have been delegated by Commerzbank (the principal). Consolidation takes place from the time when the Group acquires control of the subsidiary.

As part of the first-time consolidation of capital, we completely remeasure the assets and liabilities of subsidiaries irrespective of the interest held at the time of acquisition. The assets and liabilities then measured at fair value are included in the Group balance sheet net of deferred taxes; identified hidden reserves and liabilities are accounted for in accordance with the applicable standards in subsequent reporting periods. Any difference over net assets on remeasurement is recognised as goodwill. Any negative goodwill is reported in the income statement.

Holdings in subsidiaries not consolidated for reasons of immateriality and holdings in associated companies and joint ventures which, because of their immateriality, are not accounted for using the equity method, are shown at their fair value under financial assets in the Mandatorily Fair Value P&L category. Subsidiaries are deconsolidated as at the date on which the Bank loses its control over them.

(6) Associated companies and joint ventures

Associated companies are entities over which Commerzbank Aktiengesellschaft has a significant direct or indirect influence, but does not control. A significant influence is assumed to exist where the share of voting rights is between 20% and 50%. Further factors indicating significant influence could, for example, be membership of an executive or Supervisory Board or significant transactions with the company.

A joint arrangement is where two or more parties agree contractually to exercise joint control over this arrangement. A joint arrangement can be a joint venture or a joint operation. In the Commerzbank Group there are only joint ventures.

Associated companies and joint ventures are ordinarily accounted for using the equity method and are reported in the balance sheet under holdings in companies accounted for using the equity method.

The acquisition cost of these investments including goodwill is determined at the time of their initial consolidation, applying by analogy the same rules as for subsidiaries. If associated companies and joint ventures are material, appropriate adjustments are made to the carrying value in the accounts, in accordance with developments in the company's equity. Losses attributable to companies accounted for using the equity method are only recognised up to the level of the carrying value (see Note 43). Losses in excess of this amount are not recognised, since there is no obligation to offset excess losses. Future profits are first offset against unrecognised losses.

Equity accounting for holdings in associated companies ends on the date that the Group ceases to exert significant influence over the associated company. Equity accounting for joint ventures ends on the date that joint control of the venture comes to an end.

(7) Structured entities

Structured entities are entities where voting or similar rights are not the dominant factor in determining control, such as when the voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. Examples of structured entities are securitisation companies, leasing structured entities and some investment funds.

Commerzbank also acts as sponsor to structured entities in which it does not have an equity holding. A company is considered to be sponsored if it was founded and/or structured by Commerzbank Group, received or purchased assets from the Commerzbank Group, was granted guarantees by Commerzbank Group, or has been intensively marketed by Commerzbank Group. As with subsidiaries, a structured entity must be consolidated if Commerzbank exerts control over it. In the Commerzbank Group the obligation to consolidate structured entities is reviewed by means of a process that includes transactions where Commerzbank launches a structured entity with or without the involvement of third parties, and transactions where Commerzbank enters into a contractual relationship with an already existing structured entity with or without the involvement of third parties. Decisions as to whether or not to consolidate an entity are reviewed as the need arises, but no less than once a year. All consolidated structured entities and structured entities that have not been consolidated for materiality reasons are listed in Note 69.

(8) Consolidated companies

The Group financial statements include all material subsidiaries which are directly or indirectly controlled by Commerzbank Aktiengesellschaft. These also include material structured entities. Significant associated companies and joint ventures are accounted for using the equity method.

Subsidiaries, associated companies and joint ventures of minor significance for the Group's assets, liabilities financial position and financial performance are not fully consolidated or not accounted for using the equity method; instead, they are measured at fair value and reported under "Financial assets – Mandatorily fair value P&L".

Please refer to Note 69 for more information on the structure of Commerzbank Group including a full list of the Group's ownership interests.

Deconsolidation of Banco Múltiplo, Brasilien

In the second quarter of 2023, the Commerzbank Brasil S.A. – Banco Múltiplo, Brazil subsidiary was deconsolidated due to immateriality. Its banking licence was surrendered in April 2023. The deconsolidation resulted in an effect of €–24m, which is recognised in Other net income.

Changes in the previous financial year

Disposal Commerzbank ZRT

The sale of Commerzbank Zrt., Budapest, a wholly-owned Hungarian subsidiary, to Erste Group Hungary Zrt. was completed during the fourth quarter of 2022, following approval by the banking supervisory and antitrust authorities. The sale resulted in a negative effect of €–49m in other net income. This loss relates to the Corporate Clients segment and results in particular from the reversal of the negative foreign currency reserve.

Notes to the income statement

(9) Net interest income

All interest income and interest expenses – including interest-related income and expenses – are reported in this item, provided they do not result from the held-for-trading portfolio.

Interest income includes all income that is generated from the primary bank business or banking-related transactions. This income results primarily from the provision of capital.

As with interest income, interest expense contains all interest expenses, including reversals of premiums/discounts and other amounts based on the effective interest method, as well as interest-like expenses in connection with the ordinary banking business.

Other interest expenses include the net of interest income and interest expenses of hedge accounting items.

€m	2023	2022	Change in %
Interest income accounted for using the effective interest method	**15,482**	**9,127**	**69.6**
Interest income – Amortised cost	14,472	8,664	67.0
Interest income from lending and money market transactions	13,399	7,804	71.7
Interest income from the securities portfolio	1,073	860	24.7
Interest income – Fair value OCI	991	421	.
Interest income from lending and money market transactions	5	6	– 6.8
Interest income from the securities portfolio	986	415	.
Prepayment penalty fees	19	42	– 55.7
Interest income accounted for not using the effective interest method	**2,781**	**1,205**	**.**
Interest income – Mandatorily fair value P&L	2,748	616	.
Interest income from lending and money market transactions	2,630	528	.
Interest income from the securities portfolio	117	88	33.2
Positive interest from financial instruments held as liabilities	33	589	– 94.3
Interest expenses	**9,895**	**3,873**	**.**
Interest expenses – Amortised cost	6,855	2,890	.
Deposits	5,860	2,154	.
Debt securities issued	995	736	35.2
Interest expenses – Fair value option	2,844	464	.
Deposits	2,635	372	.
Debt securities issued	209	92	.
Negative interest from financial instruments held as assets	30	377	– 92.2
Interest expenses on lease liabilities	25	22	13.0
Other interest expenses	141	119	18.3
Total	**8,368**	**6,459**	**29.6**

(10) Dividend income

All dividends from shares and similar equity instruments – with the exception of dividends from Held for Trading portfolios – are reported in this item.

Here we also report the current net income from non-consolidated subsidiaries, which is realised through profit and loss transfer agreements. The non-consolidated subsidiaries are assigned to the mandatorily fair value P&L category.

€m	2023	2022	Change in %
Dividends from equity instruments – Fair value OCI	–	–	.
Dividends from equity instruments – Mandatorily fair value P&L	15	18	– 19.3
Current net income from non-consolidated subsidiaries	11	13	– 13.4
Total	**26**	**32**	**– 16.9**

(11) Risk result

The risk result contains changes to provisions recognised in the income statement for on- and off-balance-sheet financial instruments for which the IFRS 9 impairment model is to be applied. This also includes additions and reversals of loss provisions, beside other for new business und stage changes when derecognition occurs because of redemptions, write-ups and amounts recovered on claims written-down and direct write-downs

€m	2023	2022	Change in %
Financial assets – Amortised cost	– 673	– 817	– 17.6
Financial assets – Fair value OCI	3	– 12	.
Financial guarantees	2	3	– 46.7
Lending commitments and indemnity agreements	50	– 51	.
Total	**– 618**	**– 876**	**– 29.4**

For information on the organisation of risk management and on the relevant key figures, as well as additional analyses and explanatory material on the expected credit loss, please refer to the Group management report contained in this Annual Report (see page 216 ff.).

For detailed information on the risk result, please refer to Note 31 and the Group risk report on page 216 ff.

(12) Net commission income

The Group reports income and expenses generated from the utilisation of services in net commission income. These amounts are realised when clients are provided with operational facilities, special business relationships or creditworthiness without changing the capitalised balance of banking claims. Similarly, commissions from the sale of foreign currencies, bank notes and precious metals are included in this position, if the activity relates to a service transaction and not to proprietary trading. The same applies conversely when the Bank utilises third-party services. In the case of one-off fees and commissions, e.g. for payment transactions, brokerage and lending transactions, which are not included in the effective interest rate, commission income is recognised at the settlement date. For services rendered over a certain period of time, such as payment transactions (annual fees in the credit card business and current account business), revenues are recognised on the reporting date according to the degree of fulfilment.

€m	2023	2022	Change in %
Commission income	**4,116**	**4,194**	**– 1.9**
Securities transactions	1,108	1,186	– 6.6
Asset management	369	357	3.3
Payment transactions and foreign business	1,641	1,705	– 3.7
Guarantees	265	251	5.4
Syndicated business	230	183	25.4
Intermediary business	139	133	4.0
Fiduciary transactions	58	66	– 10.9
Other income	306	313	– 2.3
Commission expenses	**730**	**675**	**8.2**
Securities transactions	148	146	1.7
Asset management	58	43	36.2
Payment transactions and foreign business	225	202	11.5
Guarantees	20	25	– 20.8
Ssyndicated business	10	6	66.4
Intermediary business	109	124	– 12.3
Fiduciary transactions	46	53	– 12.4
Other expenses	114	77	48.7
Net commission income	**3,386**	**3,519**	**– 3.8**
Securities transactions	960	1,040	– 7.7
Asset management	311	314	– 1.1
Payment transactions and foreign business	1,416	1,503	– 5.7
Guarantees	245	226	8.3
Syndicated business	220	177	24.0
Intermediary business	30	10	.
Fiduciary transactions	12	13	– 4.6
Other income	192	236	– 18.8
Total	**3,386**	**3,519**	**– 3.8**

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The breakdown of commission income into segments by type of services based on IFRS 15 is as follows:

2023 €m	Private and Small Business Customers	Corporate Clients	Others and Consolidation[1]	Group
Securities transactions	1,097	32	– 22	1,108
Asset management	364	5	–	369
Payment transactions and foreign business	802	855	– 15	1,641
Guarantees	31	257	– 23	265
Syndicated business	1	229	0	230
Intermediary business	134	10	– 5	139
Fiduciary transactions	52	7	–	58
Other income	267	52	– 13	306
Total	**2,748**	**1,446**	**– 78**	**4,116**

[1] The items in Others and Consolidation mainly relate to effects from the consolidation of expenses and income.

2022 €m	Private and Small Business Customers	Corporate Clients	Others and Consolidation[1]	Group
Securities transactions	1,177	32	– 24	1,186
Asset management	353	4	– 0	357
Payment transactions and foreign business	764	955	– 14	1,705
Guarantees	28	257	– 34	251
Syndicated business	1	182	0	183
Intermediary business	128	39	– 33	133
Fiduciary transactions	58	8	–	66
Other income	278	48	– 13	313
Total	**2,787**	**1,525**	**– 118**	**4,194**

[1] The items in Others and Consolidation mainly relate to effects from the consolidation of expenses and income.

(13) Net income from financial assets and liabilities measured at fair value through profit or loss

This item includes the net income from all financial assets and liabilities measured at fair value through profit or loss. It contains the net gain or loss from financial instruments in the held-for-trading category, the net gain or loss from financial instruments in the mandatorily fair value P&L category, and the net gain or loss from financial instruments in the fair value option category.

The net gain or loss from financial instruments in the held-for-trading category is the Bank’s net trading income and is reported as the net balance of expenses and income. This item therefore includes:

- interest income, including dividends received, and interest expenses from financial instruments held for trading;
- realised gains and losses from the sale of securities held for trading purposes, claims, foreign currencies and precious metals;
- net remeasurement gain or loss from remeasurements to fair value;
- net gain or loss from derivative financial instruments;
- net gain or loss from fair value adjustments (credit valuation adjustment/CVA, debit valuation adjustment/DVA, funding valuation adjustment/FVA);
- commission expenses and income incurred in connection with the acquisition or disposal of financial instruments held for trading purposes.

- the net gain or loss from financial instruments in the mandatorily fair value P&L category and the net gain or loss from financial instruments in the fair value option category contain only net remeasurement gains or losses and realised profit or loss. Expenses and income are each presented on a net basis.

€m	2023	2022	Change in %
Profit or loss from financial instruments – Held for trading	– 208	87	.
Profit or loss from financial instruments – Fair value option	– 271	550	.
Profit or loss from financial instruments – Mandatorily fair value P&L	119	– 187	.
Total	**– 359**	**451**	**.**

(14) Net income from hedge accounting

Net income from hedge accounting includes gains and losses on the valuation of effective hedges in fair value hedge accounting (fair value hedge). Net income from hedge accounting also includes the ineffective portion of cash flow hedges and net investment hedges.

€m	2023	2022	Change in %
Fair value hedges			
Changes in fair value attributable to hedging instruments	– 233	2,038	.
Micro fair value hedges	141	2,783	– 94.9
Portfolio fair value hedges	– 374	– 745	– 49.8
Changes in fair value attributable to hedged items	272	– 2,147	.
Micro fair value hedges	– 100	– 2,909	– 96.5
Portfolio fair value hedges	372	762	– 51.2
Cash flow-hedges			
Gain or loss from effectively hedged cash flow hedges (ineffective part only)	1	– 5	.
Net investment hedges			
Gain or loss from effectively hedged net investment hedges (ineffective part only)	–	–	
Total	**39**	**– 113**	**.**
of which hedge ineffectiveness from micro fair value hedges	41	– 126	.
of which hedge ineffectiveness from portfolio fair value hedges	– 2	17	.

In the reporting period, cash flow hedge accounting was applied to hedge interest rate risks from mortgage loans with a nominal value of €295m (previous year: €273m) and to hedge foreign currency risks from mortgage bonds with a nominal value of €300m (previous year: €300m) by means of a cross-currency swap. Accordingly, €8m (previous year: €11m) was allocated to the cash flow hedge reserve.

In the financial year, net investment hedge accounting was applied for the first time to hedge foreign currency risks arising from shipping company investments with a nominal value of USD 160m (previous year: USD 150m). Net investment hedge accounting was terminated on the reporting date. Accordingly, €–5m (previous year: €–3m) was allocated to the currency translation reserve. This will be amortised until the financial year 2026.

(15) Other net income from financial instruments

This item contains the gain or loss on disposal of financial assets in the fair value OCI category as well as the gain or loss from the repurchase of financial liabilities in the amortised cost category.

The result from the disposal of financial assets in the amortised cost category includes effects from sales of financial instruments measured at amortised cost. It also contains the results from contractual adjustments agreed when loan arrangements with customers are restructured due to a deterioration in their creditworthiness (substantial modifications).

In the case of financial assets in the fair value OCI category (with recycling), the difference between amortised cost and fair value is recognised in the revaluation reserve until disposal (except for impairments) without effect on income, and therefore not in the income statement. The revaluation reserve resulting from debt securities is reversed through profit or loss when the asset is disposed of.

The disposal of financial liabilities in the amortised cost category results in a net realised profit or loss, which arises directly from the difference between the sale price and amortised cost.

This item also includes results from changes in estimates due to changes in expectations regarding future cash flows, as well as results from non-substantial modifications of financial instruments in the amortised cost category.

€m	2023	2022	Change in %
Other sundry realised profit or loss from financial instruments	– 115	– 340	– 66.1
Realised profit or loss from financial assets – Fair value OCI (with recycling)	– 133	– 68	94.7
Realised profit or loss from financial liabilities – Amortised cost	– 5	7	.
Gain or loss on non-substantial modifications – Amortised cost	– 4	– 280	– 98.4
Gain or loss on non-substantial modifications – Fair value OCI (with recycling)	–	–	.
Changes in uncertainties in estimates – Amortised cost	27	1	.
Changes in uncertainties in estimates – Fair value OCI (with recycling)	–	–	.
Gain or loss on disposal of financial assets (AC portfolios)	167	48	.
Gains on disposal of financial assets (AC portfolios)	457	86	.
Losses on disposal of financial assets (AC portfolios)	289	38	.
Total	**52**	**– 292**	**.**

The Commerzbank Group has loan portfolios totalling €302bn (previous year: €299bn) with financial instruments measured at amortised cost. This classification requires that the financial instruments included therein be allocated to a portfolio with the “hold to collect” business model and that no SPPI-non-compliant side agreements exist. These portfolios can involve not only redemptions but also sales of assets, while still remaining fundamentally in compliance with this business model. This is particularly the case if the debtor’s credit rating has deteriorated significantly or the asset no longer corresponds to the required criteria as set out in the internal guidelines, or if the sale is the result of portfolio reallocations just prior to the maturity of these assets.

The net gain or loss from the sale of financial instruments (AC portfolios) resulted from the sale of debt instruments, promissory note loans and other loans as part of permitted sales of AC-portfolios.

Commerzbank modifies some of the contractual terms of loans granted, as part of non-substantial modifications that do not result in the derecognition of the previous financial instrument. The default risk of these assets after the change is measured as at the respective reporting date and compared with the risk under the original conditions. Amortised cost before modification amounted to €247m (previous year: €188m).

€m	2023	2022	Change in %
Modified assets during the period, which are provisioned at their LECL post modification			
Gross carrying amount pre-modification	247	188	31.0
Corresponding ECL	19	17	12.4
Gross carrying amount post-modification	245	182	34.1
Corresponding ECL	16	16	2.0
Net result from modification	– 2	– 6	– 63.0
Modified assets, which (since initial recognition) were measured at their LECL and transferred back to stage 1 (12m ECL) during the period			
Gross carrying amount at the end of financial year	90	101	– 11.7
Corresponding ECL	2	13	– 82.0

(16) Current net income from companies accounted for using the equity method

Current net income from companies accounted for using the equity method was €4m (previous year: €13m).

Including the net gain on disposals and remeasurement of companies accounted for using the equity method, which was reported in other net income and amounted to €–16m (previous year: €4m), the total net income from companies accounted for using the equity method was €–12m (previous year: €16m).

(17) Other net income

Other net income primarily comprises allocations to and reversals of provisions and income and expenses from operating leases.

This item also includes the realised profit or loss and net remeasurement gain or loss from associated companies and joint ventures.

€m	2023	2022	Change in %
Other material items of income	**633**	**840**	**– 24.7**
Reversals of provisions	128	106	21.3
Operating lease income	208	198	4.9
Income from building and architects' services	0	0	– 22.1
Hire-purchase income and sublease income	16	16	– 1.7
Income from investment properties	1	4	– 66.8
Income from non-current assets held for sale	–	–	.
Income from disposal of fixed assets	12	38	– 67.4
Income from FX rate differences	167	268	– 37.6
Other items in other income	100	210	– 52.6
Other material items of expense	**1,663**	**1,428**	**16.4**
Allocations to provisions	358	149	.
Operating lease expenses	81	102	– 20.7
Expenses arising from building and architects' services	–	–	.
Hire-purchase expenses and sublease expenses	12	7	76.0
Expenses from investment properties	22	87	– 74.5
Expenses from non-current assets held for sale	–	–	.
Expenses from disposal of fixed assets	1	2	– 42.6
Expenses from FX rate differences	161	248	– 35.0
Other items in other expenses	1,028	834	23.2
Other tax (netted)	– 8	– 21	– 60.9
Realised profit or loss and net remeasurement gain or loss from associated companies and joint ventures (netted)	– 16	4	.
Other net income	**– 1,055**	**– 606**	**74.0**

Other net income essentially includes expenses in connection with loan agreements in Swiss francs (CHF) with index clauses. These amount to €1,094m in the current financial year (previous year: €650m).

(18) Operating expenses

Operating expenses in the Group of €6,006m (previous year: €5,844m) comprised personnel expenses, administrative expenses, depreciation and amortisation. The breakdown of operating expenses was as follows:

Personnel expenses | €m	**2023**	**2022**	**Change in %**
Wages and salaries	3,375	3,183	6.0
Expenses for pensions and similar employee benefits	187	232	– 19.6
Total	**3,562**	**3,415**	**4.3**

Wages and salaries include €463m (previous year: €440m) for social security contributions. They also include the employer's contributions to the statutory pension scheme in the amount of €212m (previous year: €207m).

Expenses for pensions and similar employee benefits consist of expenses for defined benefit and defined contribution pension plans (see Note 54), age-related short-time working schemes and early retirement, as well as other pension-related expenses.

Administrative expenses | €m	**2023**	**2022**	**Change in %**
Occupancy expenses	251	263	– 4.9
IT expenses	551	556	– 1.0
Workplace and information expenses	190	211	– 9.9
Advisory, audit and other expenses required to comply with company law	223	203	10.0
Travel, representation and advertising expenses	197	167	18.2
Personnel-related administrative expenses	93	93	0.2
Other administrative expenses	147	116	26.3
Total	**1,651**	**1,609**	**2.6**

KPMG Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, Germany, was appointed as the group auditors of Commerzbank.

The fees and expenses for the group auditors amounted to €15,352 thousand excluding VAT for the 2023 financial year.

Auditors' fees | €1,000	**2023**	**2022**	**Change in %**
Audit services	11,768	11,082	6.2
Audit-related services	1,454	516	.
Tax services	–	–	.
Other services	2,130	3,403	– 37.4
Total	**15,352**	**15,001**	**2.3**

In accordance with IDW AcP HFA 36, the fees for audit services include the audits of the financial statements of Commerzbank Aktiengesellschaft and its subsidiaries, the audits of the Group financial statements and the reviews of the half-year financial report and the Group financial information. The audit-related services mainly comprise fees for legally required, contractually agreed or voluntarily commissioned audit and attest services. They also include the audit of reporting obligations and rules of conduct in accordance with Art. 89 WpHG, the audit of the non-financial report in accordance with Art. 340a HGB in connection with Art. 298b HGB, the audit of the remuneration report in accordance with Art. 162 of the German Stock Corporation Act (AktG) and comfort letter issuance. The fees for other services are mainly fees for advisory services on quality assurance in connection with external inspections.

Depreciation and amortisation | €m	2023	2022	Change in %
Office furniture and equipment	90	93	– 2.7
Land and buildings	8	10	– 16.5
Intangible assets	412	419	– 1.5
Right of use assets	283	299	– 5.3
Total	**794**	**820**	**– 3.2**

Besides the scheduled depreciation, the items also include impairments and write-ups of impairments. The amortisation of intangible assets included €24m of impairment of unscheduled write-downs (previous year: €8m). On land, buildings and other fixed assets there were write-downs of €0m (previous year: €2m). Depreciation on rights of use mainly relates to land and buildings.

(19) Compulsory contributions

Compulsory contributions | €m	2023	2022	Change in %
Deposit Protection	64	178	– 64.1
Polish bank tax	164	185	– 11.6
European bank levy	188	279	– 32.5
Total	**415**	**642**	**– 35.3**

Commerzbank made use of the opportunity to meet part of its compulsory contributions for the EU banking levy and the Compensation Scheme of German Private Banks (EdB) in the form of cash collateral and irrevocable payment commitments (IPCs).

In the 2023 financial year, cash collateral in the amount of €42m was deposited for the EU bank levy and €30m for the Compensation Scheme of German Private Banks (see Note 56 for details).

(20) Restructuring expenses

€m	2023	2022	Change in %
Expenses for restructuring measures in progress	18	94	– 80.4
Total	**18**	**94**	**– 80.4**

As in the prior year, the restructuring expenses incurred in the financial year are related to the implementation of “Strategy 2024” and result primarily from the adjustment of restructuring provisions (see Note 54, Other provisions, b) Miscellaneous provisions) and increased depreciation of both leased assets and office furniture and equipment due to a reduction in the remaining useful life in connection with restructuring measures (see Note 45).

(21) Taxes on income

€m	2023	2022	Change in %
Current taxes on income	630	616	2.3
Tax expense/income for the current year	593	624	– 5.0
Tax expense/income for previous years	37	– 8	.
Deferred income taxes	558	– 4	.
Tax expense/income due to temporary differences and tax loss carryforwards	687	220	.
Tax rate differences	– 78	– 52	50.6
Tax expense due to impairment of previously recognized deferred taxes	–	–	.
Tax income from previously unrecognised tax loss carryforwards and temporary differences	– 51	– 172	– 70.3
Total	**1,188**	**612**	**94.1**

The combined income tax rate applicable to Commerzbank Aktiengesellschaft and its German subsidiaries was 31.5%.

The following reconciliation shows the relationship between net pre-tax profit according to IFRS and taxes on income in the financial year.

The Group income tax rate selected as a basis for the reconciliation is made up of the corporate income tax rate of 15.0% applied in Germany, plus the solidarity surcharge of 5.5% and an average rate of 15.7% for trade tax. This yields a German income tax rate of 31.5% (previous year: 31.5%).

Income tax effects result from discrepancies between the tax rates applying to foreign units. Tax rates outside Germany ranged between 10.0% (Bulgaria) (previous year: 10.0% (Dubai)) and 45.0% (Brazil) (previous year: 45.0%).

As at 31 December 2023, the Group tax rate was 34.9% (previous year: 30.5%).

€m	2023	2022	Change in %
Pre-tax profit or loss under IFRS	**3,403**	**2,005**	**69.7**
Group’s income tax rate (%)	31.5	31.5	–
Calculated income tax expense in financial year	**1,072**	**632**	**69.6**
Effects of differing tax rates and tax rate changes on tax accruals recognised in income	– 78	– 55	42.4
Effect from the remeasurement of deferred taxes	– 51	– 172	– 70.3
Effects of non-deductible operating expenses and tax-exempt income	235	178	32.0
Unrecognised deferred tax assets	7	26	– 73.1
Utilisation of tax loss carryforwards for which no deferred tax assets had been calculated	– 50	– 46	8.7
Effects of additions and deductions for trade tax	–	–	.
Withholding taxes not creditable	2	–	.
Current taxes relating to other periods	26	40	– 35.0
Other effects	26	9	.
Taxes on income	**1,188**	**612**	**94.1**

The table below shows the amount of current and deferred taxes resulting from items that were offset against equity in Other comprehensive income (outside the Income statement):

Taxes on income not recognised in the income statement | €m	2023	2022	Change in %
Current taxes on income	–	–	.
Deferred taxes on income	460	549	– 16.3
Measurement differences arising from cash flow hedges	20	41	– 51.6
Revaluation reserve	98	154	– 36.3
Loss carryforwards	92	148	– 37.9
Remeasurement of defined benefit plans	198	204	– 2.8
Other	52	2	.
Total	**460**	**549**	**– 16.3**

The change in the difference between deferred tax assets and liabilities may differ from the change in the difference between deferred tax expenses and income. This is generally due to:

- deferred taxes that are charged or credited directly to equity
- the effects of exchange rate changes on tax assets and liabilities that are denominated in currencies other than the euro
- acquisitions and disposals of companies in the ordinary course of business
- reclassifications of deferred tax assets and liabilities, which are recognised in the balance sheet as components of Other assets and Other liabilities

(22) Net income by measurement category

Net income consists of remeasurements to fair value, net interest income, dividend income, foreign exchange translation effects, impairments, write-ups of impairments, realised profit or loss, recoveries on written-down financial instruments and changes in the revaluation reserve recognised in equity.

€m	2023	2022	Change in %
Net income from			
Financial assets and liabilities – Held for trading	– 168	– 26	.
Financial assets – Fair value option	–	–	.
Financial liabilities – Fair value option	– 3,114	271	.
Financial assets – Mandatorily fair value P&L	2,881	271	.
Financial assets – Amortised cost	13,990	7,484	86.9
Financial liabilities – Amortised cost	– 6,819	– 2,479	.
Financial assets – Fair value OCI	841	313	.
Change in value not recognised in income statement			
Financial assets – Fair value OCI – debt securities	205	– 432	.
Financial assets – Fair value OCI – equity instruments	–	–	.
Financial liabilities – Fair value option (Own credit spread)	– 131	147	.

(23) Earnings per share

	2023	2022	Change in %
Operating profit (€m)	3,421	2,099	63.0
Consolidated profit or loss attributable to Commerzbank shareholders and investors in additional equity components (€m)	2,224	1,435	55.0
Dividend on additional equity components (€m)	194	190	2.2
Consolidated profit or loss attributable to Commerzbank shareholders (€m)	2,030	1,245	63.1
Average number of ordinary shares issued	1,245,699,309	1,252,357,634	– 0.5
Operating profit per share (€)	2.75	1.68	63.8
Earnings per share (€)	1.63	0.99	63.9

Earnings per share, calculated in accordance with IAS 33, are based on the consolidated profit or loss attributable to Commerzbank shareholders and investors in additional equity components after deduction of the AT 1 coupons actually paid and are calculated by dividing the consolidated profit or loss attributable to Commerzbank shareholders by the weighted average number of shares outstanding during the financial year. As in the previous year, no conversion or option rights were outstanding in the reporting year. The figure for diluted earnings per share was therefore identical to the undiluted figure. The breakdown of operating profit is set out in the segment report (Note 57).

Notes to the balance sheet

Financial assets and liabilities in accordance with IFRS 9

General classification and measurement

In accordance with IFRS 9, all financial assets and liabilities – which also include derivative financial instruments – must be recognised in the balance sheet. A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. On initial recognition, financial instruments are measured at fair value. For financial instruments that are not measured at fair value through profit and loss, directly attributable transaction costs are included in the fair values as acquisition-related costs, which increase the fair value of financial assets or reduce the fair value of financial liabilities. In accordance with IFRS 13, fair value is defined as the exit price, i.e. the price that the market participant would receive for the sale of an asset or pay to transfer a liability in an orderly transaction. The fair value is a price observed on an active market (mark-to-market) or determined using valuation models (mark-to-model). The relevant inputs for the valuation model are either observed directly on the market or, if not observable on the market, are estimates made by experts.

In subsequent measurement, financial instruments are recognised in the balance sheet either at (amortised) cost or at fair value, depending on the category.

a) Recognition and derecognition of financial instruments

A financial asset or a financial liability is generally recognised in the balance sheet when Commerzbank Group becomes a party to the contractual provisions of the financial instrument. For regular-way purchases or sales of financial assets in the cash market the trading and settlement dates normally differ. These regular-way cash market purchases and sales may be recognised using either trade date or settlement date accounting. In the Commerzbank Group, regular-way cash market purchases and sales of financial assets are accounted for on their recognition and disposal on the trade date.

The derecognition rules of IFRS 9 are based both on the concept of risks and rewards and on the concept of control. However, when deciding whether an asset qualifies for derecognition, the evaluation of the transfer of the risks and rewards of ownership takes precedence over the evaluation of the transfer of control. If the risks and rewards are transferred only partially and control over the asset is retained, the continuing involvement approach is used. The financial asset continues to be recognised to the extent of the Group’s continuing involvement, and special accounting policies apply. The extent of the continuing involvement is the extent to which the Group is exposed to changes in the value of the transferred asset. A financial liability (or part of a financial liability) is derecognised when it is extinguished, i.e. when the obligations arising from the contract are discharged or cancelled or expire. The repurchase of own debt instruments is also a transfer of financial liabilities that qualifies for derecognition. Any differences between the carrying value of the liability (including discounts and premiums) and the purchase price are recognised in profit or loss; if the asset is sold again at a later date a new financial liability is recognised at cost equal to the price at which the asset was sold. Differences between this cost and the repayment amount are allocated over the term of the debt instrument using the effective interest rate method.

Some amendments of contractual terms and conditions between borrowers and the Bank, for example as a consequence of forbearance measures or restructuring, can lead to derecognition. A substantial modification of the contractual terms and conditions of a financial instrument between an existing borrower and the Bank leads to the derecognition of the original financial asset and the recognition of a new financial instrument.

Similarly, a substantial modification of the contractual terms and conditions of an existing debt instrument is to be treated as a repayment of the original financial liability. In quantitative terms, an amendment of the contractual terms and conditions is regarded as substantive if the discounted net present value of the cash flows under the new contractual terms and conditions varies by at least 10% from the discounted net present value of the residual cash flows of the original debt instrument.

b) Classification of financial instruments and their measurement

The Commerzbank Group classifies financial assets and financial liabilities in accordance with the applicable IFRS 9 categories:

Financial assets

- Amortised cost (AC)
- Fair value OCI (FVOCI)
- Mandatorily fair value P&L (mFVPL)
- Held for trading (HFT)

Financial liabilities
- Amortised cost (AC)
- Fair value option (FVO)
- Held for trading (HFT)

The Group subdivides the IFRS 9 categories into the following classes:
Financial assets
- Loans and advances
- Debt securities
- Equity instruments
- Derivatives that do not qualify for hedge accounting (stand-alone derivatives)
- Derivatives that qualify for hedge accounting

Financial liabilities
- Deposits
- Debt securities issued
- Derivatives that do not qualify for hedge accounting (stand-alone derivatives)
- Derivatives that qualify for hedge accounting
- Financial guarantees

Additionally, we report lending commitments (revocable and irrevocable).

c) Net gains or losses

Net gains or losses include fair value measurements recognised in profit or loss, currency translation effects, impairments, write-ups of impairments, gains realised on disposal, subsequent recoveries on written-down financial instruments and changes recognised in the revaluation reserve classified in the respective IFRS 9 categories. The components are detailed in the condensed statement of comprehensive income and in the notes on net interest income, risk result, net income from financial assets and liabilities measured at fair value through profit and loss and other net income from financial instruments.

d) Financial guarantees

A financial guarantee is a contract that requires the issuer to make specified payments that reimburse the holder for a loss they incur because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. This may include, for example, bank guarantees. If Commerzbank Group is the guarantee holder, the financial guarantee is not recorded in the accounts and is only recognised when determining an impairment of a guaranteed asset. As the issuer, Commerzbank Group recognises the liability arising from a financial guarantee at inception. Initial measurement is at fair value at the time of recognition. In general terms, the fair value of a financial guarantee contract at inception is zero because for fair market contracts the value of the premium agreed normally corresponds to the value of the guarantee obligation (net method). Subsequent measurement is at the higher of amortised cost or the provision that is required to be recognised if payment of the guarantee becomes probable.

e) Embedded derivatives

Embedded derivatives are derivatives that are integrated into primary financial instruments. These include, for example, reverse convertible bonds (bonds that may be repaid in the form of equities) or bonds with index-linked interest payments.

In accordance with IFRS 9, we only separate those derivatives that are embedded in financial liabilities. Financial assets are assessed in their entirety, meaning that the host contract is not accounted for separately from the embedded derivative. Instead, financial assets are classified based on the business model and their contractual terms and conditions.

In the case of financial liabilities, such a separation for accounting purposes is only required if the following three conditions are met:
- The economic characteristics and risks of the embedded derivative are not closely related to those of the host contract.
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative under IFRS 9.
- The primary financial liability is not measured at fair value through profit or loss.

In this case, the embedded derivative to be separated is regarded as part of the held-for-trading category and is recognised at fair value. Changes on remeasurement are recognised in the net income from financial assets and liabilities measured at fair value through profit and loss. The host contract is accounted for and measured applying the rules of the category to which the financial instrument is assigned.

If the above three conditions are not cumulatively met, the embedded derivative is not shown separately and the total financial instrument or structured product is measured as a whole in accordance with the general provisions of the category to which the financial liability is assigned.

(24) Financial assets – Amortised cost

If the contractually agreed cash flows of a financial asset comprise only interest and principal payments (i.e. the asset is SPPI-compliant) and this asset was allocated to the "hold to collect" business model, it is measured at amortised cost. The carrying amount of these financial instruments is reduced by the loan loss provision (see Note 31).

If ESG clauses are part of contracts for financial instruments, in most cases these have only a negligible influence on contractual cash flows and thus on the measurement of these financial instruments at amortised cost or fair value. The possible implications of ESG clauses on the classification and accounting of financial instruments are examined within the framework of established processes (e.g. new product process).

Interest income for these financial instruments are recognised in net interest income using the effective interest method.

€m	31.12.2023	31.12.2022	Change in %
Loans and advances	268,935	267,432	0.6
Central banks	1,779	1,775	0.2
Banks	15,818	15,136	4.5
Corporate clients	92,508	94,269	– 1.9
Private customers	129,736	129,249	0.4
Other financial corporations	12,974	11,576	12.1
General governments	16,119	15,427	4.5
Debt securities	29,754	28,760	3.5
Banks	3,076	2,701	13.9
Corporate clients	3,667	3,541	3.6
Other financial corporations	6,983	6,576	6.2
General governments	16,027	15,943	0.5
Total	**298,689**	**296,192**	**0.8**

The business model for a portfolio of promissory note loans issued by British public-sector bodies, which had a carrying amount of €2.8bn, was changed as of 1 January 2019. As part of the closure of the Asset & Capital Recovery segment (run-off portfolio), this portfolio was grouped under Treasury and has been administered by the Investment Office since 1 January 2019 (see also Note 57). Distribution and sales activities for the portfolio have been discontinued. As of 1 January 2019, future sales for this portfolio are now only permitted in the event of a significant deterioration in credit quality. Portfolio management and management remuneration are therefore no longer based on fair value. The objective of the portfolio is to generate contractually agreed cash flows. The contractually agreed cash flows are solely payments of interest and principal for the purposes of IFRS 9. The change of business model resulted in reclassification from the mFVPL measurement category to the AC measurement category.

The effective interest rate calculated at the time of reclassification was 2.8%. In the 2023 financial year the interest income for the reclassified portfolio amounted to €77m (previous year: €88m). There was no interest expense in the current financial year or the previous financial year.

The fair value of the portfolio at 31 December 2023 was €0.9bn (previous year: €1.6bn). The decrease in fair value is due in particular to the use of the termination option by our counterparts. If the portfolio had remained in the mFVPL measurement category, the fair value change since the start of the year and the offsetting change in value of the derivatives held to hedge the portfolio would have been recognised in the income statement under net income from financial assets and liabilities measured at fair value through profit or loss. This would have resulted in net income of €157m (previous year: €42m), which would have been the consequence of both credit spread and interest rate-related effects. Since reclassification, the cash flows of the underlying transactions of the portfolio have been assigned to the portfolio fair value hedge accounting of Commerzbank.

(25) Financial liabilities – Amortised cost

As a rule, financial liabilities must be subsequently measured at amortised cost.

Deposits include primarily deposits due on demand, term deposits and savings deposits.

In other debt issues we also report those subordinated securitised and unsecuritised issues which in the event of an insolvency or liquidation can be repaid only after the claims of all non-subordinated creditors have been satisfied.

€m	31.12.2023	31.12.2022	Change in %
Deposits	379,311	352,403	7.6
Central banks	6,447	11,550	– 44.2
Banks	43,686	41,398	5.5
Corporate clients	119,115	108,377	9.9
Private customers	173,034	159,825	8.3
Other financial corporations	27,200	22,042	23.4
General governments	9,830	9,211	6.7
Debt securities issued	40,498	37,982	6.6
Money market instruments	1,089	268	.
Pfandbriefe	22,119	18,853	17.3
Other debt securities issued	17,290	18,861	– 8.3
Total	**419,809**	**390,385**	**7.5**

Commerzbank has been participating in the ECB's third programme of targeted longer-term refinancing operations (TLTRO III) since 2020. Of the total €35.9bn, €27bn were repaid in the fourth quarter of 2022 and €5.4bn in the second quarter 2023. The interest rate depends on the development of the credit volume in a benchmark portfolio, which, if a threshold has been reached, results in a discount on the rate. Commerzbank reached the threshold in 2021 and utilised the interest rate discounts. Interest income was essentially recognised in net interest income on a pro rata basis with a corresponding reduction of the refinancing liability. Due to several increases in key interest rates in the second half of the financial year 2022, there is no longer any need under IAS 20 to recognise an interest rate subsidy for the time to maturity. In 2023, this resulted in an interest expenses of €–197m (previous year: €190m).

(26) Financial assets – Fair value OCI

Measurement at fair value with recognition of the change in value in other comprehensive income with recycling (FVOCI with recycling) is required if the financial instrument is allocated to a portfolio with the “hold to collect and sell” business model and, in addition, the contractually agreed cash flows are solely interest and principal payments and are thus SPPI-compliant.

The changes in fair value are recognised in the revaluation reserve without effect on income, except for impairments, which are recognised in the income statement. The recognition of loan loss provisions is explained in Note 31 “Credit risks and credit losses”. When a financial instrument is derecognised, the accumulated gains and losses recognised to date in the revaluation reserve are reclassified to the income statement (recycling) and reported in other net income from financial instruments. Interest income from these financial assets is recognised in net interest income using the effective interest method.

In addition, the financial assets – fair value OCI also include equity instruments for which we have chosen the option of fair value measurement without recycling with no effect on income, provided that these meet the definition of equity in accordance with IAS 32, if they are in scope of IFRS 9 and are not held for trading purposes. Such a classification is set voluntarily and irrevocably per financial instrument. Gains or losses from these equity instruments are never reclassified to the income statement, rather they are reclassified into retained earnings when sold (without recycling). These equity instruments are not subject to impairment testing. Any dividends paid on these instruments are recognised as dividend income in the income statement, provided they do not involve a return of capital.

€m	31.12.2023	31.12.2022	Change in %
Loans and advances (with recycling)	232	273	– 15.2
Banks	64	94	– 31.7
Corporate clients	54	59	– 8.9
Other financial corporations	34	42	– 17.3
General governments	79	79	0.8
Debt securities (with recycling)	39,911	34,614	15.3
Banks	17,573	13,647	28.8
Corporate clients	2,578	2,238	15.2
Other financial corporations	6,244	6,061	3.0
General governments	13,517	12,668	6.7
Equity instruments (without recycling)	–	–	.
Corporate clients	–	–	.
Other financial corporations	–	–	.
Total	**40,143**	**34,887**	**15.1**

In the Commerzbank Group, no realisation gains or losses on disposals were recognised in retained earnings either in the current financial year or in the previous year.

(27) Financial liabilities – Fair value option

Under IFRS 9 rules, in the case of an accounting mismatch, the management of financial liabilities on a fair value basis and the existence of embedded derivatives requiring separation may also be conditions for applying the fair value option to liabilities.

If the fair value option is used for financial liabilities or for hybrid contracts, the changes in fair value resulting from fluctuations in own credit risk are not recognised in the income statement, but in other comprehensive income (without recycling) with no effect on income.

€m	31.12.2023	31.12.2022	Change in %
Deposits	30,859	20,943	47.3
Central banks	522	178	.
Banks	10,320	7,569	36.4
Corporate clients	296	147	.
Private customers	53	36	49.5
Other financial corporations	19,354	12,914	49.9
General governments	313	100	.
Debt securities issued	6,082	4,075	49.3
Other debt securities issued	6,082	4,075	49.3
Total	**36,941**	**25,018**	**47.7**

For liabilities to which the fair value option was applied, the change in fair value in the 2023 financial year for credit risk reasons was €181m (previous year: €–181m). The cumulative change was €121m (previous year: €–60m). The repayment amount of financial liabilities measured at fair value was €7,249m (previous year: €5,371m).

€131m (previous year: €–147m) realised from disposals of financial liabilities for which the fair value option was applied was recognised in retained earnings without effect on income. The credit risk-specific changes in the fair value of liabilities were primarily calculated as changes in fair values less value changes resulting from market conditions.

Applying the fair value option in order to avoid accounting mismatches and for financial instruments with embedded derivatives produced the following values in the "Financial liabilities – Fair value option" category:

€m	31.12.2023	31.12.2022	Change in %
Deposits	990	848	16.8
Debt securities issued	6,082	4,075	49.3
Total	**7,073**	**4,923**	**43.7**

The fair value option was also used for financial instruments if they are managed in line with our risk and liquidity management and their performance is measured on a fair value basis. This applied chiefly to repurchase agreements, money market transactions and cash collateral paid and received.

The following balance sheet items were affected:

€m	31.12.2023	31.12.2022	Change in %
Deposits	29,869	20,095	48.6
Debt securities issued	–	–	.
Total	**29,869**	**20,095**	**48.6**

(28) Financial assets – Mandatorily fair value P&L

This item includes financial instruments that are allocated as debt instruments to the residual business model as a differentiation from the equity instruments listed below and not reported in "Financial assets – Held for trading". In addition, transactions allocated to the "hold to collect" and "hold to collect and sell" business model are included here if they are not SPPI-compliant. Examples of such transactions include investment fund units, profit-sharing certificates, silent participations and assets managed on a fair value basis.

Equity instruments are exclusively contracts providing a residual interest in the assets of a company after deducting all associated debts, such as shares or interests in other joint-stock companies.

Equity instruments are not SPPI-compliant because the investor has no claim to interest and principal repayments. As a result, these instruments are usually measured at fair value through profit or loss. An exception to this rule exists for equity instruments for which the Group has chosen the option to measure them at fair value in other comprehensive income without recycling (see Note 26).

€m	31.12.2023	31.12.2022	Change in %
Loans and advances	43,867	26,570	65.1
Central banks	7,788	9,639	– 19.2
Banks	18,061	7,104	.
Corporate clients	839	851	– 1.4
Private customers	53	60	– 10.9
Other financial corporations	17,126	8,917	92.1
General governments	0	0	43.4
Debt securities	3,621	2,471	46.6
Banks	326	136	.
Corporate clients	283	266	6.4
Other financial corporations	1,061	984	7.8
General governments	1,951	1,085	79.9
Equity instruments	871	871	0.0
Banks	9	9	–
Corporate clients	752	772	– 2.6
Other financial corporations	110	90	22.1
Total	**48,359**	**29,912**	**61.7**

Financial assets and liabilities – Held for Trading

(29) Financial assets – Held for trading

This category includes interest- and equity-related securities, promissory note loans and other claims as well as other trading portfolios allocated to the residual business model and held for trading. These financial instruments are used to realise profits from short-term fluctuations in prices or traders' margins. Derivative financial instruments that do not qualify for hedge accounting are also reported here.

Irrespective of the type of product, these financial assets are measured at fair value through profit or loss. The fair value changes of the respective transactions are therefore reported through profit or loss in the income statement. If the fair value cannot be established on an active market, items are measured by means of comparable prices, indicative prices of pricing service providers or other banks (lead managers), or internal valuation models (net present value or option pricing models).

Interest income and expenses and gains or losses on measurement and disposal from these financial instruments are recorded in the income statement under net income from financial assets and liabilities measured at fair value through profit or loss.

€m	31.12.2023	31.12.2022	Change in %
Loans and advances	1,172	1,355	– 13.5
Banks	476	473	0.7
Corporate clients	34	55	– 39.1
Private clients	–	–	.
Other financial corporations	599	639	– 6.3
General governments	64	188	– 66.2
Debt securities	2,170	2,810	– 22.8
Banks	241	604	– 60.1
Corporate clients	778	327	.
Other financial corporations	279	509	– 45.2
General governments	872	1,370	– 36.4
Equity instruments	2,505	1,009	.
Banks	0	0	27.9
Corporate clients	2,177	1,008	.
Other financial corporations	328	0	.
Positive fair values of derivative financial instruments	20,486	26,320	– 22.2
Interest-rate-related derivative transactions	9,096	11,692	– 22.2
Currency-related derivative transactions	9,236	12,472	– 25.9
Equity derivatives	821	881	– 6.9
Credit derivatives	166	186	– 10.7
Other derivative transactions	1,168	1,089	7.2
Other trading positions	2,001	2,080	– 3.8
Total	**28,334**	**33,573**	**– 15.6**

(30) Financial liabilities – Held for trading

This item comprises derivative financial instruments (derivatives that do not qualify for hedge accounting), own issues in the trading book and delivery commitments arising from short sales of securities.

€m	31.12.2023	31.12.2022	Change in %
Certificates and other issued bonds	1,021	473	.
Delivery commitments arising from short sales of securities	1,016	970	4.8
Negative fair values of derivative financial instruments	16,890	23,316	– 27.6
Interest-rate-related derivative transactions	7,568	10,195	– 25.8
Currency-related derivative transactions	8,578	11,555	– 25.8
Equity derivatives	143	206	– 30.6
Credit derivatives	162	213	– 24.2
Other derivative transactions	440	1,147	– 61.7
Total	**18,927**	**24,759**	**– 23.6**

(31) Credit risks and credit losses

Principles and measurements

IFRS 9 stipulates that impairments for credit risks from loans and securities that are not measured at fair value through profit or loss must be recognised using a three-stage model based on expected credit losses.

In the Commerzbank Group, the following financial instruments are included in the scope of this impairment model:

- financial assets in the form of loans and advances as well as debt securities measured at amortised cost;
- financial assets in the form of loans and advances as well as debt securities measured at fair value through other comprehensive income (FVOCI);
- lease receivables;
- lending commitments (revocable ansd irrevocable) which under IFRS 9 are not measured at fair value through profit or loss;
- financial guarantees within the scope of IFRS 9 that are not measured at fair value through profit or loss;

The Group determines the impairment using a three-stage model based on the following requirements:

In stage 1, as a rule all financial instruments are recognised if their risk of a loan loss (hereinafter default risk) has not increased significantly since their initial recognition. In addition, Commerzbank makes use of the option in accordance with IFRS 9 B 5.5.23 (low credit risk exception or LCRE) and classifies transactions that have a limited default risk on the reporting date as stage 1. These are securities as well as financial instruments with states, local or regional authorities of the OECD whose internal credit rating on the reporting date is in the investment grade range (corresponding to Commerzbank rating 2.8 or better). For financial instruments in stage 1, an impairment must be recognised in the amount of the expected credit losses from possible events of default over the term of the transaction, subject to a maximum of 12 months (12-month ECL).

Stage 2 includes those financial instruments with a default risk that has increased significantly since their initial recognition and which, as at the reporting date, are not subject to the LCRE. In addition to a client-specific change in the probability of default (PD), Commerzbank defines further criteria whose presence is assumed to denote a significant increase in default risk. Instruments are then allocated to stage 2 independently of the individual change in PD. Impairments in stage 2 are recognised in the amount of the financial instrument's lifetime expected credit loss (LECL). For financial instruments that are committed for an unlimited period (open transactions), a top-down approach is used to determine the LECL as a percentage of the current loss at default (LaD) on the basis of realised historical losses.

Financial instruments that are classified as impaired as at the reporting date are allocated to stage 3. As the criterion for this, Commerzbank uses its definition of a default pursuant to Article 178 CRR as well as the supplementary EBA guidance on the application of the definition of default pursuant to Article 178 of Regulation (EU) No. 575/2013. This approach is consistent because the ECL calculation also uses statistical risk parameters derived from the Basel IRB approach, which are modified to meet the requirements of IFRS 9.

The following events can be indicative of a customer default:

- over 90 days past due;
- unlikely to pay;
- financial rescue/distressed restructuring with concessions;
- the Bank has demanded immediate repayment of its claims;
- the customer is in insolvency.

The LECL is likewise used as the value of the required impairment for stage-3 financial instruments in default. When determining the LECL, the Group distinguishes in principle between significant and insignificant cases. The amount of the LECL for insignificant transactions (volumes up to €5m) is determined based on statistical risk parameters. The LECL for significant transactions (volumes greater than €5m) is the expected value of the losses derived from individual expert assessments of future cash flows based on several potential scenarios and their probability of occurrence. The scenarios and probabilities are based on assessments by recovery and resolution specialists. For each scenario – without regard to whether it is a continuation or sale scenario – the timing and amount of the expected future cash flows are estimated. Both the customer-specific and the macroeconomic situation are taken into account (for example currency restrictions, currency value fluctuations, commodity price developments), as well as the sector environment, with a view to the future. The estimate is also based on external information. Sources include indices (e.g. World Corruption Index), forecasts (e.g. by the IMF), information from global associations of financial service providers (e.g. the Institute of International Finance) and publications from rating agencies and auditing firms.

If a default criterion no longer applies, the financial instrument recovers and, after the applicable probation period has been adhered to, is no longer allocated to stage 3. After recovery, a new assessment is made based on the updated rating information to see if the default risk has increased significantly since initial recognition in the balance sheet and the instrument is allocated to stage 1 or stage 2 accordingly.

Financial instruments which when initially recognised are already considered impaired as per the aforementioned definition ("purchased or originated credit-impaired", or "POCI", financial instruments) are handled outside the three-stage impairment model and are therefore not allocated to any of the three stages. The initial recognition is based on fair value without recording an impairment, but using an effective interest rate that is adjusted for creditworthiness. The impairment recognised in the income statement in subsequent periods equals the cumulative change in the LECL since the initial recognition in the balance sheet. The LECL remains the basis for the measurement, even if the value of the financial instrument has increased.

Claims are written off in the balance sheet as soon as it is reasonable to assume that a financial asset is not realisable in full or in part and that the claims are therefore uncollectible. Uncollectibility may arise in the settlement process for various objective reasons, such as the demise of the borrower without realisable assets in the estate or completion of insolvency proceedings without further prospect of payments. Moreover, loans are generally regarded as (partially) uncollectible at the latest 720 days after their due date and are (partially) written down to the expected recoverable amount within the framework of existing loan loss provisions. Such a (partial) write-down has no direct impact on ongoing debt collection measures.

Assessment of a significant increase in default risk

Commerzbank's rating systems combine into the customer-specific probability of default (PD) all available quantitative and qualitative information relevant for forecasting the default risk. This metric is based primarily on a statistical selection and weighting of all available indicators. In addition, the PD adjusted in accordance with IFRS 9 requirements takes into account not only historical information and the current economic environment but also, in particular, forward-looking information such as the forecast for the development of macroeconomic conditions.

Commerzbank essentially uses the probability of default (PD) as a frame of reference for assessing whether the default risk of a financial instrument has increased significantly since the date of its initial recognition. By anchoring the review of the relative transfer criterion in the robust processes and procedures of the Bank's Group-wide credit risk management framework (in particular, early identification of credit risk, controlling of overdrafts and the re-rating process), the Bank ensures that a significant increase in the default risk is identified in a reliable and timely manner based on objective criteria.

Commerzbank applies some key additional criteria for the allocation to stage 2. These are:

- clients for whom a financial instrument is significantly overdrawn for more than 20 days;
- clients in intensive care whose Commerzbank credit rating is 4.6 or worse on the reporting date;
- clients in intensive care whose Commerzbank credit rating on the reporting date is 4.0 or worse and whose external credit rating is 5.0 or worse;
- customers who are granted a forbearance measure according to Article 47b CRR that does not lead to a default (stage 3);
- financial instruments whose PD on the reporting date has at least tripled compared to the PD originally recognised in the balance sheet and which have a credit rating higher than 2.8 on the reporting date (backstop indicator "threefold PD").

For further information on the procedures and processes as well as the governance in credit risk management at Commerzbank, please refer to the statements in the Group Management Report (page 216 ff.).

The review to determine whether the default risk as at the financial reporting date has risen significantly since the initial recognition of the respective financial instrument is performed as at the end of the reporting period. This review compares the observed probability of default over the residual maturity of the financial instrument (lifetime PD) against the lifetime PD over the same period as expected on the date of initial recognition. In accordance with IFRS requirements, the original and current PD are compared based on the probability of default over a period of 12 months after the end of the reporting period (12-month PD). In these cases, the Bank uses equivalence analyses to demonstrate that no material variances have occurred compared with an assessment using the lifetime PD.

A quantile and then thresholds in the form of rating levels are set using a statistical procedure in order to determine whether an increase in the PD compared with the initial recognition date is "significant". These thresholds, which are differentiated by rating models, represent a critical degree of variance from the expectation of the average PD development. If the current PD exceeds this threshold, a critical deviation is present and leads to an assignment to stage 2. In order to ensure an economically sound allocation of the stage, transaction-specific factors are taken into account, including the extent of the PD at the initial recognition date, the term (to date) and the remaining term of the transaction.

Commerzbank generally refrains from checking whether there is a significant increase in the default risk as at the reporting date compared to the time of acquisition of the relevant financial instrument for those transactions for which there is a low default risk as at the reporting date (IFRS 9 B 5.5.23 option). These are securities as well as financial instruments with states, local or regional authorities of the OECD whose internal credit rating on the reporting date is in the investment grade range (corresponding to Commerzbank rating 2.8 or better).

Financial instruments are retransferred from stage 2 to stage 1 if at the end of the reporting period the default risk is no longer significantly elevated compared with the initial recognition date.

Calculation of expected credit loss

Commerzbank calculates the ECL as the probability-weighted, unbiased and discounted expected value of future loan losses over the total residual maturity of the respective financial instrument.

The 12-month ECL used for the recognition of impairments in stage 1 is the portion of the LECL that results from default events which are expected to occur within 12 months following the end of the reporting period.

The ECL for stage 1 and stage 2 as well as for insignificant financial instruments in stage 3 is determined on an individual transaction basis taking into account statistical risk parameters. These parameters have been derived from the Basel IRB approach and modified to meet the requirements of IFRS 9.

The significant main parameters used in this determination include:

- the customer-specific probability of default (PD);
- the loss given default (LGD); and
- the exposure at default (EaD).

All risk parameters used from the Bank's internal models have been adjusted to meet the specific requirements of IFRS 9, and the forecast horizon has been extended accordingly to cover the entire term of the financial instruments. For example, the forecast for the development of the exposure over the entire term of the financial instrument therefore also includes, in particular, contractual and statutory termination rights.

In the case of loan products that consist of a utilised loan amount and an open credit line and for which in customary commercial practice the credit risk is not limited to the contractual notice period (at Commerzbank this relates primarily to revolving products without a contractually agreed repayment structure, such as overdrafts and credit card facilities), the LECL must be determined using a behavioural maturity, which typically exceeds the maximum contractual period. In order to ensure that the LECL for these products is determined in an empirically sound manner in compliance with IFRS 9 requirements, Commerzbank calculates the LECL directly for these products based on realised historical losses.

In order to reflect expected effects at an early stage, the risk result as at 31 December 2023 includes a one-time charge totalling €37m in respect of the expected adjustment of the PD and LGD models for Commerzbank's CORES, COSCO and RCORP rating processes to the new Future of the IRB regulatory standard. This reflects, among other things, an additional requirement for level 3 LGD models amounting to €18m during the year, which has been taken into account since the 2021 annual financial statements.

As a rule, the Group estimates the risk parameters specific to IFRS 9 based not only on historical default information but also, in particular, on the current economic environment (point-in-time perspective) and forward-looking information. This assessment primarily involves reviewing the effects which the Bank's macroeconomic forecasts will have regarding the amount of the ECL and including these effects in the determination of the ECL.

This is based on an expert estimate derived from the macroeconomic scenario, which takes account of factors such as GDP growth, inflation, long-term interest rate developments and the unemployment rate. The baseline scenario specifies ranges for this.

The baseline scenario was checked for consistency with mBank's baseline scenario with regard to the main scenarios.

The baseline scenario reflects economic uncertainties and geopolitical tensions as at the reporting date and includes the following material assumptions:

- The global economy continues to suffer as a result of geopolitical tensions (e.g. the Russian invasion of Ukraine, the Middle East conflict) and the widespread tightening of monetary policy.
- Positive effects resulting from the gradual resolution of supply chain issues and from the easing in energy markets are not sufficient to make up for the negative effects of a restrictive monetary policy, which, with a time lag, is increasingly acting as a drag on economic activity.
- The eurozone economy is suffering as a consequence of the high interest rate environment, which is having a sharply negative impact on capital expenditure, on consumer spending and specifically on sectors such as real estate.
- The German economy will remain weak because, in addition to the high interest rate environment, it is also having to cope with a contraction in demand from abroad.

The baseline scenario takes the following assumptions regarding growth, inflation, long-term interest rate trends and the unemployment rate into consideration:

Baseline scenario	2024	2025-2026
GDP growth		
Germany	– 0.8% up to 0.2%	moderately increasing
Eurozone	– 0.5% up to 0.5%	moderately increasing
Inflation		
Germany	2.5% up to 3.5%	consistent
Eurozone	2.5% up to 3.5%	consistent
Rate of unemployment		
Germany	6.3% up to 6.7%	consistent
Eurozone	6.6% up to 7.0%	consistent
Interest rate (10 years)		
Germany	1.8% up to 2.2%	moderately increasing
USA	3.3% up to 3.7%	moderately increasing

We therefore expect economic performance to be slightly weaker than forecast by the ECB and Deutsche Bundesbank in December 2023.

On the reporting date, the expected credit loss for stages 1 and 2 (including the secondary effects TLA contained therein (€453m)), calculated on the basis of the baseline scenario described above, was €1.6bn.

In order to determine these effects, it was ensured that the relevant experts are sufficiently involved within the framework of the existing policies.

Potential effects from non-linear correlations between different macroeconomic scenarios and the LECL are corrected using a separately determined adjustment factor. The factor was reviewed on an event-driven basis during the year and in the fourth quarter of 2023, compared to the previous year, slightly decreased. The baseline scenario as well as a pessimistic and an optimistic scenario were used to determine the factor. The weightings for the individual scenarios are also always determined by relevant experts and are regulated in a policy.

The main assumptions in the pessimistic scenario are that pressure on the European energy markets will return in 2024 and rising energy prices will place a major strain on energy-intensive industries, the transport sector and private households. Coupled with this, the adverse effects of the current global restrictive monetary policy will impede economic activity more than expected in the baseline scenario. The Bank has simulated in an additional analysis that the estimated expected credit loss (stages 1 and 2) would increase by approximately €0.6bn if – contrary to current expectations – this pessimistic scenario were to materialise.

In this pessimistic scenario, the estimated expected credit loss (stages 1 and 2) would increase by €0.6bn. The methodology used to determine the ECL model result is the same as the methodology used to determine the secondary effects TLA in the baseline scenario.

The optimistic scenario is based on the underlying assumption that the negative effects of the restrictive monetary policy are less serious than expected in the baseline scenario. It is assumed that the Russian war of aggression against Ukraine has ended and an expansion of the conflict in the Middle East has been prevented. The risk of an energy crisis continues to decrease and supply chains are no longer disrupted.

In this optimistic scenario, the estimated expected credit loss (stages 1 and 2) would decrease by €0.4bn.

The table below provides an overview of the most important underlying macroeconomic parameters in the optimistic and pessimistic scenarios, which were subsequently translated into expert-based notch assumptions:

2024	optimistic scenario	Baseline scenario	pessimistic scenario
GDP growth			
Germany	1.8%	– 0.8% up to 0.2%	– 2.5%
Eurozone	2.1%	– 0.5% up to 0.5%	– 2.2%
Inflation			
Germany	2.5%	2.5% up to 3.5%	5.7%
Eurozone	2.5%	2.5% up to 3.5%	5.5%
Rate of unemployment			
Germa(31)ny	5.6%	6.3% up to 6.7%	7.0%
Eurozone	6.3%	6.6% up to 7.0%	7.8%
Interest rate (10 years)			
Germany	2.8%	1.8% up to 2.2%	1.8%
USA	4.0%	3.3% up to 3.7%	3.2%

IFRS 9 requires the inclusion of forward-looking information when determining the expected credit loss. However, the IFRS 9 ECL model result implemented at Commerzbank does not take into account forward-looking effects resulting from unforeseeable, singular events such as natural disasters, material political decisions or military conflicts. Such risks can be provided for by a top-level adjustment (TLA). The examination with the involvement of senior management as to whether such TLAs are necessary, as well as their possible implementation, are regulated in a policy.

In the 2023 financial year, such an adjustment to the IFRS 9 ECL model result was again deemed necessary because the negative effects expected in the baseline scenario are not fully covered by the parameters used in the corresponding models.

The methodology used for determining the need for adjustments to the ECL model result corresponds to the methodology used for determining the secondary effects TLA in 2022.

The effects of the adjustments on the stage allocation were taken into account in the calculation of the TLA. This booking was portfolio-based. It is shown in the presentation of the change in loan loss provisions in the line “Changes of parameters and models”. No across-the-board stage transfers of individual transactions were made.

For more information on ECL and TLA, see the Group risk report in the Group management report (page 216 ff.). In determining total Group loan loss provisions, it is necessary to make assumptions that are subject to high estimation uncertainty, particularly in a dynamic environment.

Overall, the valuation allowances for risks arising from financial assets and the provisions for off-balance-sheet items changed as follows:

€m	As at 1.1.2023[1]	Net-allocations/ Reversals	Reversals	Change in the group of consolidated companies	Exchange rate changes/ Reclassification /Unwinding	As at 31.12.2023
Valuation allowances for risks of financial assets	3,092	670	493	–	81	3,349
Financial assets – Amortised cost	3,068	673	493	–	82	3,331
Loans and advances	3,019	687	493	–	82	3,295
Debt securities	49	– 14	–	–	0	36
Financial assets – Fair value OCI	23	– 3	–	–	– 1	19
Loans and advances	0	– 0	–	–	– 0	0
Debt securities	23	– 3	–	–	– 1	19
Provisions for financial guarantees	11	– 2	–	–	0	10
Provisions for lending commitments	360	14	–	–	1	375
Provisions for indemnity agreements	203	– 64	–	–	– 1	138
Total	**3,666**	**618**	**493**	**–**	**80**	**3,872**

[1] Prior-year figures adjusted due to restatements (see Note 4).

€m[1]	As at 1.1.2022	Net-allocations/ Reversals	Reversals	Change in the group of consolidated companies	Exchange rate changes/ Reclassification /Unwinding	As at 31.12.2022
Valuation allowances for risks of financial assets	2,886	828	634	– 3	14	3,092
Financial assets – Amortised cost	2,872	817	634	– 3	16	3,068
Loans and advances	2,829	811	634	– 3	16	3,019
Debt securities	44	6	–	–	– 0	49
Financial assets – Fair value OCI	13	12	–	–	– 2	23
Loans and advances	1	– 1	–	–	0	0
Debt securities	13	12	–	–	– 2	23
Provisions for financial guarantees	13	– 3	–	– 0	2	11
Provisions for lending commitments	334	24	–	– 0	2	360
Provisions for indemnity agreements	173	26	–	– 0	4	203
Total	**3,405**	**876**	**634**	**– 3**	**21**	**3,666**

[1] Prior-year figures adjusted due to restatements (see Note 4).

The net position from allocations and reversals includes write-ups from recoveries on written-down claims.

The breakdown into stages for the change in valuation allowances is as follows:

Value adjustment for risks from loans, advances and provisions €m	Stage 1	Stage 2	Stage 3	POCI	Total
Value adjustments as at 1.1.2023	**293**	**735**	**1,928**	**63**	**3,019**
New business	98	43	144	9	295
Changes in positions from stage transfers					
from stage 1	– 94	495	58	–	458
from stage 2	83	– 453	423	–	54
from stage 3	2	34	– 51	–	– 14
Disposals (repayment and decrease in utilisation)	90	123	636	52	902
Changes of parameters and models	– 30	248	514	62	794
Utilisation	–	–	483	7	490
Exchange rate changes / reclassifications	5	6	63	8	82
Value adjustments as at 31.12.2023	**268**	**985**	**1,959**	**83**	**3,295**
Provisions for financial guarantees	1	4	3	1	10
Provisions for lending commitments	91	189	64	31	375
Provisions for indemnity agreements	9	21	82	26	138
Provisions as at 31.12.2023	**101**	**214**	**149**	**58**	**523**

Value adjustment for risks from debt securities €m	Stage 1	Stage 2	Stage 3	POCI	Total
Value adjustments as at 1.1.2023	**37**	**27**	**9**	**–**	**72**
New business	14	0	–	–	14
Changes in positions from stage transfers					
from stage 1	– 0	3	–	–	3
from stage 2	0	– 5	–	–	– 5
from stage 3	–	–	–	–	–
Disposals (repayment and decrease in utilisation)	18	0	5	–	23
Changes of parameters and models	– 3	– 5	3	–	– 6
Utilisation	–	–	–	–	–
Exchange rate changes / reclassifications	0	– 0	– 2	–	– 1
Value adjustments as at 31.12.2023	**30**	**19**	**5**	**–**	**54**

Value adjustment for risks from loans, advances and provisions €m[1]	Stage 1	Stage 2	Stage 3	POCI	Total
Value adjustments as at 1.1.2022	**272**	**739**	**1,736**	**83**	**2,829**
New business	97	62	189	19	366
Changes in positions from stage transfers	–	–	–	–	–
from stage 1	– 85	507	55	–	478
from stage 2	94	– 514	601	–	181
from stage 3	2	13	– 19	–	– 3
Disposals (repayment and decrease in utilisation)	98	163	595	38	893
Changes of parameters and models	3	66	678	18	765
Utilisation	–	–	699	21	719
Exchange rate changes / reclassifications	8	25	– 20	3	16
Value adjustments as at 31.12.2022	**293**	**735**	**1,928**	**63**	**3,019**
Provisions for financial guarantees	2	3	4	1	11
Provisions for lending commitments	101	183	41	35	360
Provisions for indemnity agreements	2	27	124	51	203
Provisions as at 31.12.2022	**105**	**213**	**170**	**87**	**574**

[1] Prior-year figures adjusted due to restatements (see Note 4).

Value adjustment for risks from debt securities €m	Stage 1	Stage 2	Stage 3	POCI	Total
Value adjustments as at 1.1.2022	**36**	**20**	**–**	**–**	**56**
New business	4	1	–	–	5
Changes in positions from stage transfers					
from stage 1	– 0	5	– 0	–	5
from stage 2	0	– 3	20	–	17
from stage 3	–	–	–	–	–
Disposals (repayment and decrease in utilisation)	4	14	16	–	34
Changes of parameters and models	1	14	10	–	25
Utilisation	–	–	–	–	–
Exchange rate changes / reclassifications	– 0	3	– 5	–	– 2
Value adjustments as at 31.12.2022	**37**	**27**	**9**	**–**	**72**

In this depiction, a financial instrument is defined as new business if the relevant date for assessing a significant increase in default risk lies within the reporting period. This population may therefore differ from other new business surveys, for example those for sales management.

The changes in positions resulting from stage transfers show the allocations and reversals resulting from a change in assignment to stages during the reporting period. During the transfer, the position in the previous stage is completely reversed and the whole target position is added in the new stage. Disposals include reversals of loss provisions for transactions that were derecognised from the balance sheet during the reporting period. The line "Changes in parameters and models" contains changes in positions attributable to changes in risk provisioning parameters. This includes changes in utilisation (e.g. as a result of repayments) as well as changes in collateral securities and changes in probability of default that did not lead to a change in stage. What is more, adjustment effects from regular parameter reviews and from changed macroeconomic expectations as well as the TLA booked in the reporting period are shown here. The utilisation reflects the extent to which the risk provision was reduced by write-downs not recognised in the income statement. The line "Exchange rate changes/reclassifications" shows the currency effects and, where applicable, transfers from reclassifications.

The presentation is based on postings for individual transactions. At customer level, it may therefore happen that several items in the schedule are addressed. For example, both new business and disposals may be included. No offsetting is carried out.

Claims totalling €298m were (partially) written down in the reporting period. Collection activities continue to be performed regarding these claims.

The gross carrying amounts of the financial assets for which value adjustments have been made changed as follows in the period under review:

Loans and advances | €m	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
As at 1.1.2023	**251,164**	**15,152**	**4,053**	**356**	**270,724**
Additions (new business and increase in utilisation)	158,401	5,290	1,068	274	165,034
Changes in positions from stage transfers					
from stage 1	– 13,077	12,695	382	–	–
from stage 2	4,818	– 5,765	947	–	–
from stage 3	50	165	– 215	–	–
Disposals (repayment and decrease in utilisation)	– 153,024	– 7,412	– 2,421	– 183	– 163,040
Other changes	– 161	– 83	– 12	–	– 257
As at 31.12.2023	**248,170**	**20,041**	**3,803**	**448**	**272,462**

Debt securities | €m[1]	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
As at 1.1.2023	**62,754**	**620**	**49.2**	**–**	**63,423**
Additions (new business and increase in utilisation)	65,388	59.0	–	–	65,447
Changes in positions from stage transfers					
from stage 1	– 788	788	–	–	–
from stage 2	842	– 842	–	–	–
from stage 3	–	–	–	–	–
Disposals (repayment and decrease in utilisation)	– 59,097	– 46	– 28	–	– 59,170
As at 31.12.2023	**69,099**	**580**	**21**	**–**	**69,701**

[1] Adjusted figures.

Financial guarantees, lending commitments, indemnity agreements | €m	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
As at 1.1.2023	**141,285**	**43,248**	**659**	**309**	**185,500**
Additions (new business and increase in utilisation)	120,263	22,163	147	179	142,753
Changes in positions from stage transfers					
from stage 1	– 5,500	5,455	45	–	–
from stage 2	1,067	– 1,320	253	–	–
from stage 3	3	34	– 36	–	–
Disposals (repayment and decrease in utilisation)	– 81,049	– 59,590	– 487	– 267	– 141,393
As at 31.12.2023	**176,068**	**9,991**	**581**	**221**	**186,860**

Loans and advances | €m	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
As at 1.1.2022	**250,806**	**13,854**	**3,110**	**456**	**268,227**
Additions (new business and increase in utilisation)	206,470	5,042	1,189	187	212,888
Changes in positions from stage transfers					
from stage 1	– 9,720	9,171	549	–	–
from stage 2	5,872	– 7,322	1,450	–	–
from stage 3	76	110	– 187	–	–
Disposals (repayment and decrease in utilisation)	– 201,986	– 5,673	– 2,039	– 287	– 209,984
Other changes	– 355	– 31	– 20	–	– 406
As at 31.12.2022	**251,164**	**15,152**	**4,053**	**356**	**270,724**

Debt securities | €m[1]	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
As at 1.1.2022	**73,290**	**652**	**–**	**–**	**73,942**
Additions (new business and increase in utilisation)	20,561	37	16	–	20,613
Changes in positions from stage transfers					
from stage 1	– 266	266	–	–	–
from stage 2	156	– 201	44	–	–
from stage 3	–	–	–	–	–
Disposals (repayment and decrease in utilisation)	– 30,987	– 134	– 11	–	– 31,132
As at 31.12.2022	**62,754**	**620**	**49**	**–**	**63,423**

[1] Adjusted figures.

Financial guarantees, lending commitments, indemnity agreements | €m	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
As at 1.1.2022	**140,853**	**41,263**	**418**	**317**	**182,850**
Additions (new business and increase in utilisation)	90,958	24,391	477	170	115,995
Changes in positions from stage transfers					
from stage 1	– 5,209	5,172	38	–	–
from stage 2	1,065	– 1,319	254	–	–
from stage 3	2	33	– 35	–	–
Disposals (repayment and decrease in utilisation)	– 86,384	– 26,292	– 492	– 177	– 113,345
As at 31.12.2022	**141,285**	**43,248**	**659**	**309**	**185,500**

The carrying amounts of the financial assets for which value adjustments have been made are allocated to the rating classes as follow:

31.12.2023	Loans and advances				Debt securities				
Rating grades | €m[1]	12m ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (Stage 3)	POCI	12m ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (Stage 3)	POCI	Total
1.0 – 1.8	81,145	–	–	4	33,790	–	–	–	33,790
2.0 – 2.8	129,323	4,330	–	33	34,203	41.0	–	–	34,244
3.0 – 3.8	29,778	7,477	–	41	998	524	–	–	1,522
4.0 – 4.8	6,936	5,422	–	17	107	14	–	–	121
5.0 – 5.8	988	2,812	–	6	–	1	–	–	1
6.1 – 6.5	–	–	3,803	347	–	–	21	–	21
Total	**248,170**	**20,041**	**3,803**	**448**	**69,099**	**580**	**21**	**–**	**69,701**

[1] The increased probabilities of default assumed for the TLA were estimated on a portfolio basis and are not reflected in the individual case-based rating distribution.

31.12.2023	Financial guarantees, lending commitments, indemnity agreements				
Rating grades | €m	12m ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (Stage 3)	POCI	Total
1.0 – 1.8	38,365	71	–	2	38,438
2.0 – 2.8	115,214	1,480	–	15	116,710
3.0 – 3.8	19,126	4,890	–	17	24,032
4.0 – 4.8	2,761	2,406	–	0	5,167
5.0 – 5.8	602	1,144	–	0	1,746
6.1 – 6.5	–	–	581	186	767
Total	**176,068**	**9,991**	**581**	**221**	**186,860**

31.12.2022	Loans and advances					Debt securities[2]				
Rating grades | €m[1]	12m ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (Stage 3)	POCI	Total	12m ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (Stage 3)	POCI	Total
1.0 – 1.8	80,829	–	–	5	80,834	30,228	–	–	–	30,228
2.0 – 2.8	131,542	–	–	41	131,583	31,700	–	–	–	31,700
3.0 – 3.8	30,212	8,376	–	35	38,624	806	613	–	–	1,419
4.0 – 4.8	7,247	4,291	–	8	11,546	20	4	–	–	24
5.0 – 5.8	1,333	2,484	–	9	3,827	–	3	–	–	3
6.1 – 6.5	–	–	4,053	257	4,310	–	–	49	–	49
Total	**251,164**	**15,152**	**4,053**	**356**	**270,724**	**62,754**	**620**	**49**	**–**	**63,423**

[1] The increased probabilities of default assumed for the TLA were estimated on a portfolio basis and are not reflected in the individual case-based rating distribution.
[2] Adjusted figures.

31.12.2022	Financial guarantees, lending commitments, indemnity agreements				
Rating grades | €m	12m ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (Stage 3)	POCI	Total
1.0 – 1.8	32,936	6,037	–	2	38,974
2.0 – 2.8	92,047	26,768	–	113	118,928
3.0 – 3.8	13,242	6,349	–	18	19,609
4.0 – 4.8	2,080	2,685	–	2	4,767
5.0 – 5.8	979	1,410	–	0	2,389
6.1 – 6.5	–	–	659	174	833
Total	**141,285**	**43,248**	**659**	**309**	**185,500**

(32) Concentration of credit risk

Concentrations of credit risk may arise through business relations with individual borrowers or groups of borrowers which share a number of features and whose ability to service debt is influenced to the same extent by changes in certain overall economic conditions. Besides obtaining collateral and applying a uniform lending policy, the Bank has entered into a number of master netting agreements to minimise credit risks. These give the Bank the right to net claims on and liabilities against a customer in the event of the default or insolvency of that customer. The gross carrying amounts of credit risks relating to loans and advances, lending commitments, financial guarantees and other indemnity agreements were as follows:

	Loans and advances	
€m	31.12.2023	31.12.2022
Banks and customers in Germany	**190,936**	**188,560**
Banks	5,831	4,861
Corporate clients	53,874	55,899
Manufacturing	18,490	18,463
Construction	1,047	998
Trade	7,535	9,268
Services and others	26,802	27,170
Private customers	115,837	115,084
Other financial corporations	3,060	2,197
General governments	12,334	10,520
Banks and customers outside Germany	**126,566**	**110,090**
Banks	38,217	29,415
Corporate clients	41,730	41,384
Private customers	14,989	15,116
Other financial corporations	27,692	18,999
General governments	3,938	5,177
Subtotal	**317,501**	**298,650**
Less valuation allowances on loans and advances	– 3,295	– 3,019
Total	**314,206**	**295,631**

	Lending commitments, financial guarantees and other indemnity agreements	
€m	**31.12.2023**	**31.12.2022**[1]
Banks and customers in Germany	58,697	58,931
Banks and customers outside Germany	69,757	68,590
Subtotal	**128,454**	**127,520**
Less valuation allowances	– 426	– 497
Total	**128,028**	**127,023**

[1] Prior-year figures adjusted due to restatements (see Note 4).

The carrying amounts of credit risk concentrations in loans and advances, lending commitments, financial guarantees and other indemnity agreements shown in the tables above are not part of internal credit risk management, as credit risk management also takes account of collateral, probabilities of default and other economic factors. To this extent these amounts are therefore not representative of the Bank’s assessment of its actual credit risk.

(33) Maximum credit risk

The maximum credit risk exposure – excluding collateral and other credit enhancements – is equal to the carrying amounts of the relevant assets in each class, or the nominal values of irrevocable lending commitments and financial guarantees. The table below shows the carrying amounts or nominal values of financial instruments with a potential default risk:

€m	**31.12.2023**	**31.12.2022**	**Change in %**
Financial assets – Amortised cost	298,689	296,192	0.8
Loans and advances	268,935	267,432	0.6
Debt securities	29,754	28,760	3.5
Financial assets – Fair value OCI	40,143	34,887	15.1
Loans and advances	232	273	– 15.2
Debt securities	39,911	34,614	15.3
Financial assets – Mandatorily fair value P&L	47,488	29,041	63.5
Loans and advances	43,867	26,570	65.1
Debt securities	3,621	2,471	46.6
Financial assets – Held for trading	25,829	32,565	– 20.7
Loans and advances	1,172	1,355	– 13.5
Debt securities	2,170	2,810	– 22.8
Derivates	20,486	26,320	– 22.2
Other trading positions	2,001	2,080	– 3.8
Positive fair values of derivative hedging instruments	1,497	1,729	– 13.4
Irrevocable lending commitments	80,483	80,511	– 0.0
Financial guarantees	3,093	2,435	27.0

The maximum credit risk exposures listed above are not part of internal credit risk management, as credit risk management also takes account of collateral, probabilities of default and other economic factors (see the section on default risks in the Group management report). These amounts are therefore not representative of the Bank’s assessment of its actual credit risk.

(34) Securitisation of loans

The use of credit derivatives (such as credit default swaps, total return swaps and credit-linked notes) can reduce the risk weighting of a loan portfolio. The hedging effect of a credit derivative may relate both to individual loans or securities and to entire portfolios of loans or securities. As a rule, security is furnished by means of a synthetic securitisation by credit default swaps (CDS) and/or by credit-linked notes (CLNs). This enables three important goals to be achieved:

- risk diversification (reduction of credit risks in the portfolio, especially concentration risks);
- easing the burden on equity capital (the transfer of credit risks to investors leads to a reduction in the regulatory capital requirements);
- funding (use of securitisation as an alternative funding instrument to unsecured bearer bonds).

As at the end of the 2023 financial year, Commerzbank Group had launched six securitisation transactions as the buyer of protection.

Overall, a total volume of €13.2bn (previous year: €14.1bn) of loans to customers had been hedged by end of December 2023. This reduced the Bank’s risk-weighted assets by €5.1bn (previous year: €4.4bn).

Name of transaction	Buyer of protection	Year transacted	Contract period of transactions in years	Type of claim	Total lending	Reduction of risk-weighted assets €m
CoCo Finance III-3	Commerzbank Aktiengesellschaft	2019	10	Corporate clients	503	0
CoCo Finance II-3	Commerzbank Aktiengesellschaft	2020	10	Corporate clients	2,384	377
CoCo Finance III-4	Commerzbank Aktiengesellschaft	2020	10	Corporate clients	936	132
CoCo Finance II-4	Commerzbank Aktiengesellschaft	2023	10	Corporate clients	3,200	1,593
CoCo Finance II-5	Commerzbank Aktiengesellschaft	2023	10	Corporate clients	1,750	882
K2	mBank S.A.	2022	16	Corporate clients	1,358	539
Everest	mBank S.A.	2022	18	Corporate clients	763	342
Makalu	mBank S.A.	2023	13	Private customers	2,291	1,278
Total					**13,185**	**5,143**

(35) IFRS 13 fair value hierarchies and disclosure requirements

Fair value hierarchy

Commerzbank classifies financial instruments in a three-level fair value measurement hierarchy as follows:

- Level 1: Financial instruments whose fair values are determined as the quoted prices for identical financial instruments in active markets.
- Level 2: Financial instruments where no quoted prices are available for identical instruments in an active market and the fair value is established using valuation techniques which rely on observable market parameters.
- Level 3: Financial instruments where valuation techniques are used that incorporate at least one input for which there is insufficient observable market data and where at least this input has a more than insignificant impact on the fair value.

An ongoing assessment of the market takes place to determine whether it is active or not. The market will be determined to be active if there is a sufficient number of available prices, i.e. when there are enough price sources for the relevant parameter to be considered observable. If the market is active, the prices will be used (Level 1). If the market is inactive, a model approach can be followed.

With respect to the methods of model-based measurements (level 2 and level 3) relevant for banks, IFRS 13 recognises the market approach and the income approach. The market approach relies on measurement methods that draw on information about identical or comparable assets and liabilities.

The income approach reflects current expectations about future cash flows, expenses and income. The income approach may also include option price models. These valuations are subject to a higher degree to judgements by management. Market data or third-party inputs are relied on to the greatest possible extent, and company-specific inputs to a limited degree.

All fair values are subject to Commerzbank Group’s internal controls and procedures, which set out the standards for independently verifying or validating fair values. These controls and procedures are carried out and coordinated by the Independent Price Verification (IPV) Group within the risk function. The models, inputs and resulting fair values are reviewed regularly by senior management and the risk function.

Disclosure obligations

Below, a distinction is made between:

a) financial instruments measured at fair value (fair value OCI, fair value option, mandatorily fair value P&L and held for trading);
b) financial instruments measured at amortised cost.

The respective disclosure requirements regarding these financial instruments are set out in IFRS 7 and IFRS 13.

a) Financial instruments measured at fair value

According to IFRS 13, the fair value of an asset is the amount for which it could be sold between knowledgeable, willing parties in an arm’s length transaction. The fair value therefore represents an exit price. The fair value of a liability is defined as the price at which the debt could be transferred to a third party as part of an orderly transaction.

The measurement of liabilities must also take account of the Bank’s own credit spread. If third parties provide security for our liabilities (e.g. guarantees), this security is not taken into account in the valuation of the liability, as the Bank’s repayment obligation remains the same.

When measuring derivative transactions, the Group uses the possibility of establishing net risk positions for financial assets and liabilities. The measurement takes into account not only counterparty credit risk but also the Bank’s own default risk. The Group determines credit valuation adjustments (CVAs) and debit valuation adjustments (DVAs) by simulating the future fair values of its portfolios of derivatives with the respective counterparty based on observable market data (e.g. CDS spreads). In the case of funding valuation adjustments (FVAs), the funding costs or income of uncollateralised derivatives, as well as collateralised derivatives where there is only partial collateral or the collateral cannot be used for funding purposes, are recognised at fair value. Furthermore residual collateral funding costs/benefits, caused through collateral exchange under a credit support annex, are covered by ColVa (Collateral Valuation Adjustment). Like CVAs and DVAs, FVAs are also determined from the expected value of the future positive or negative portfolio fair values using observable market data (e.g. CDS spreads). The funding curve used to calculate the FVAs is approximated by the Commerzbank funding curve.

The following tables show the financial instruments reported in the balance sheet at fair value by IFRS 9 fair value category and by class.

Financial assets | €bn	31.12.2023				31.12.2022[1]			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets – Fair value OCI								
Loans and advances	–	0.2	–	0.2	–	0.3	–	0.3
Debt securities	22.1	17.5	0.3	39.9	16.7	17.6	0.3	34.6
Equity instruments	–	–	–	–	–	–	–	–
Financial assets – Mandatorily fair value P&L								
Loans and advances	–	43.1	0.8	43.9	–	25.8	0.8	26.6
Debt securities	0.2	2.8	0.6	3.6	0.5	1.2	0.8	2.5
Equity instruments	–	0.0	0.9	0.9	0.0	0.0	0.9	0.9
Financial assets – Held for trading								
Loans and advances	–	1.1	0.1	1.2	0.0	1.2	0.1	1.4
Debt securities	0.7	1.5	–	2.2	1.4	1.4	–	2.8
Equity instruments	2.5	0.0	0.0	2.5	1.0	0.0	0.0	1.0
Derivatives	0.0	19.5	1.0	20.5	0.0	25.3	1.0	26.3
Others	–	2.0	–	2.0	0.0	2.1	–	2.1
Positive fair values of derivative financial instruments								
Hedge accounting	–	1.5	–	1.5	–	1.7	–	1.7
Non-current assets held for sale								
Loans and advances	–	–	–	–	–	–	–	–
Debt securities	–	–	–	–	–	–	–	–
Equity instruments	–	–	0.1	0.1	0.1	–	–	0.1
Derivatives	–	–	–	–	–	–	–	–
Total	**25.5**	**89.2**	**3.7**	**118.4**	**19.8**	**76.6**	**3.9**	**100.2**

[1] Adjusted figures.

Financial liabilities | €bn	**31.12.2023**				**31.12.2022**[1]			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities – Fair value option								
Deposits	–	30.4	0.4	30.9	–	20.9	–	20.9
Debt securities issued	2.4	3.7	–	6.1	1.4	2.7	–	4.1
Financial liabilities – Held for trading					–	–	–	
Derivatives	0.0	16.7	0.2	16.9	0.0	23.1	0.1	23.3
Certificates and other notes issued	–	1.0	–	1.0	0.3	0.2	–	0.5
Delivery commitments arising from short sales of securities	0.7	0.3	–	1.0	0.5	0.4	–	1.0
Negative fair values of derivative hedging instruments					–	–	–	
Hedge accounting	–	3.1	–	3.1	–	3.1	–	3.1
Liabilities of disposal groups					–	–	–	
Deposits	–	–	–	–	–	–	–	–
Debt securities issued	–	–	–	–	–	–	–	–
Derivatives	–	–	–	–	–	–	–	–
Certificates and other notes issued	–	–	–	–	–	–	–	–
Delivery commitments arising from short sales of securities	–	–	–	–	–	–	–	–
Total	**3.1**	**55.3**	**0.6**	**59.0**	**2.3**	**50.5**	**0.1**	**52.9**

[1] Adjusted figures.

Commerzbank reclassifies items as at the end of the reporting period.

In the 2023 financial year, €7.9bn of debt securities in the FVOCI category and €0.1bn of debt securities in the mFVPL category were reclassified from level 1 to level 2, as no quoted market prices were available. By contrast, €0.7m of debt securities in the FVOCI category were reclassified from level 2 to level 1, as quoted market prices were again available. There were no other significant reclassifications between level 1 and level 2.

In the 2022 financial year, €9.2bn of debt securities in the FVOCI category, €2,1bn of other assets in the HFT category, €0.6bn of loans and receivables in the HFT category, €0.1bn of debt securities in the mFVPL category, €0.2bn of debt securities in the HFT category, €0.2bn of debt securities issued in the FVO category, €0.2bn of certificates and other notes issued in the HFT category and €0.1bn of delivery commitments arising from short sales of securities in the HFT category were reclassified from level 1 to level 2, as no quoted market prices were available. By contrast, €8.7bn of debt securities in the FVOCI category, €0.2bn of debt securities in the HFT category, €0.2bn of debt securities in the mFVPL category, €0.1bn of loans and receivables in the HFT category and €0.1bn of delivery commitments arising from short sales of securities in the HFT category were reclassified from level 2 to level 1, as quoted market prices were again available. There were no other significant reclassifications between level 1 and level 2.

The changes in financial instruments in the level 3 category were as follows:

Financial assets | €m	Financial assets – Fair value OCI	Financial assets – Mandatorily fair value P&L	Financial assets – Held for trading	Non-current assets held for sale and disposal groups	Total
Fair value as at 1.1.2023[1]	**321**	**2,472**	**1,070**	**–**	**3,862**
Changes in the group of consolidated companies	–	–	–	–	–
Gains or losses recognised in income statement during the period	17	– 39	– 120	–	– 143
of which: unrealised gains or losses	17	– 39	– 120	–	– 143
Gains or losses recognised in revaluation reserve	–	–	–	–	–
Purchases	–	367	130	–	497
Sales	–	– 357	– 44	–	– 401
Issues	–	–	–	–	–
Redemptions	–	–	– 6	–	– 6
Reclassifications to level 3	–	120	83	62	265
Reclassifications from level 3	–	– 277	– 89	–	– 365
IFRS 9 reclassifications	–	–	–	–	–
Reclassifications from/to non-current assets held for sale	–	–	–	–	–
Fair value as at 31.12.2023	**338**	**2,286**	**1,024**	**62**	**3,710**

[1] Adjusted figures.

Financial assets[1] | €m	Financial assets – Fair value OCI	Financial assets – Mandatorily fair value P&L	Financial assets – Held for trading	Non-current assets held for sale and disposal groups	Total
Fair value as at 1.1.2022	**774**	**2,948**	**1,271**	**66**	**5,059**
Changes in the group of consolidated companies	–	–	–	–	–
Gains or losses recognised in income statement during the period	– 60	– 351	30	–	– 381
of which: unrealised gains or losses	– 60	– 351	39	–	– 372
Gains or losses recognised in revaluation reserve	– 105	–	–	–	– 105
Purchases	–	14	415	–	429
Sales	–	– 176	– 628	– 11	– 815
Issues	–	–	–	–	–
Redemptions	–	–	– 13	–	– 13
Reclassifications to level 3	–	40	365	–	405
Reclassifications from level 3	– 288	– 4	– 370	– 55	– 717
IFRS 9 reclassifications	–	–	–	–	–
Reclassifications from/to non-current assets held for sale	–	–	–	–	–
Fair value as at 31.12.2022	**321**	**2,472**	**1,070**	**–**	**3,862**

[1] Adjusted figures.

In the 2023 financial year, €0.1bn of equity instruments in the “hold to collect and sell” asset category and €0.1bn of equity instrumtens in the mFVPL category were reclassified from level 1 to level 3, as no observable market parameters were available. Furthermore, €0.1bn of derivatives in the HFT assets category were reclassified from level 2 to level 3, as no observable market parameters were available. By contrast €0.2bn of debt securities in the mFVPL category and €0.1bn of derivatives in the HFT assets category were reclassified from level 3 to level 2, as observable market parameters were again available. There were no other significant reclassifications.

In the 2022 financial year, €0.3bn of derivatives in the HFT assets category were reclassified from level 2 to level 3, as no observable market parameters were available. By contrast €0.3bn of debt securities in the FVOCI category, €0.3bn of debt securities in the HFT category, €0.1bn of derivatives in the HFT assets category and €0.1bn of derivatives in the “hold to collect and sell” assets category were reclassified from level 3 to level 2, as observable market parameters were again available. There were no other significant reclassifications.

The changes in financial liabilities in the level 3 category during the financial year were as follows:

Financial liabilities | €m	**Financial liabilities – Fair value option**	**Financial liabilities – Held for trading**	**Liabilities of disposal groups**	**Total**
Fair value as at 1.1.2023	**–**	**147**	**–**	**147**
Changes in the group of consolidated companies	–	–	–	–
Gains or losses recognised in income statement during the period	–	– 41	–	– 41
of which: unrealised gains or losses	–	– 26	–	– 26
Purchases	428	186	–	614
Sales	–	– 88	–	– 88
Issues	–	–	–	–
Redemptions	–	–	–	–
Reclassifications to level 3	–	–	–	–
Reclassifications from level 3	–	– 10	–	– 10
Reclassification from/to liabilities of disposal groups	–	–	–	–
Fair value as at 31.12.2023	**428**	**194**	**–**	**622**

Financial liabilities | €m	**Financial liabilities – Fair value option**	**Financial liabilities – Held for trading**	**Liabilities of disposal groups**	**Total**
Fair value as at 1.1.2022	**–**	**454**	**75**	**529**
Changes in the group of consolidated companies	–	–	–	–
Gains or losses recognised in income statement during the period	–	– 254	–	– 254
of which: unrealised gains or losses	–	– 163	–	– 163
Purchases	–	147	–	147
Sales	–	– 287	– 2	– 290
Issues	–	–	–	–
Redemptions	–	–	–	–
Reclassifications to level 3	–	201	–	201
Reclassifications from level 3	–	– 114	– 73	– 187
Reclassification from/to liabilities of disposal groups	–	–	–	–
Fair value as at 31.12.2022	**–**	**147**	**–**	**147**

In the 2023 financial year, there were no other significant reclassifications of liabilities from or to level 3.

In the 2022 financial year, €0.1bn of derivatives in the HFS liability category were reclassified from level 3 to level 2, as observable market parameters were again available. By contrast, €0.2bn of derivatives in the HFT liabilities category were reclassified from level 2 to level 3, as no observable market parameters were available. There were no other significant reclassifications of liabilities from or to level 3.

Sensitivity analysis

Where the value of financial instruments is based on unobservable input parameters (level 3), the precise level of these parameters at the reporting date may be derived from a range of reasonable possible alternatives at the discretion of management. In preparing the Group financial statements, levels for these unobservable input parameters are chosen which are consistent with existing market evidence and in line with the Group's valuation control approach.

The purpose of this disclosure is to illustrate the potential impact of the relative uncertainty in the fair values of financial instruments with valuations based on unobservable input parameters (level 3). Interdependencies frequently exist between the parameters used to determine level 3 fair values. For example, an anticipated improvement in the overall economic situation may cause share prices to rise, while securities perceived as being lower risk, such as German Government Bonds, may lose value. Such interdependencies are accounted for by means of correlation parameters insofar as they have a significant effect on the fair values in question. If a valuation model uses several parameters, the choice of one parameter may restrict the range of possible values the other parameters may take. So, by definition, this category will contain more illiquid instruments, instruments with longer-term maturities and instruments where sufficient independent observable market data are difficult to obtain. The purpose of this information is to illustrate the main unobservable input parameters for level 3 financial instruments and subsequently present various inputs on which the key input parameters were based.

The main unobservable input parameters for level 3 and the key related factors may be summarised as follows:

- Internal rate of return (IRR):
  The IRR is defined as the discount rate that sets the net present value of all future cash flows from an instrument equal to zero. For bonds, for example, the IRR depends on the current bond price, the nominal value and the duration.
- Credit spread:
  The credit spread is the yield spread (premium or discount) between securities that are identical in all respects except for their respective credit quality. The credit spread represents the excess yield above the benchmark reference instrument that compensates for the difference in creditworthiness between the instrument and the benchmark. Credit spreads are quoted in terms of the number of basis points above (or below) the quoted benchmark. The wider (higher) the credit spread in relation to the benchmark, the lower the instrument's creditworthiness, and vice versa for narrower (lower) credit spreads.
- Interest rate-forex (IR-FX) correlation:
  The IR-FX correlation is relevant for the pricing of exotic interest rate swaps involving the exchange of funding instruments in one currency and an exotic structured leg that is usually based on the development of two government bond yields in different currencies. Consensus market data for longer durations are not observable for certain exotic interest products. For example, Constant Maturity Treasury (CMT)-yields for US government bonds with a duration of more than ten years are not observable.
- Recovery rates, survival and default probabilities:
  Supply and demand as well as the arbitrage relationship with asset swaps tend to be the dominant factors driving pricing of credit default swaps (CDS). Models for pricing credit default swaps tend to be used more for exotic structures and off-market default swap valuation for which fixed interest payments above or below the market rate are agreed. These models calculate the implied default probability of the reference asset as a means of discounting the cash flows expected in a credit default swap. The model inputs are credit spreads and recovery rates that are used to interpolate ("bootstrap") a time series of survival probabilities of the reference asset. A typical recovery rate assumption in the default swap market for senior unsecured contracts is 40 %. Assumptions about recovery rates are a factor determining the shape of the survival probability curve. Different recovery rate assumptions translate into different survival probability rates. For a given credit spread, a high recovery rate assumption implies a higher probability of default (relative to a low recovery rate assumption) and hence a lower survival probability. There is a relationship over time between default rates and recovery rates of corporate bond issuers. The correlation between the two is an inverse one: an increase in the default rate (defined as the percentage of issuers defaulting) is generally associated with a decline in the average recovery rate. In practice, market participants use market spreads to determine implied default probabilities. Estimates of default probabilities also depend on the joint loss distributions of the parties involved in a credit derivative transaction. The copula function is used to measure the correlation structure between two or more variables. The copula function creates a joint distribution while keeping the characteristics of the two independent marginal distributions.

- Repo curve:
  The repo curve parameter is an input parameter that is relevant for the pricing of repurchase agreements (repos). Generally, these are short dated maturities ranging from O/N up to 12 months. Beyond 12-month maturities the repo curve parameter may become unobservable, particularly for emerging market underlyings, due to the lack of available independent observable market data. In some cases, proxy repo curves may be used to estimate the repo curve input parameter. Where this is deemed insufficient, the input parameter will be classified as unobservable. Furthermore, mutual fund related repos may also contain unobservable repo curve exposures.
- Price:
  Certain interest rate and loan instruments are accounted for on the basis of their price. It follows that the price itself is the unobservable parameter of which the sensitivity is estimated as a deviation in the net present value of the positions.
- Inflation volatility:
  Inflation volatility represents the degree of fluctuation in financial instruments that transfer inflation risk between parties. This is based on a historical time series of cash flows, linked to the inflation trend.
- Correlation between shares and FX rates:
  Correlation is a parameter that measures the movements between two instruments. It is measured by a correlation coefficient. In this specific case, the parameter refers to the Equity-FX quanto correlation.
- Mean reversion:
  Mean reversion represents the long-term trend of prices and returns towards a mean price or average. This long-term average may be either a historical average of a price or yield or some other relevant average.
- Surrender rate:
  The surrender rate refers to the percentage of policyholders who terminate their life insurance policies before their regular expiry dates and receive a portion of the premiums paid.
- Lapse rate:
  The lapse rate refers to the percentage of policyholders who let their cover lapse through non-payment of premiums. In general, the lapse rate is higher for policies with higher premiums, longer durations and lower accumulation of net present value.

The following ranges for the material unobservable parameters were used in the valuation of our level 3 financial instruments:

€m		31.12.2023			31.12.2023	
	Valuation techniques	Assets	Liabilities	Significant unobservable input parameters	Range	
Loans and advances		**863**	**428**		–	–
Repos	Discounted cash flow model	511	428	Repo-curve (bps)	267	495
Other loans	Discounted cash flow model	353	–	Credit spread (bps)	108	626
Debt securities		**955**	**–**		–	–
Interest-rate-related transactions	Spread based model	955	–	Credit spread (bps)	178	287
	Discounted cash flow model	–	–	Price (%)	0%	222%
of which: ABS	Discounted cash flow model	404	–	Price (%)	0%	222%
Equity instruments		**933**	**–**		–	–
Equity-related transactions	Discounted cash flow model	933	–	Price (%)	90%	110%
Derivatives		**959**	**194**			
Equity-related transactions	Discounted cash flow model/Option pricing model	732	163	IRR (%)	10%	20%
		–	–	Lapse rates (%)	0.9%	1.1%
		–	–	Surrender rate (%)	0.0%	4.5%
Credit derivatives (incl. PFI and IRS)	Discounted cash flow model	21	5	Credit spread (bps)	36	55,800
Interest-rate-related transactions	Option pricing model	206	26	Mean Reversion Parameter (%)	– 1.83%	– 1.45%
		–	–	Inflation Volatility	– 25.66%	20.28%
Total		**3,710**	**622**			

€m		31.12.2022[1]			31.12.2022[1]	
	Valuation techniques	Assets	Liabilities	Significant unobservable input parameters	Range	
Loans and advances		**926**	–		–	–
Repos	Discounted cash flow model	486	–	Repo-curve (bps)	200	470
Other loans	Discounted cash flow model	440	–	Credit spread (bps)	80	3,668
Debt securities		**1,106**	–		–	–
Interest-rate-related transactions	Spread based model	1,106	–	Credit spread (bps)	175	325
	Discounted cash flow model	–	–	Price (%)	0%	199%
of which: ABS	Discounted cash flow model	644	–	Price (%)	0%	199%
Equity instruments		**867**	–		–	–
Equity-related transactions	Discounted cash flow model	867	–	Price (%)	90%	110%
Derivatives		**963**	**147**		–	–
Equity-related transactions	Discounted cash flow model/Option pricing model	671	118	IRR (%)	10%	20%
		–	–	Lapse rates (%)	0.9%	1.1%
		–	–	Surrender rate (%)	0.0%	4.5%
Credit derivatives (incl. PFI and IRS)	Discounted cash flow model	52	–14	Credit spread (bps)	26	4,700
		–	–	Recovery rate (%)	0%	25%
Interest-rate-related transactions	Option pricing model	240	44	Mean Reversion Parameter (%)	– 1.97%	– 1.34%
		–	–	Inflation Volatility	– 54.02%	52.54%
Total		**3,862**	**147**			

[1] Adjusted figures.

The table below shows the impact on the income statement of reasonable parameter estimates on the edges of these ranges for instruments in level 3 of the fair value hierarchy. The sensitivity analysis for financial instruments in level 3 of the fair value hierarchy is broken down by type of financial instrument:

€m	31.12.2023		
	Positive effects on income statement	**Negative effects on income statement**	**Changed parameters**
Loans and advances	**4**	**– 4**	
Repos	1	– 1	Repo curve
Other loans	3	– 3	Credit spread
Debt securities	**24**	**– 24**	
Interest-rate-related transactions	24	– 24	Price
of which: ABS	12	– 12	Price
Equity instruments	**9**	**– 9**	
Equity-related transactions	9	– 9	Price
Derivatives	**22**	**– 23**	
Equity-related transactions	21	– 22	IRR, price, lapse rates, surrender rates
Credit derivatives (incl. PFI and IRS)	0	– 0	Credit spread, price
Interest-rate-related transactions	1	– 1	Mean Reversion Parameter, Inflation Volatility

€m	31.12.2022[1]		
	Positive effects on income statement	**Negative effects on income statement**	**Changed parameters**
Loans and advances	**9**	**– 9**	
Repos	5	– 5	Repo curve
Other loans	4	– 4	Credit spread
Debt securities	**29**	**– 29**	
Interest-rate-related transactions	29	– 29	Price
of which: ABS	19	– 19	Price
Equity instruments	**9**	**– 9**	
Equity-related transactions	9	– 9	Price
Derivatives	**14**	**– 14**	
Equity-related transactions	13	– 13	IRR, price, lapse rates, surrender rates
Credit derivatives (incl. PFI and IRS)	0	– 0	Credit spread, recovery rate, price
Interest-rate-related transactions	1	– 1	Mean Reversion Parameter, Inflation Volatility

[1] Adjusted figures.

The selected parameters lie at the extremes of their range of reasonable possible alternatives. In practice, however, it is unlikely that all unobservable parameters would simultaneously lie at the extremes of their range of reasonable possible alternatives. Consequently, the estimates provided are likely to exceed the actual uncertainty in the fair values of these instruments. The purpose of these figures is not to estimate or predict future changes in fair value. The unobservable parameters were either shifted by between 1% and 10% as deemed appropriate by our independent valuation experts for each type of instrument or a measure of standard deviation was applied.

Day one profit or loss

The Commerzbank Group has entered into transactions where the fair value was calculated using a valuation model, where not all material input parameters were observable in the market. The initial carrying value of such transactions is the fair value. The difference between the transaction price and the fair value under the model is termed the "day one profit or loss". The day one profit or loss is basically not recognised immediately in the income statement but over the term of the transaction. As soon as there is a quoted market price on an active market for such transactions or all material input parameters become observable, the accrued day one profit or loss is immediately recognised in the income statement in the net income from financial assets and liabilities measured at fair value through profit or loss. A cumulated difference between the transaction price and fair value determined by the model is calculated for the level 3 items in all categories. Material impacts result only from financial instruments of the HFT category.

The amounts changed as follows:

€m	Day-One Profit or Loss		
	Financial assets – Held for trading	Financial liabilities – Held for trading	Total
Balance as at 1.1.2022	**–**	**8**	**8**
Allocations not recognised in income statement	–	0	0
Reversals recognised in income statement	–	– 5	– 5
Balance as at 31.12.2022	**–**	**3**	**3**
Allocations not recognised in income statement	–	14	14
Reversals recognised in income statement	–	– 5	– 5
Balance as at 31.12.2023	**–**	**13**	**13**

b) Financial instruments measured at amortised cost

IFRS 7 additionally requires disclosure of the fair values for financial instruments not recognised in the balance sheet at fair value. The measurement methodology to determine fair value in these cases is explained below.

The nominal value of financial instruments that fall due on a daily basis is taken as their fair value.

Market prices are not available for loans. In the case of loans, the Bank therefore applies a discounted cash flow (DCF) model.

The cash flows are discounted using a risk-free interest rate plus premiums for risk costs, refinancing costs, operating expenses and equity costs. The risk-free interest rate is determined based on swap rates (swap curves) that match the corresponding maturities and currencies. These can usually be derived from external data.

In addition, the Bank applies a premium in the form of a calibration constant that includes a profit margin. The profit margin is reflected in the model valuation of loans such that fair value as at the initial recognition date corresponds to the disbursement amount.

Data on the credit risk costs of major banks and corporate customers are available in the form of credit spreads.

In the case of securities accounted for in the amortised cost category of IFRS 9, fair value is determined based on available market prices (level 1), assuming an active market exists. If there is no active market, recognised valuation methods are to be used to determine the fair values. In general, an asset swap pricing model is used for the valuation. The parameters applied comprise yield curves and the asset swap spreads of comparable benchmark instruments.

For deposits, a DCF model is generally used for determining fair value, since market data are usually not available. In addition to the yield curve, own credit spread and a premium for operating expenses are also taken into account. Credit spreads of the respective counterparties are not used in the measurement of liabilities.

The fair value of debt securities issued is determined on the basis of available market prices. If no prices are available, the discounted cash flow (DCF) model is used to determine the fair values. A number of different factors, including current market interest rates and own credit spread, are taken into account in determining fair value.

With respect to each of the explanations provided above, if available market prices are applied, they are to be classified as level 1. Otherwise, classification is made at level 2 or level 3, depending on the input parameters used (observable or not observable).

31.12.2023 | €bn	Fair value	Carrying amount	Difference	Level 1	Level 2	Level 3
Assets	**381.7**	**389.5**	**– 7.8**	**10.4**	**125.0**	**246.3**
Cash on hand and cash on demand	93.1	93.1	–	–	93.1	–
Financial assets – Amortised cost	288.6	298.7	– 10.1	10.4	31.9	246.3
Loans and advances	260.6	268.9	– 8.4	–	16.8	243.8
Debt securities	28.0	29.8	– 1.8	10.4	15.1	2.5
Value adjustment on portfolio fair value hedges	–	– 2.3	2.3	–	–	–
Liabilities	**419.9**	**416.5**	**3.4**	**20.2**	**396.7**	**2.9**
Financial liabilities – Amortised cost	419.9	419.8	0.0	20.2	396.7	2.9
Deposits	379.1	379.3	– 0.2	–	377.2	1.9
Debt securities issued	40.8	40.5	0.3	20.2	19.6	0.9
Value adjustment on portfolio fair value hedges	–	– 3.3	3.3	–	–	–

31.12.2022 | €bn	Fair value	Carrying amount	Difference	Level 1	Level 2	Level 3
Assets	**353.5**	**367.5**	**– 14.0**	**9.3**	**105.3**	**238.9**
Cash on hand and cash on demand	75.2	75.2	–	–	75.2	–
Financial assets – Amortised cost	278.3	296.2	– 17.9	9.3	30.1	238.9
Loans and advances1	251.8	267.4	– 15.7	–	16.9	234.9
Debt securities	26.5	28.8	– 2.3	9.3	13.2	4.1
Value adjustment on portfolio fair value hedges	–	– 3.9	3.9	–	–	–
Liabilities	**389.9**	**385.5**	**4.4**	**24.9**	**363.0**	**2.0**
Financial liabilities – Amortised cost1	389.9	390.4	– 0.5	24.9	363.0	2.0
Deposits	352.1	352.4	– 0.3	–	351.4	0.7
Debt securities issued	37.8	38.0	– 0.1	24.9	11.5	1.4
Value adjustment on portfolio fair value hedges	–	– 4.8	4.8	–	–	–

(36) Information on netting of financial instruments

Below we present the reconciliation of gross amounts before netting to net amounts after netting, as well as the amounts for existing netting rights that do not meet the accounting criteria for netting – separately for all financial assets and liabilities carried on the balance sheet that

- are already netted in accordance with IAS 32.42 (financial instruments I), and are
- subject to an enforceable, bilateral master netting agreement or a similar agreement but are not netted in the balance sheet (financial instruments II).

For the netting agreements, we conclude master agreements with our counterparties, e.g. 1992 ISDA Master Agreement (Multicurrency – Cross Border) and German Master Agreement for Financial Futures. By means of such netting agreements, the positive and negative fair values of the derivatives contracts included under a master agreement can be offset against one another. This netting process reduces the credit risk to a single net claim on the party to the contract (close-out netting). However, these netting agreements do not permit netting in the balance sheet in accordance with IAS 32.42 as there is no ongoing settlement on a net basis of the contracts that fall under the respective master agreements. Furthermore, collateral for transactions that fall under a master agreement can only be realised if the counterparty defaults within the context of close-out netting.

We apply netting to receivables and liabilities from genuine repurchase agreements (reverse repos and repos) of the categories Amortised Cost, Mandatorily Fair Value P&L and Fair Value Option with central and bilateral counterparties, provided they have the same term. OTC derivatives with customers and cleared own portfolios are likewise netted.

Assets | €m	31.12.2023		31.12.2022	
	Reverse repos	Positive fair values of derivative financial instruments	Reverse repos	Positive fair values of derivative financial instruments
Gross amount of financial instruments	88,497	132,352	52,921	159,435
Book values not eligible for netting	27,357	1,666	17,071	2,764
a) Gross amount of financial instruments I and II	61,140	130,686	35,850	156,671
b) Amount netted in the balance sheet for financial instruments I[1]	43,863	110,369	25,490	131,387
c) Net amount of financial instruments I and II = a) – b)	17,276	20,317	10,360	25,284
d) Master agreements not already accounted for in b)				
Amount of financial instruments II which do not fulfil or only partially fulfil the criteria under IAS 32.42[2]	6,400	12,393	2,117	11,479
Fair value of financial collateral relating to financial instruments I and II not already accounted for in b)[3]				
Non-cash collateral[4]	8,463	2	2,376	5
Cash collateral	2,006	4,102	4,541	5,212
e) Net amount of financial instruments I and II = c) – d)	407	3,820	1,326	8,588
f) Fair value of financial collateral of central counterparties relating to financial instruments I	–	14	751	21
g) Net amount of financial instruments I and II = e) – f)	407	3,805	575	8,567

[1] Of which for positive fair values 7,136 Mio. Euro (previous year: 11,990 Mio. Euro) is attributable to variation margins.
[2] Lesser amount of assets and liabilities.
[3] Excluding rights or obligations to return arising from the transfer of securities.
[4] Including financial instruments not reported on the balance sheet (e.g. securities provided as collateral in repo transactions).

Liabilities | €m	31.12.2023		31.12.2022	
	Repos	Negative fair values of derivative financial instruments	Repos	Negative fair values of derivative financial instruments
Gross amount of financial instruments	75,160	129,069	45,875	157,678
Book values not eligible for netting	14,811	1,019	12,601	2,024
a) Gross amount of financial instruments I and II	60,349	128,050	33,274	155,655
b) Amount netted in the balance sheet for financial instruments I[1]	43,863	109,079	25,490	131,250
c) Net amount of financial instruments I and II = a) – b)	16,486	18,971	7,784	24,405
d) Master agreements not already accounted for in b)				
Amount of financial instruments II which do not fulfil or only partially fulfil the criteria under IAS 32.42[2]	6,400	12,393	2,117	11,479
Fair value of financial collateral relating to financial instruments I and II not already accounted for in b)[3]				
Non-cash collateral[4]	–	–	634	–
Cash collateral	144	4,325	2,591	4,873
e) Net amount of financial instruments I and II = c) – d)	9,942	2,253	2,442	8,053
f) Fair value of financial collateral of central counterparties relating to financial instruments I	9,535	44	1,868	131
g) Net amount of financial instruments I and II = e) – f)	407	2,209	574	7,922

[1] Of which for negative fair values €8,426m (previous year: €12,127m) is attributable to variation margins.
[2] Lesser amount of assets and liabilities.
[3] Excluding rights or obligations to return arising from the transfer of securities.
[4] Including financial instruments not reported on the balance sheet (e.g. securities provided as collateral in repo transactions).

(37) Maturities of assets and liabilities (including financial obligations)

The table below lists all assets and liabilities (except for positive and negative fair values of derivative hedging instruments) classified by whether they are short-term or long-term. The residual term or the time of anticipated realisation or fulfilment is defined as short-term if the period between the reporting date and the instrument's maturity date is less than one year. Financial instruments without contractual maturities, cash on hand and cash on demand, assets and liabilities held for sale and current taxes on income are classified as short-term items. By contrast, holdings in companies accounted for using the equity method, intangible assets, fixed assets, investment properties and deferred taxes are generally classified as long-term items. When classifying other assets and other liabilities we make an assessment for the main items. For information on how the maturities of the main types of provisions are classified, please refer to Note 54.

€m	31.12.2023		31.12.2022[1]	
	Short-term	Long-term	Short-term	Long-term
Cash on hand and cash on demand	93,126	–	75,233	–
Financial assets – Amortised cost	83,625	215,064	82,416	213,776
Financial assets – Fair value OCI	7,455	32,688	7,220	27,668
Financial assets – Mandatorily fair value P&L	36,746	11,613	25,393	4,519
Financial assets – Held for trading	23,520	4,814	28,992	4,582
Holdings in companies accounted for using the equity method	–	142	–	182
Intangible assets	–	1,394	–	1,289
Fixed assets	–	2,352	–	2,426
Investment properties	–	53	–	57
Non-current assets held for sale	62	–	156	–
Current tax assets	138	–	178	–
Deferred tax assets	–	2,505	–	3,113
Other assets	234	138	– 1,587	87
Total	**244,906**	**270,763**	**218,001**	**257,699**
Financial liabilities – Amortised cost	360,505	59,304	328,564	61,821
Financial liabilities – Fair value option	29,452	7,489	20,147	4,871
Financial liabilities – Held for trading	17,821	1,107	23,613	1,146
Provisions	2,895	657	2,959	520
Current tax liabilities	535	–	826	–
Deferred tax liabilities	–	3	–	6
Liabilities of disposal groups	–	–	–	–
Other liabilities	1,153	135	– 1,252	161
Total	**412,361**	**68,696**	**374,856**	**68,526**

[1] Prior-year figures adjusted due to restatements (see Note 4).

In the maturity breakdown, we show the residual terms of non-derivative financial obligations that are subject to contractual maturities. The values are presented based on undiscounted cash flows. As a result, a reconciliation with the values in the balance sheet is not possible. Derivative obligations – held for trading are reported in the shortest maturity range. Negative fair values of derivative hedging instruments are reported on the basis of their fair values in the relevant maturity range. The residual term is defined as the period between the reporting date and the contractual maturity date of the financial instruments. We present information on the management of liquidity risks Group risk report within the Group management report.

31.12.2023		**Residual terms**		
€m	**up to 3 months**	**3 months up to 1 year**	**1 year up to 5 years**	**over 5 years**
Financial liabilities – Amortised cost	338,801	24,840	43,973	23,665
Financial liabilities – Fair value option	28,750	1,189	2,459	9,377
Financial liabilities – Held for trading	1,098	729	210	–
Derivatives – Held for trading	16,890	–	–	–
Negative fair values of derivative hedging instruments	4	26	210	2,860
Financial guarantees	3,093	–	–	–
Irrevocable lending commitments	80,483	–	–	–
Leasing liabilities	105	233	880	543
Total	**469,223**	**27,017**	**47,732**	**36,445**

31.12.2022		**Residual terms**		
€m	**up to 3 months**	**3 months up to 1 year**	**1 year up to 5 years**	**over 5 years**
Financial liabilities – Amortised cost	299,447	31,625	46,568	25,818
Financial liabilities – Fair value option	19,583	667	1,376	8,243
Financial liabilities – Held for trading	976	264	202	–
Derivatives – Held for trading	23,316	–	–	–
Negative fair values of derivative hedging instruments	1	8	390	2,714
Financial guarantees	2,435	–	–	–
Irrevocable lending commitments	80,511	–	–	–
Leasing liabilities	94	254	920	553
Total	**426,364**	**32,818**	**49,457**	**37,329**

(38) Transferred financial assets and collateral pledged for own liabilities

Repo transactions combine the spot purchase or sale of securities with their forward sale or repurchase, the counterparty being identical in both cases. The securities sold under repurchase agreements (spot sale) continue to be recognised and measured in the Group balance sheet as part of the securities portfolio in accordance with the category to which they are assigned. The securities are not derecognised as we retain all risks and opportunities connected with the ownership of the security sold under the repurchase agreement. The same risks and opportunities that apply to non-transferred financial assets thus also apply to financial assets that have been transferred but not derecognised.

We conduct securities lending transactions with other banks and customers in order to meet delivery commitments or to enable us to effect securities repurchase agreements. We report these transactions in a similar manner to securities repurchase transactions. Securities lent remain in our securities portfolio and are measured and categorised according to the rules of IFRS 9. Borrowed securities do not appear in the balance sheet, nor are they valued. In securities lending transactions, the counterparty credit risk can be avoided by obtaining collateral, which may be provided in the form of cash, for example. Collateral furnished for a lending transaction is referred to as “cash collateral out” and collateral received as “cash collateral in”. In addition, cash collateral is deposited or received in connection with derivative transactions.

The following assets were pledged as collateral for liabilities:

€m	31.12.2023	31.12.2022	Change in %
Own assets	44,028	44,896	– 1.9
Loans and advances	20,573	26,391	– 22.0
of which: cash securities from OTC transactions	5,231	5,938	– 11.9
Debt securities	23,280	18,476	26.0
Equity instruments	175	29	.
Repledged securities	63,446	37,630	68.6
Securities lending transactions	3,645	1,657	.
Securities repo-business	58,023	32,629	77.8
Certificate business	–	–	.
Variation margin	1,779	2,031	– 12.4
Central bank transactions (excluding repo business) - effective utilisation	–	1,314	.
Total	**107,474**	**82,527**	**30.2**

No restrictions apply to the equity instruments totalling €114m (previous year: €12m) or the securitised debt securities in the amount of €18,297m (previous year: 10,875m).

The assets pledged by Commerzbank Group are attributable to the following own liabilities:

€m	31.12.2023	31.12.2022	Change in %
Derivatives/Financial liabilities – Held for trading	7,972	8,914	– 10.6
Deposits	49,515	49,498	0.0
Debt securities issued	–	–	.
Return commitments for securities from lending transactions	8,040	3,842	.
Total	**65,527**	**62,254**	**5.3**

(39) Collateral received

The collateral received measured at fair value for which the Bank has a right to sell on or pledge even where the provider does not default, mainly consisting of repo transactions and securities lending transactions, was as follows:

€m	2023	2022	Change in %
Total received securities	101,025	59,556	69.6
of which: sold or repledged	64,798	39,271	65.0

(40) Financial assets which have been transferred but not derecognised (own holdings)

The financial assets which have been transferred but not derecognised in the Bank's own holdings consist of reverse repo transactions and securities lending transactions and were as follows:

31.12.2023 €m	Held for trading	Mandatorily fair value P&L	Fair value OCI	Amortised cost
Carrying amount of securities transferred	1,551	–	9,283	3,435
Carrying amount of associated liabilities	1,363	–	9,048	3,896
Fair value of securities transferred	1,551	–	9,283	4,042
Fair value of associated liabilities	1,363	–	9,048	3,896
Net position	**188**	**–**	**234**	**– 462**

31.12.2022 €m	Held for trading	Mandatorily fair value P&L	Fair value OCI	Amortised cost
Carrying amount of securities transferred	1,308	–	4,929	2,898
Carrying amount of associated liabilities	1,426	–	5,233	3,099
Fair value of securities transferred	1,308	–	4,929	3,052
Fair value of associated liabilities	1,426	–	5,233	3,099
Net position	**– 118**	**–**	**– 303**	**– 201**

Derivatives and hedging relationships

(41) Derivatives

A derivative is a financial instrument with a value determined by an "underlying asset". The underlying asset may, for example, be an interest rate, commodity price, share price, foreign exchange rate or bond price. The financial instrument does not require any initial net investment or an initial investment that is smaller than would be required for other types of instrument expected to have a similar response to changes in market factors. It is settled at a future date.

Most of the derivatives transactions involve OTC derivatives, with a nominal amount, maturity and price which are agreed individually between the Bank and its counterparties. However, the Bank also concludes derivatives contracts on regulated stock exchanges. These are standardised contracts with standardised nominal amounts and settlement dates.

The nominal amount shows the volume traded by the Bank. The positive and negative fair values, however, are the expenses which would be incurred by the Bank or the counterparties to replace the contracts originally concluded with transactions of an equivalent financial value. From the Bank's point of view, a positive fair value thus indicates the maximum potential counterparty-specific default risk present from derivative transactions on the reporting date.

In order to minimise both the economic and regulatory credit risk arising from these instruments, we conclude master agreements (bilateral netting agreements) with our counterparties (such as 1992 ISDA Master Agreement Multi-Currency Cross-Border; German Master Agreement for Financial Futures). By means of such bilateral netting agreements, the positive and negative fair values of the derivatives contracts included under a master agreement can be offset against one another, and the future regulatory risk add-ons for these products can be reduced. This netting process reduces the credit risk to a single net claim on the party to the contract (close-out netting).

For both regulatory reports and the internal measurement and monitoring of our credit commitments, we use such risk-mitigating techniques only where we consider them enforceable in the jurisdiction in question if the counterparty should become insolvent. We obtain legal opinions from various international law firms in order to verify enforceability.

Similar to the master agreements are the collateral agreements (e.g. collateralisation annex for financial futures contracts, Credit Support Annex), which we conclude with our business partners to secure the net claim or liability remaining after netting (receiving or furnishing of collateral). As a rule, this collateral management reduces credit risk by means of prompt – usually daily or weekly – measurement and adjustment of the customer exposure.

The aforementioned netting agreements do not meet the offsetting requirements according to IAS 32.42, as close-out netting is contingent upon default by the counterparty. Ongoing net settlement is therefore not contractually intended for bilaterally agreed derivatives.

The overall effect of the balance sheet offsetting of cleared OTC derivatives with customers and derivatives in the Bank's own portfolio as at 31 December 2023 totalled to €117,505m as of 31 December 2023 (previous year: €143,376m). On the assets side, €110,369m of this was attributable to positive fair values (previous year: €131,387m), and to claims for variation margins €7,136m (previous year: €11,990m). Netting on the liabilities side involved negative fair values of €109,079m (previous year: €131,250m) and liabilities for variation margins payable of €8,426m (previous year: €12,127m).

As at the reporting date, the outstanding volume of Commerzbank Group's transactions as a protection buyer and seller amounted to €10,037m (previous year: €11,967m) and €6,003m (previous year: €7,742m). We employ these products, which are used to transfer credit risk, both for arbitrage purposes in trading and in the banking book for diversifying our loan portfolios.

(42) Hedging relationships

Commerzbank applies hedge accounting in accordance with the provisions of IFRS 9. IAS 39 continues to apply to the fair value hedge accounting portfolio for interest rate risks, as there are currently no mandatory requirements from the "Dynamic Risk Management" IASB project. IAS 39 and IFRS 9 contain extensive hedge accounting regulations which apply if it can be shown that the hedging instruments – especially derivatives – are employed to hedge risks in the underlying non-trading transactions. Three types of hedge accounting are used:

- Fair value hedge accounting:
  IAS 39 and IFRS 9 prescribe the use of hedge accounting to avoid a distorted impact on earnings for derivatives which serve to hedge financial instruments of the valuation categories AC (Amortised Cost) and FVOCI (Fair Value through Other Comprehensive Income) against one or more defined risks. The Group's issuing and lending business and the securities holdings for liquidity management as well as investment portfolio are particularly subject to interest rate risk when fixed-income securities are involved. Interest rate swaps are primarily used to hedge these risks. Use is also made of swaptions, inflation swaps, forwards and, to a limited extent, of other structured derivatives. The derivative financial instruments used for hedging purposes are recognised in the income statement at fair value as fair values of derivative hedging instruments. Any changes in the fair value of the hedged asset or hedged liability resulting from an opposite move in the hedged risk are also recognised in the balance sheet. Offsetting changes on remeasurement associated with the hedging instruments and the hedged underlying transactions are recognised in the income statement as net income from hedge accounting. Any portion of the changes in fair value of the hedged underlying transactions that are not attributable to the hedged risk is accounted for in accordance with the rules of the valuation category to which the hedged asset or liability belongs.
  For interest rate risks fair value hedge accounting can either be a micro fair value hedge or a portfolio fair value hedge.
  - In micro fair value hedge accounting an underlying transaction is linked with one or more hedging transactions in a hedging relationship. The carrying amounts of the hedged transactions are adjusted through profit or loss in the event of changes in fair value attributable to the hedged risk.
  - In a portfolio fair value hedge, interest rate risks are hedged at the portfolio level. It is not individual transactions or groups of transactions with a similar risk structure that are hedged, but, rather, a quantity of underlying transactions in a portfolio grouped by maturity bands in accordance with the expected repayment and interest adjustment dates. Portfolios may contain only assets, only liabilities, or a mixture of both. In this type of hedge accounting, changes in the fair value of the underlying transactions are reported in the balance sheet as a separate asset or liability item.
- Cash flow hedge accounting:
  The use of cash flow hedge accounting also serves to avoid a distorted impact on profit or loss for derivatives which serve to hedge the risk of a change in future cash flows of hedged underlying transactions. Interest rate swaps are primarily used to hedge these cash flows. Derivatives used in cash flow hedge accounting are measured at fair value. The effective portion of gains and losses are recognised net of deferred taxes in the cash flow hedge reserve under equity. The ineffective portion, on the other hand, is reported in the income statement in net income from hedge accounting. The general accounting rules set out above for the underlying transactions of the hedged cash flows remain unchanged by this.
- Net investment hedge accounting:
  By applying net investment hedge accounting, effects on profit or loss from foreign currency hedging transactions are avoided to the extent that they serve to hedge a net investment in a foreign currency.

The application of hedge accounting rules is tied to a number of conditions. These relate above all to the documentation of the hedging relationship and also to its effectiveness.

The hedge must be documented in accordance with IFRS 39 IFRS 9 at inception. Documentation must include in particular the identification of the hedging instrument, the related hedged item or transaction, the nature of the risk being hedged and how effectiveness of the hedge is assessed. Besides the documentation, IAS 39 / IFRS 9 also require evidence of an effective hedge for the entire period of the hedging relationship in order to apply hedge accounting rules. Effectiveness in this context means the relationship between the change in fair value or cash flow of the hedged item and the offsetting change in fair value or cash flow of the hedging instrument. If these changes offset each other almost fully, a high degree of effectiveness exists. Proof of effectiveness requires that a high degree of effectiveness can be expected from a hedge in the future (prospective effectiveness). To continue portfolio hedge accounting in accordance with IAS 39, it must also be demonstrated that the hedging relationship was highly effective during the reporting period (retrospective effectiveness). The effectiveness in accordance with IAS 39 must be within a range of 0.8 to 1.25 both prospectively and retrospectively.

Commerzbank's fair value hedge accounting includes hedges against interest rate risk, inflation risk and full fair value risk.

Interest rate risks arise from the fact that asset and liability portfolios consist of variable and fixed cash flows that lead to fluctuating net interest income in the event of interest rate changes. At Commerzbank, this relates to commercial business as well as liquidity, investment and issuing portfolios.

Interest rate risk is managed centrally by the Treasury function of Commerzbank based on an aggregated net interest rate risk position. For this purpose, it is transferred daily to Treasury using an internal interest transfer price. Other components of fair value, such as credit spread or margin and liquidity components, are not included in the internal interest transfer price. The Treasury function performs its interest rate risk hedging mainly via a risk transfer to central swap trading with the Corporate Clients segment, where the bundled risks are closed by external transactions or are retained subject to limits.

For certain holdings in the investment portfolio, inflation risk hedging or full fair value hedging is also carried out.

Commerzbank applies micro fair value hedge accounting (MFVH) when Treasury also hedges the interest rate risk, inflation risk or full fair value risk economically at the micro level. Hedges in the IFRS micro fair value hedging relationships are generally based on economic hedge accounting. Portfolio fair value hedge accounting (PFVH) is used for the remaining interest rate risk position. For this purpose, external derivatives are selected based on their net risk position (NRP), and their changes in fair value are compared with the changes in fair value of the allocated hedged items – likewise based on their NRP.

In hedge accounting for interest rate risk hedges, the benchmark for the risk to be hedged for Euro-positions (3M Euribor curve). Positions in the currencies US-Dollar (USD), British pound (GBP), Swiss franc (CHF) and Japanese yen (JPY) were switched to the relevant overnight index swaps (OIS) rate as part of the IBOR reform. For micro fair value hedge accounting, a fair value based on interest rate risk is determined, and the future interest and nominal payments are discounted using the defined interest rate curve. In portfolio fair value hedge accounting, the future cash flows for the commercial transaction are derived from the internal interest transfer price and also discounted using the defined yield curve.

Commerzbank's portfolio fair value hedge accounting is closely aligned to economic interest rate risk management. The underlying transactions to be hedged mainly derive from the Bank's commercial business and form a dynamic portfolio which changes continuously in the individual maturity bands as a result of new business or the shift of the overall portfolio into shorter maturity bands. The derivative net risk position generates either payer or recipient positions for each maturity band, to which assets or liabilities in the respective maturity bands are allocated. The portfolio hedge relationships are usually designated for a two-week period. They are then closed down and a redesignation is made based on the changed overall portfolio.

Commerzbank uses the statistical method of regression analysis to assess effectiveness in micro fair value hedge accounting. The changes in fair value of the underlying transaction and the hedging instrument are determined by means of historical simulations for the prospective effectiveness test. Regression analysis is also used for the prospective effectiveness test in portfolio fair value hedge accounting, while the dollar-offset method is used for the retrospective effectiveness test.

Within Commerzbank's micro and portfolio fair value hedge accounting, the causes of ineffective hedging lie primarily in the risk contained in the measurement of the fair value of the hedging instruments – mainly interest rate swaps – which cannot be used in determining the fair value of the hedged item. As a result, the changes in the fair value of the respective hedging instrument are not fully offset by the changes in the fair value of the hedged item. The most significant risk in this context is the basis risk, in particular the tenor basis risk.

Commerzbank holds a portfolio of inflation-linked bonds issued by utility companies under the UK private finance initiative (PFI), for which risk management focuses on changes in fair value resulting from fluctuations in GBP interest rates and implicit inflation expectations of the UK Retail Price Index (UK RPI). Risk management is based on the use of a portfolio of simple fixed-for-float GBP interest rate swaps and simple zero coupon inflation swaps, settled in each case generally through the London Clearing House. The primary sensitivity of zero coupon inflation swaps relates to fluctuations in UK RPI swap rates, and they are used to hedge changes in the value of the inflation-linked bonds resulting from fluctuations in inflation expectations. Each inflation swap has only one cash flow at maturity. As inflation expectations move up or down, the expected cash flows at maturity will rise or fall to offset changes in the value of the inflation-linked bonds. The interest rate swaps are used to hedge the sensitivity of the inflation-linked bonds to interest rate risk, with payment dates generally matching those of the inflation-linked bonds during the term.

Commerzbank also applies cash flow hedge accounting. On the one hand, this includes derivatives used to swap the variable cash flows from a group of similar mortgage loans into fixed cash flows. On the other hand, cash flow hedge accounting is applied for cross currency swaps that were concluded to hedge the cash flows of floating-rate mortgage bonds. The prospective and retrospective effectiveness test is based on linear regression. The fair value changes of the hedged transactions are determined using the "hypothetical derivative" method. Ineffectiveness mainly arises from fair value adjustments (credit and debit valuation adjustments) which are taken into account only in the hedging transaction.

Commerzbank also applies net investment hedge accounting to avoid currency effects from shipping company investments. The effective portion of the net remeasurement gain or loss is recognised directly in equity in the currency reserve after taking deferred taxes into account.

Positive and negative fair values of derivative hedging instruments

The fair values of derivatives used to hedge underlying transactions against interest rate risk are shown under this item.

€m	31.12.2023			31.12.2022		
	Positive fair value	Negative fair value	Nominal value	Positive fair value	Negative fair value	Nominal value
Micro fair value hedge accounting	1,310	3,017	103,408	1,468	2,904	98,585
Interest rate swaps	3,771	3,307	92,740	4,252	4,148	88,099
Forwards	222	20	2,835	457	–	2,835
Others	38	3,048	7,833	8	2,997	7,652
Netting	– 2,720	– 3,358	–	– 3,250	– 4,240	–
Portfolio fair value hedge accounting	188	22	83,779	250	58	64,847
Interest rate swaps	2,698	1,359	71,748	4,007	2,757	63,347
Others	18	3	12,030	–	2	1,500
Netting	– 2,528	– 1,340	–	– 3,757	– 2,701	–
Cash flow hedge accounting	1	61	1,598	8	142	2,254
Interest rate swaps	1	61	1,598	8	142	2,163
Others	–	–	–	0	0	91
Net investment hedge	–	–	–	4	9	141
Interest rate swaps	–	–	–	–	–	–
Others	–	–	–	4	9	141
Total	**1,499**	**3,100**	**188,784**	**1,729**	**3,113**	**165,826**

Nominal values of hedge instruments | €bn	**2023**	**2022**	**Change in %**
Cash flow hedge accounting derivatives	2	2	– 29.1
Up to 3 months	0	0	0.4
Interest rate swaps	0	0	18.3
Others	–	0	.
3 months up to 1 year	1	1	1.6
Interest rate swaps	1	1	6.5
Others	–	0	.
1 year up to 5 years	1	2	– 42.4
Interest rate swaps	1	2	– 40.7
Others	–	0	.
Over 5 years	–	–	.
Interest rate swaps	–	–	.
Others	–	–	.
Micro fair value hedge accounting derivatives	103	99	4.9
Up to 3 months	2	2	1.0
Interest rate swaps	2	2	1.7
Forwards	0	0	– 50.0
Others	0	0	.
3 months up to 1 year	7	8	– 10.3
Interest rate swaps	6	7	– 13.7
Forwards	0	1	– 23.0
Others	0	0	.
1 year up to 5 years	56	47	17.8
Interest rate swaps	52	44	19.3
Forwards	2	2	10.1
Others	1	2	– 13.4
Over 5 years	38	41	– 6.9
Interest rate swaps	32	35	– 8.1
Forwards	–	–	.
Others	6	6	0.5
Portfolio fair value hedge accounting derivatives	84	65	29.2
Up to 3 months	15	3	.
3 months up to 1 year	24	7	.
1 year up to 5 years	21	26	– 20.6
Over 5 years	24	29	– 19.8
Net investment hedge	–	0	.
Up to 3 months	–	–	.
3 months up to 1 year	–	–	.
1 year up to 5 years	–	0	.
Over 5 years	–	–	.

Disclosures on underlying transactions in hedge accounting to hedge interest rate and foreign-exchange risks

Carrying amount attributable to hedged items	2023			2022		
€m	Micro fair value hedge	Portfolio fair value hedge	Value changes as basis for recognising hedge ineffectiveness for the period	Micro fair value hedge	Portfolio fair value hedge	Value changes as basis for recognising hedge ineffectiveness for the period
Assets – carrying amount attributable to hedged items	43,502	29,254	2,759	38,033	28,935	– 9,594
Financial assets – Amortised cost	19,276	29,254	1,773	19,233	28,935	– 7,509
Loans and advances	3,848	29,254	1,084	4,327	28,935	– 5,478
Debt securities	15,429	–	689	14,906	–	– 2,031
Financial assets – Fair value OCI	24,226	–	986	18,800	–	– 2,085
Loans and advances	593	–	5	136	–	– 15
Debt securities	23,633	–	981	18,664	–	– 2,070
Liabilities – carrying amount attributable to hedged items at amortised cost	42,962	38,990	2,487	38,856	57,730	– 10,069
Deposits and other financial liabilities	8,934	38,990	497	7,773	57,730	– 5,368
Debt securities issued	34,028	–	1,990	31,084	–	– 4,701

Carrying amount adjustments | €m	2023		2022	
	Micro fair value hedge	Portfolio fair value hedge	Micro fair value hedge	Portfolio fair value hedge
Assets - Carrying amount value adjustments	– 733	– 2,305	– 2,294	– 3,935
Active hedge accounting	– 965	– 2,305	– 2,538	– 3,935
Financial assets – Amortised cost	87	n/a	– 341	n/a
Loans and advances	158	n/a	15	n/a
Debt securities	– 71	n/a	– 356	n/a
Financial assets – Fair value OCI	– 1,053	n/a	– 2,197	n/a
Loans and advances	– 11	n/a	– 10	n/a
Debt securities	– 1,042	n/a	– 2,187	n/a
Inactive hedge accounting	232	n/a	244	n/a
Financial assets – Amortised cost	235	n/a	249	n/a
Loans and advances	– 13	n/a	4	n/a
Debt securities	248	n/a	245	n/a
Financial assets – Fair value OCI	– 3	n/a	– 5	n/a
Loans and advances	–	n/a	–	n/a
Debt securities	– 3	n/a	– 5	n/a
Liabilities - Carrying amount adjustments	982	3,311	2,605	4,840
Active hedge accounting	1,041	3,311	2,677	4,840
Deposits and other financial liabilities	– 376	n/a	– 28	n/a
Debt securities issued	1,417	n/a	2,705	n/a
Inactive hedge accounting	– 60	n/a	– 72	n/a
Deposits and other financial liabilities	– 47	n/a	– 57	n/a
Debt securities issued	– 13	n/a	– 15	n/a

The changes in value of underlying transactions hedged against interest rate risks by means of cash flow hedges amounted to €61m (previous year: €161m).

The changes in value of underlying transactions hedged against interest rate or interest rate / foreign-exchange risks by means of cross-currency swaps amounted to €–19m for asset-side (previous year: €13m) and €29m (previous year: €7m) for liability-side underlying transactions.

Value adjustment on portfolio fair value hedges

This item contains hedged interest-rate-related positive and negative changes in the fair value of hedged transactions for which portfolio fair value hedge accounting is used. A matching item from hedging transactions is shown on the asset or liabilities side of the balance sheet under the fair values of derivative hedging instruments.

Information on companies accounted for using the equity method

(43) Holdings in companies accounted for using the equity method

	Associated companies		Joint ventures	
€m	2023	2022	2023	2022
Equity carrying amount as at 1.1.	**172**	**174**	**10**	**1**
Acquisition cost as at 1.1.	109	109	10	17
Exchange rate changes	– 2	3	–	–
Additions	–	3	1	–
Disposals	– 12	– 5	–	–
Reclassifications to non-current assets held for sale	–	–	–	–
Other reclassifications/changes in the group of consolidated companies	– 6	–	–	– 7
Acquisition cost as at 31.12.	90	109	11	10
Write-ups as at 1.1.	27	23	–	–
Additions	–	4	–	–
Disposals	– 20	–	–	–
Write-ups as at 31.12.	6	27	–	–
Cumulative write-downs as at 1.1.	29	29	–	–
Exchange rate changes	–	–	–	–
Additions	16	–	–	–
Disposals	–	–	–	–
Reclassifications to non-current assets held for sale	–	–	–	–
Other reclassifications/changes in the group of consolidated companies	– 23	–	–	–
Cumulative write-downs as at 31.12.	22	29	–	–
Cumulative changes from remeasurement using the equity method	57	65	– 1	– 0
Equity carrying amount as at 31.12.	**131**	**172**	**11**	**10**
of which: holdings in banks	80	95	–	–

The investments in companies accounted for using the equity method are non-strategic holdings of Commerzbank Group, which are active mainly in the financial services sector and in leasing and real estate business.

The disclosures in this Note are made on an aggregated basis, for the associated companies and for the joint ventures. A list of all companies accounted for using the equity method is given in Note 69.

In the 2023 financial year €11m (previous year: €18m) in dividends from associated companies accounted for using the equity method was paid. As in the previous year, no dividends were paid directly or indirectly to Commerzbank Aktiengesellschaft by joint ventures accounted for using the equity method.

Where obligations arise from contingent liabilities of companies accounted for using the equity method or discontinued operations at companies accounted for using the equity method, Commerzbank Group is liable to the extent of its respective ownership interest.

Commerzbank Group does not have any associated companies or joint ventures that are material for the Group.

Intangible assets

(44) Other intangible assets

Other intangible assets primarily comprise purchased and self-programmed software and customer relationships. When assessing whether to recognise the development costs of in-house developed software as an intangible asset, the main criteria applied are the ability to reliably determine the manufacturing costs and the probability of the future flow of benefits. Research costs are not recognised as an asset. Intangible assets are reported at amortised cost. Due to their finite useful economic lives, software and customer relationships are amortised on a straight-line basis over their prospective useful lives.

	Expected useful life years
Software	up to 10
Customer relationships	up to 15

	Customer relationships		In-house developed software		Purchased software and other intangible assets	
€m[1]	2023	2022	2023	2022	2023	2022
Carrying amount as at 1.1.	**10**	**11**	**1,057**	**994**	**222**	**237**
Cost of acquisition/production as at 1.1.	957	957	3,833	3,539	1,287	1,464
Exchange rate changes	–	–	29	– 6	10	– 5
Additions	–	–	408	411	99	70
Disposals	15	–	49	105	65	243
Reclassifications to non-current assets held for sale	–	–	–	–	–	–
Other reclassifications/changes in the group of consolidated companies	–	–	4	– 5	– 3	2
Cost of acquisition/production as at 31.12.	942	957	4,225	3,833	1,329	1,287
Cumulative write-downs as at 1.1.	947	946	2,777	2,545	1,065	1,226
Exchange rate changes	–	–	11	– 2	7	– 4
Additions	6	2	327	333	79	84
of which: unscheduled	5	–	17	2	2	6
Disposals	15	–	42	97	59	241
Reclassifications to non-current assets held for sale	–	–	–	–	– 0	–
Other reclassifications/changes in the group of consolidated companies	–	–	1	– 2	– 4	– 1
Write-ups[2]	–	–	–	–	–	–
Cumulative write-downs as at 31.12.	938	947	3,074	2,777	1,089	1,065
Carrying amount as at 31.12.	**4**	**10**	**1,151**	**1,057**	**240**	**222**

[1] Adjusted figures.
[2] Adjusted presentation.

Tangible assets

(45) Fixed assets

The asstes reported in the fixed assets position are recognised at cost less scheduled depreciation and any unscheduled write-downs. Impairments are made in an amount by which the carrying value exceeds the higher of fair value less costs to sell and value in use of the asset. Where the reason for recognising an impairment in previous financial years ceases to apply, the impairment is reversed to no more than depreciated cost.In determining the useful life, the likely physical wear and tear, technical obsolescence and legal and contractual restrictions are taken into consideration. All fixed assets are depreciated largely over the following periods, using the straight-line method

	Expected useful life years
Buildings	25-50
Office furniture and equipment	2-25
Leased equipment (operating lease)	1-19
Right of use assets	1-13

In line with the materiality principle, purchases of low-value fixed assets are recognised immediately as operating expenses. Profits realised on the disposal of fixed assets appear under other income, with losses being shown under other expenses.

	Land and buildings		Office furniture and equipment		Leased equipment (operating lease		Right of use assets	
€m	2023	2022	2023	2022	2023	2022	2023	2022
Carrying amount as at 1.1.	**197**	**219**	**348**	**383**	**460**	**533**	**1,422**	**1,747**
Cost of acquisition/production as at 1.1.	506	526	1,730	1,788	1,054	1,166	2,667	2,795
Exchange rate changes	3	– 2	20	– 12	– 22	55	18	– 4
Additions	1	0	106	83	68	21	309	112
Disposals	30	19	197	136	227	23	131	106
Reclassifications to non-current assets held for sale	–	9	– 1	10	–	– 166	–	–
Other reclassifications/changes in the group of consolidated companies	– 0	– 9	– 16	– 3	–	–	– 4	– 129
Cost of acquisition/production as at 31.12.	480	506	1,641	1,730	872	1,054	2,859	2,667
Cumulative write-downs as at 1.1.	309	307	1,381	1,406	594	634	1,246	1,048
Exchange rate changes	1	– 1	13	– 10	– 17	35	7	– 2
Additions	8	10	90	101	56	67	283	338
of which: unscheduled	0	2	1	1	–	–	– 0	– 0
Disposals	20	7	183	119	111	10	101	101
Reclassifications to non-current assets held for sale	–	5	– 0	6	–	– 84		
Other reclassifications/changes in the group of consolidated companies	– 0	– 5	– 16	– 3	–	–	– 2	– 37
Write-ups[1]	–	–	–	–	39	47	–	–
Cumulative write-downs as at 31.12.	299	309	1,285	1,381	483	594	1,433	1,246
Carrying amount as at 31.12.	**181**	**197**	**357**	**348**	**388**	**460**	**1,426**	**1,422**

[1] Adjusted presentation.

The total value of fixed assets in Commerzbank Group was €2,352m (previous year: €2,426m) of which, as in the previous year, none was pledged as collateral. Beyond this there were no restrictions with regard to rights of disposal.

Implementation of "Strategy 2024" involved the closing of further branches in Germany from 2021 to 2023 and of international locations, as well as giving up properties (rights of use), especially at the Frankfurt/Main location. This leads in part to a shorter remaining useful life of the right of use assets and the office furniture and equipment and thus to increased depreciation, which mainly affected the 2021 and 2022 financial years. This represented a change in the estimate of the useful life of depreciable assets, with an impact of €8m (previous year: €47m). The increased depreciation from the restructuring measures is reported under restructuring expenses (see Note 20).

(46) Investment properties

Investment properties are defined as land and buildings held for the purpose of earning rental income or because they are expected to increase in value. Commerzbank Group also reports properties acquired as a result of the realisation of collateral (rescue purchases) and properties owned by Commerzbank Group that are let under operating leases in this category. These are primarily commercial properties.

Investment properties are measured at cost including directly attributable transaction costs on initial recognition in accordance with IAS 40. If a property is transferred from fixed assets to investment properties due to a change in use, it is booked at fair value on the initial recognition date. In subsequent measurements, investment properties are measured at fair value. The fair value is determined based on valuations conducted by independent and qualified experts based on current market values. Properties used for commercial purposes are usually valued based on capitalised income; individual residential buildings are generally valued using the cost or sales comparison approach. The valuation of the properties using the capitalised income approach is based on standard rental values for the locality, with discounts for management, acquisition costs and vacancy rates, and on remaining useful lives and land values. In some cases, contractually agreed rents are also used. The property yield, which is a further input in the valuation process, takes account of the market interest rate level and the specific property and location risk attaching to the property. The main parameters observable on the market are local rent levels and property yields.

Current income and expenses are recognised in other net income. Remeasurement changes arising from changes in fair value are also shown under other net income in the income statement for the period.

The properties held as investments in the amount of €53m (previous year: €57m) were classified at fair value hierarchy level 3 and developed as follows:

€m	2023	2022
Carrying amount as at 1.1.	**57**	**41**
Cost of acquisition/production as at 1.1.	171	50
Exchange rate changes	2	– 0
Additions	–	3
Disposals	–	1
Changes in the group of consolidated companies	–	–
Reclassifications	– 2	119
Reclassifications to non-current assets held for sale	–	–
Cost of acquisition/production as at 31.12.	172	171
Cumulative changes from remeasurement at fair value	– 119	– 114
Carrying amount as at 31.12.	**53**	**57**

In the year under review, as in the previous year, no investment properties were acquired in rescue purchases. In the 2022 financial year, one property was transferred from fixed assets to investment properties due to a change in use.

There are no restrictions on resale, nor are there any obligations to purchase properties that need to be reported here.

We use the country-specific rental indices for commercial and office properties published by the Association of German Pfandbrief Banks (vdp) over a period of at least 18 years for the sensitivity analysis of investment properties. We use the medium fluctuation range calculated on this basis to determine the potential changes in value of our properties.

Non-current assets and liabilities held for sale

(47) Non-current assets held for sale

Non-current assets that can be sold in their present condition and whose sale is highly probable are classified as “held for sale”. These assets must be measured at fair value less costs to sell, insofar as this is lower than carrying amount. However, for interest-bearing and non-interest-bearing financial instruments and investment properties the only accounting change is the reclassification to the relevant balance sheet items in accordance with IFRS 5. They continue to be measured in accordance with IFRS 9 or IAS 40.

If impairments are established as a result of measurement in accordance with IFRS 5, these are recognised in the corresponding position in the income statement, depending on the underlying transaction. Any subsequent write-up is limited to the total of impairments previously recognised.

The current net income from non-current assets held for sale is normally recognised under the same item in the income statement as for other assets without the classification of being held for sale.

€m	31.12.2023	31.12.2022	Change in %
Financial assets – Amortised cost	–	–	.
Loans and advances	–	–	.
Debt securities	–	–	.
Financial assets – Fair value OCI	–	–	.
Loans and advances	–	–	.
Debt securities	–	–	.
Equity instruments	–	–	.
Financial assets – Mandatorily fair value P&L	62	75	– 17.1
Loans and advances	–	–	.
Debt securities	–	–	.
Equity instruments	62	75	– 17.1
Financial assets – Held for trading	–	–	.
Loans and advances	–	–	.
Debt securities	–	–	.
Equity instruments	–	–	.
Derivates	–	–	.
Intangible assets	–	–	.
Fixed assets	–	82	.
Other assets	–	–	.
Total	**62**	**156**	**– 60.5**

Tax assets and tax liabilities

Current tax assets and liabilities are calculated on the basis of the expected payment to or rebate from each fiscal authority given the current tax rates and tax regulations applicable in the relevant country.

Deferred tax assets and liabilities are formed to reflect differences between the IFRS carrying amounts of assets or liabilities and the taxable value, provided that these temporary differences are likely to increase or reduce future taxes on income and there is no rule against recognising them. In addition, deferred taxes are recognised for both tax loss carryforwards as well as for as yet unused tax credits. The valuation of deferred taxes is based on income tax rates already approved as at 31 December 2023 and applicable upon realisation of the temporary differences.

Deferred tax assets on tax-relieving temporary differences, on as yet unused tax losses and on unused tax credits are only recognised to the extent that it is probable that taxable profits will be generated by the same taxable entity and in relation to the same tax authority in the foreseeable future. To assess impairment, detailed 5-year tax profit projections are made on the basis of the multi-year planning approved by the Board of Managing Directors. Furthermore, recognition is justified if it is likely that a sufficient taxable profit will be available even beyond the 5-year time frame.

Deferred tax assets and liabilities are recognised and carried forward either in the income statement under taxes on income, or in equity, depending on the treatment of the underlying transaction.

Income tax expenses or income are reported under taxes on income in the Group income statement.

Deferred tax assets and liabilities are netted if there is a right to net current taxes on income and the deferred tax assets and liabilities relate to taxes on income levied by the same fiscal authority on the same taxable entity.

Taxable temporary differences relating to shares in Commerzbank Group companies for which no significant deferred income tax liabilities were recognised amounted to €501m (previous year: €414m).

The current and deferred tax assets as well as the current and deferred tax liabilities are set out in the balance sheet and detailed in the notes.

(48) Tax assets

€m	31.12.2023	31.12.2022[1]	Change in %
Current tax assets	**138**	**178**	**– 22.3**
In Germany	117	144	– 18.4
Outside Germany	21	34	– 39.0
Deferred tax assets	**2,505**	**3,113**	**– 19.5**
Tax assets recognised in income statement	2,413	2,929	– 17.6
Tax assets not recognised in income statement	93	184	– 49.7
Total	**2,643**	**3,291**	**– 19.7**

[1] Prior-year figures adjusted due to restatements (see Note 4).

Deferred tax assets represent the potential income tax relief arising from temporary differences between the values assigned to assets and liabilities in the Group balance sheet in accordance with IFRS and their values for tax accounting purposes as reported by the Group companies in accordance with the local tax regulations, as well as future income tax relief arising from tax loss carryforwards and as yet unused tax credits.

For the following tax loss carryforwards no deferred tax assets nor any impairments of existing deferred tax assets were recognised as at 31 December 2023 due to the limited planning horizon and the resulting insufficient probability of their being utilised.

Tax loss carryforwards | €m	31.12.2023	31.12.2022	Change in %
Corporation tax/federal tax	**7,095**	**7,859**	**– 9.7**
Can be carried forward for an unlimited period	4,813	5,042	– 4.5
Can be carried forward for a limited period[1]	2,281	2,817	– 19.0
of which: expires in the subsequent reporting period	67	436	– 84.5
Trade tax/local tax	**4,497**	**4,628**	**– 2.8**
Can be carried forward for an unlimited period	1,107	1,107	0.0
Can be carried forward for a limited period[1]	3,390	3,521	– 3.7
of which: expires in the subsequent reporting period	–	6	.

[1] Expires 20 years after the date on which the tax liability arose.

The accounting for the current tax assets took into account the uncertainty arising from potential tax disputes.

In addition, no deferred tax assets were recognised for deductible temporary differences that can be carried forward indefinitely in the amount of €2m (previous year: €145m).

Deferred tax assets are recognised mainly for domestic Group companies, mBank, London branch and United Kingdom subsidiaries. They were recognised in connection with the following items:

€m	31.12.2023	31.12.2022[1]	Change in %
Fair values of derivative hedging instruments	267	286	– 6.6
Financial assets and liabilities – Held for trading	3,768	6,704	– 43.8
Other financial assets	3,563	4,033	– 11.7
Provisions (excluding pension obligations)	370	165	.
Other financial liabilities	122	129	– 5.4
Pension obligation	703	880	– 20.1
Other balance sheet items	3,355	3,885	– 13.6
Tax loss carryforwards	988	1,479	– 33.2
Deferred tax assets gross	**13,137**	**17,561**	**– 25.2**
Offsetting with deferred tax liabilities	– 10,632	– 14,448	– 26.4
Total	**2,505**	**3,113**	**– 19.5**

[1] Prior-year figures adjusted due to restatements (see Note 4).

(49) Tax liabilities

€m	31.12.2023	31.12.2022	Change in %
Current tax liabilities	**535**	**826**	**– 35.2**
Tax liabilities to tax authorities from income tax	47	129	– 63.8
Provisions for income tax	488	696	– 29.9
Deferred tax liabilities	**3**	**6**	**– 48.3**
Tax liabilities recognised in income statement	1	19	– 96.0
Tax liabilities not recognised in income statement	3	– 13	.
Total	**538**	**832**	**– 35.3**

Provisions for taxes on income are potential tax liabilities which have not yet been formally assessed and potential liabilities for risks associated with tax audits. The liabilities to tax authorities represent payment obligations in respect of current taxes towards German and foreign tax authorities.

Deferred tax liabilities represent the potential income tax charge arising from temporary differences between the values assigned to assets and liabilities in the Group balance sheet in accordance with IFRS and their values for tax accounting purposes as reported by the Group companies in accordance with the local tax regulations. They were recognised in connection with the following items:

€m	31.12.2023	31.12.2022	Change in %
Financial assets and liabilities – Held for trading	4,482	7,247	– 38.2
Fair values of derivative hedging instruments	294	366	– 19.7
Other financial assets	92	94	– 2.1
Other financial liabilities	3,639	4,301	– 15.4
Other balance sheet items	2,128	2,446	– 13.0
Deferred tax assets gross	**10,635**	**14,454**	**– 26.4**
Offsetting with deferred tax liabilities	– 10,632	– 14,448	– 26.4
Total	**3**	**6**	**– 50.0**

Other assets and other liabilities

This line item presents any assets and liabilities which individually are immaterial and which cannot be assigned to other line items.

(50) Other assets

€m	31.12.2023	31.12.2022	Change in %
Irrevocable payment commitments[1]	287	214	34.1
Precious metals	138	87	59.3
Accrued and deferred items	241	256	– 5.6
Defined benefit assets recognised	655	625	4.8
Other assets[1]	1,356	1,255	8.1
Total	**2,677**	**2,436**	**9.9**

[1] Adjusted presentation.

Other assets include cash collateral for irrevocable payment commitments for the EU bank levy and deposit insurance in the amount of €287m. Since 2015, a cumulative total of €181m has been deposited for the EU bank levy and €106m for the Compensation Scheme of German Private Banks (see Note 57 for details).

(51) Other liabilities

€m	31.12.2023	31.12.2022	Change in %
Liabilities attributable to film funds	81	80	0.5
Liabilities attributable to non-controlling interests	55	81	– 32.2
Accrued and deferred items	462	360	28.5
Leasing liabilities	1,674	1,708	– 2.0
Other liabilities	2,328	1,520	53.2
Total	**4,599**	**3,749**	**22.7**

The items reported as accrued liabilities and deferred income include service charges received in advance in the amount of €358m (previous year: €276m).

(52) Other commitments

Payment commitments to Group-external entities and non-consolidated entities on shares not fully paid up were, as in the previous year, immaterial in the current financial year.

In accordance with Art. 5 (10) of the statutes of the German banks’ Deposit Insurance Fund, we have undertaken to indemnify the Association of German Banks, Berlin, for any losses incurred as a result of support provided for banks in which Commerzbank holds a majority interest.

Securities with a carrying amount of €12,350m (previous year: €18,108m) were furnished as collateral for obligations to futures exchanges and clearing houses

Commerzbank Aktiengesellschaft has given an undertaking to the Polish Financial Supervision Authority that it will provide its affiliated companies mBank S.A., Warsaw and mBank Hipoteczny S.A., Warsaw with sufficient liquidity and capital to ensure that they are in a position to meet their financial obligations at all times.

Leasing

(53) Leasing

The Group as lessee – rights of use

With the application of IFRS 16, a right-of-use asset and a corresponding lease liability are now recognised for leases. We recognise the right of use under fixed assets (see Note 45) and depreciate it on a straight-line basis over the term of the lease. The depreciation of the right of use is shown in the operating expenses (see Note 18). Extension, termination and purchase options are recognised as soon as their exercise is deemed sufficiently certain. Around half of the leases include such options, mainly extension options. This relates primarily to extension options. The Commerzbank Group does not expect any significant cash outflows in the future which have not been taken into account in measuring the lease liability.

The lease liability is recognised at the net present value of the future lease payments to be made under other liabilities (see Note 51). Interest expense includes the unwinding of the discount of the lease liabilities. Subsequent measurement is performed using the effective interest method. We make use of the option to exclude low-value leases from accounting and recognise them directly as expenses.

In 2023, expenses for low-value leases were €3m (previous year: €2m). Variable lease payments (as in the previous year) of €0m were not included in lease liabilities, and income of €16m (previous year: €16m) from sub-lease agreements was recorded in the period under review. Total lease payments amounted to €315m (previous year: €333m).

The Group as lessor

We classify a lease as an operating lease if it does not substantially transfer to the lessee all the risks and rewards incidental to ownership. By contrast, we classify leases where the lessee bears all the substantial risks and rewards as finance leases. Risks and rewards are allocated on the basis of the present value of the cash flow associated with the leases.

If the present value equals at least the amount invested into the leased asset, the lease is classified as a finance lease.

Operating leases

Commerzbank acts as a lessor in operating lease arrangements. The assets where the Group acts as lessor include, in particular, technical equipment and machines, real estate and office furniture and equipment (e.g. vehicles, machinery and equipment). No contingent rents have been agreed in the leases.

The following minimum lease payments stemming from non-cancellable leases will accrue to Commerzbank Group over the next few years from operating leases granted:

Maturity I €m	31.12.2023	31.12.2022
up to 1 year	67	103
in 1 year up to 5 years	166	212
in more than 5 years	12	40
Total	**245**	**355**

Lessor disclosures – finance leases

Commerzbank acts as a lessor for finance leases. As at the reporting date, these leases primarily comprised technical equipment and machines, office furniture and equipment (e.g. vehicles and office equipment) and to a lesser extent leased real estate. The relationship between gross investments and net present value of the minimum lease payments was as follows:

€m	31.12.2023	31.12.2022
Outstanding lease payments	6,048	5,354
+ guaranteed residual values	538	730
= minimum lease payments	6,586	6,084
+ non-guaranteed residual values	–	–
= gross investments	6,586	6,084
of which: from sale and leaseback transactions	–	–
– unrealised financial income	471	448
= net investments	**6,115**	**5,637**
– net present value of non-guaranteed residual values	–	–
= net present value of minimum lease payments	6,115	5,637
of which: from sale and leaseback transactions	–	–

The minimum lease payments include the total lease instalments to be paid by the lessee under the lease plus the guaranteed residual value. The non-guaranteed residual value is estimated at the beginning of the lease and reviewed at the reporting date on a regular basis. Unrealised financial income is equivalent to the interest implicit in the lease between the reporting date and the end of the contract.

The terms of the gross investment and net present values of the minimum lease payments from non-cancellable finance leases broke down as follows:

Residual terms as at 31.12.	**Gross investments**	
€m	2023	2022
up to 1 year	2,027	2,093
1 year up to 5 years	4,258	3,719
more than 5 years	300	273
Total	**6,586**	**6,084**

Financial income on the net investment in the lease of €308m (previous year: €237m) has been recognised in interest income. No income from variable lease payments was recognised in the reporting period. Receivables from leasing contracts included in risk management within the Group-wide risk management system.

Residual terms as at 31.12.	**Net present value of minimum lease payments**	
€m	2023	2022
up to 1 year	1,829	1,893
1 year up to 5 years	4,027	3,480
more than 5 years	259	263
Total	**6,115**	**5,637**

Provisions and employee benefits

A provision must be shown if on the reporting date, as the result of an event in the past, a current legal or constructive obligation has arisen, an outflow of resources to meet this obligation is likely and it is possible to make a reliable estimate of the amount of this obligation. Accordingly, we make provisions for liabilities of an uncertain amount to third parties and anticipated losses arising from pending transactions in the amount of the claims expected. The amount recognised as a provision represents the best estimate of the expense required to meet the current obligation as at the reporting date. Risks and uncertainties (including with regard to the actual level of the costs at the date of any utilisation of the provision and potential increases in costs for long-term provisions) are taken into account in the estimate. Provisions are recognised at their net present value if they are long-term.

Allocations to the different types of provisions are made via various items in the income statement. Provisions for lending business are charged to expenses for loan loss provisions and provisions for restructuring are charged to restructuring expenses. Other provisions are generally charged to operating expenses and released through other net income.

Companies within the Commerzbank Group are involved both in Germany and other countries in court and arbitration cases (legal proceedings) and in out-of-court and supervisory proceedings (recourse claims) as defendants and claimants or in other ways. Moreover, legal cases in which Commerzbank and its subsidiaries are not directly involved could have an impact on the Group because of their fundamental importance for the banking sector. The Group recognises appropriate provisions for legal proceedings and recourse claims, with the charge shown in other net income, if a loss is likely and can be determined sufficiently accurately. Provisions of recourse claims relate, for example, to reimbursements of processing fees for consumer loans which have been ruled as invalid and possible claims from customer misselling. In the case of provisions for legal proceedings, the procedure differs depending on whether a company within the Group is the claimant (active proceedings) or defendant (passive proceedings). In active proceedings, provisions are recognised for the legal and court fees and ancillary costs, which may vary based on the specific practices in each country. In passive proceedings provisions are also recognised if the outflow of resources is probable. However, the Group's final liability may differ from the provisions that have been recognised, as a high degree of judgement is involved in assessing the probability of uncertain liabilities in such legal proceedings and quantifying them. These estimates may turn out to be inaccurate at a later stage of the proceedings. Legal risks for which no provisions have been recognised are reported as contingent liabilities (see Note 56).

Restructuring provisions are recognised if Commerzbank Group has a detailed formal restructuring plan and has already begun implementing this plan or has announced the main details of the restructuring. The detailed plan must contain information on the departments and main locations involved, the approximate number of staff whose jobs are affected by the restructuring, the costs involved and the period during which the restructuring will be carried out. The detailed plan must be communicated in such a way that those affected can expect it to be realised. The restructuring expenses item in the income statement can contain further direct restructuring expenses which are not included in the restructuring provision.

Provisions for pensions and similar commitments are recognised for occupational pension schemes. These comprise pension commitments under both defined benefit and defined contribution pension plans. Defined benefit plans exist for obligations from pension entitlements and current benefits based on a direct pension commitment on the part of Commerzbank, where the level of the pension payment is mainly pre-defined and dependent on factors such as age, salary level and length of service. Provisions are established for these plans. The contributions paid for defined contribution pension plans are recognised directly under personnel expenses.

(54) Provisions

€m	2023	2022[1]	Change in %
Provisions for pensions and similar commitments	657	520	26.3
Other provisions	2,895	2,959	– 2.1
Total	**3,553**	**3,479**	**2.1**

[1] Prior-year figures adjusted due to restatements (see Note 4).

Provisions for pensions and similar commitments

The provisions for pensions and similar commitments comprise provisions for pension entitlements of active and former employees, pension entitlements of pensioners in the amount of €54m (previous year: €52m), provisions for age-related part-time working schemes of €59m (previous year: €93m) and provisions for early retirement of €544m (previous year: €375m).

The interest and operating expenses for pensions and other employee benefits consist of the following components:

€m	2023	2022	Change in %
Expenses for defined benefit plans	18	60	– 70.3
Expenses for defined contribution plans	69	73	– 5.5
Other pension benefits (early retirement and part-time scheme for older staff)	70	92	– 24.2
Other pension-related expenses	15	11	43.4
Expenses for pensions and similar employee benefits	**172**	**236**	**– 27.0**

a) Defined benefit plans

Pension obligations, pension-related obligations (age-related short-time working schemes, early retirement), obligations for long-service awards and pension expense for defined benefit plans are calculated annually by independent actuaries using the projected unit credit method. The underlying actuarial parameters are based on the norms in the country in which the pension plan was established. Apart from biometric assumptions (the Heubeck mortality tables 2018 G in Germany and country-specific biometric tables in other countries), the actuaries rely in particular on a current discount rate based on the yield on high-quality, long-term corporate bonds, as well as expected future rates of pension increases.

The expected adjustments to pensions in Germany, which are generally based on German consumer price trends (inflation), were raised to 2.5% p.a. in 2023 (previous year: 2.4% p.a.). The rise in the expected adjustments to pensions resulted in a one-off negative effect of around €52m before taxes, which was recognised directly in equity.

The future change in salaries does not have a material influence on the amount of the pension obligation due to the structure of the respective pension plans both in Germany and abroad. As a result, in line with the materiality principle, the parameter and its sensitivities are not disclosed.

For German pension obligations, the discount factor is determined using a proprietary Commerzbank model based on AA-rated government bonds and adjusted by a spread between AA-rated government bonds and AA-rated corporate bonds.

The parameters outside Germany are determined on the basis of weighted averages taking account of the respective relevant pension plans.

%	31.12.2023	31.12.2022
Parameters for pension plans in Germany		
for determining the pension obligation at year-end		
Discount rate	3.7	4.0
Expected adjustment to pensions	2.5	2.4
for determining the pension expenses in the financial year		
Discount rate	4.0	1.4
Expected adjustment to pensions	2.4	2.0
(Weighted) parameters for pension plans outside Germany		
for determining the pension obligation at year-end		
Discount rate	4.5	4.8
Expected adjustment to pensions	2.8	2.8
for determining the pension expenses in the financial year		
Discount rate	4.8	2.0
Expected adjustment to pensions	2.8	2.7

For employees entitled to pension benefits who joined Commerzbank Aktiengesellschaft or certain other consolidated companies before 31 December 2004, the pension entitlements are mainly based on the regulations of the Commerzbank modular plan for company pension benefits, known as the CBA. The amount of the benefits under CBA consists of an initial module for the period up to 31 December 2004, plus a benefit module – possibly augmented by a dynamic module – for each contributory year from 2005 onwards; the benefits are structured as a lifelong pension with the option to take a lump sum. The use of the lump-sum option is considered in the actuarial valuation accordingly.

Staff joining the Bank after 1 January 2005 have pension rights under the Commerzbank capital plan for company pension benefits, known as the CKA. The CKA guarantees a minimum benefit on the modular basis, but also offers additional opportunities for higher pension benefits through investing assets in investment funds.

Since 1 January 2010 the direct pension arrangements for staff formerly employed by Dresdner Bank Aktiengesellschaft have also been based on the company pension modules (CBA).

Furthermore, some foreign subsidiaries and branches, primarily in the United Kingdom and the USA, also have defined benefit plans.

In addition to the occupational pension plans, there is an internally-financed healthcare plan in the United Kingdom which entitles members in retirement to reimbursement of medical costs. The resulting obligations are accounted for according to the rules for defined benefit pension plans as specified by IAS 19.

In order to meet the direct pension liabilities in Germany, cover assets were transferred to a legally independent trustee, Commerzbank Pension Trust e. V. (CPT), under a Contractual Trust Arrangement (CTA). The assets held by CPT and the cover assets for pension obligations in our foreign units qualify as plan assets within the definition of IAS 19.8. The trust agreements signed by Commerzbank Aktiengesellschaft and other Group companies in Germany with the CPT also provide insolvency insurance for the direct occupational pension commitments funded by plan assets. The insolvency insurance covers all vested benefits of active and former employees and all current benefits being paid to pensioners. It covers the portion of vested or current benefits that are not covered by Pensions-Sicherungs-Verein (PSV), the German pensions insurance fund. The trust agreements do not require the trustor companies to pay in contributions. However, the plan assets must cover the liabilities not covered by PSV at all times. The companies that are party to the agreements may only request rebates from the plan assets for pension benefits that have been paid up to this limit.

The investment guidelines for the German plan assets are laid down jointly by the Board of Managing Directors of Commerzbank Aktiengesellschaft and the CPT. There are no legal requirements for the investment guidelines. The investment management is carried out by the Executive Pension Committee (EPC), which follows a liability-driven investment (LDI) approach as part of its Asset Liability Management. It also sets the framework for determining the actuarial assumptions. The main aim of the investment strategy is to replicate the future cash flows for the pension liabilities using derivatives for interest rates, inflation and credit spreads, with the aim of reducing the risks directly attributable to the future development of the pension liabilities. Apart from the usual pension risks such as inflation and biometric risks there are no other unusual risks at Commerzbank. The portfolio of the plan assets is well-diversified and mainly comprises fixed-income securities, equities and alternative investments.

The pension plans outside Germany have their own trust structures independent from the CPT. Overall, they currently represent around 4% of the Group's total pension liabilities. The EPC also acts as the steering committee for the plan assets of the foreign pension plans. Different national regulations also apply in each of the foreign countries. However, these plans also generally use an LDI approach. The biggest plan sponsors outside Germany are the Group units in London (around 39%), New York and Amsterdam, which altogether account for around 80% of the non-German pension liabilities. Most of the foreign pension schemes are funded defined benefit plans. In some cases, there are also pension liabilities on a small scale outside Germany that are not covered by plan assets.

The net liability or net asset resulting from the present value of the defined benefit obligations less the fair value of the plan assets, subject, if applicable, to the asset ceiling, is recognised in the balance sheet.

The pension expenses for defined benefit plans, which are reported under personnel expenses and in net interest income, consist of the service cost and the net interest cost or income. Service cost comprises current service cost, which represents the entitlements earned by members during the financial year as well as the past service cost or income. Net interest expense/income is calculated as the difference in interest rate between the present value of the obligation and the fair value of the plan assets. When calculating the pension obligation with respect to the net liability and plan assets under defined benefit plans, the discount rate is applied.

The difference between the remeasurement of the pension obligation on the reporting date as compared with the value projected at the beginning of the year is the actuarial gain or loss. Actuarial gains and losses are, like the return on plan assets (with the exception of amounts contained in net interest expense/income), recognised directly in retained earnings within equity and are reported in the statement of comprehensive income.

The net defined benefit liability changed as follows:

	Pension obligation		Plan assets		Net liability	
€m	2023	2022	2023	2022	2023	2022
As at 1.1. current year	**6,308**	**9,119**	**– 6,880**	**– 9,572**	**– 573**	**– 453**
Service cost	41	67	0	1	42	68
Past service cost	0	– 0	–	–	0	– 0
Curtailments/settlements	–	–	–	–	–	–
Other One-off Cost	0	–	0	–	0	–
Interest expense/income	248	128	– 272	– 135	– 24	– 7
Remeasurement	505	– 2,702	– 517	2,561	– 12	– 141
Gain or loss on plan assets excluding amounts already recognised in net interest expense/income	–	–	– 517	2,561	– 517	2,561
Experience adjustments	201	– 87	–	–	201	– 87
Adjustments in financial assumptions	305	– 2,599	–	–	305	– 2,599
Adjustments in demographic assumptions	– 1	– 16	–	–	– 1	– 16
Pension payments	– 317	– 299	297	274	– 20	– 26
Settlement payments	–	– 0	–	0	–	–
Change in the group of consolidated companies	–	–	–	–	–	–
Exchange rate changes	– 1	– 5	– 0	11	– 1	6
Employer contributions	–	–	– 14	– 20	– 14	– 20
Employee contributions	0	0	– 0	– 0	0	0
Business combinations and disposals	–	–	–	–	–	–
Reclassifications/other changes	3	0	– 2	– 0	1	0
As at 31.12. current year	**6,786**	**6,308**	**– 7,387**	**– 6,880**	**– 601**	**– 573**
of which. provision for pension	–	–	–	–	54	52
of which: recognition of defined benefit assets	–	–	–	–	– 655	– 625

Employer contributions of €10m to plan assets and pension payments of €316m are expected for defined benefit pension plans in the 2024 financial year. The asset ceiling had no effects within Commerzbank, and the net liability may therefore be equated with the funded status.

The geographical breakdown of the pension obligations was as follows:

€m	31.12.2023	31.12.2022
Germany	6,552	6,072
United Kingdom	90	92
Americas	69	73
Others	74	71
Total	**6,786**	**6,308**

The sensitivity analysis shown here reflects the changes in an assumption; the other assumptions remain unchanged from the original calculation, i.e. potential correlation effects between the individual assumptions are not accounted for. The effects of the assumption changes on the present value of the pension liabilities were determined using the same methods – in particular, the projected unit credit method – as used for the measurement of pension obligations as at the year-end. A change in the corresponding assumptions as at 31 December 2023 would have the following effects on the obligation:

€m	31.12.2023	31.12.2022
Interest rate sensitivity		
Discount rate +50bps	– 417	– 389
Discount rate –50bps	467	436
Pension adjustment sensitivity[1]		
Adjustment to pensions +50bps	295	288
Adjustment to pensions –50bps	– 271	– 265
Mortality rate (life expectancy) change sensitivity		
Reduction in mortality by 10 %[2]	224	199

[1] The expected domestic pension adjustments are generally based on the projected development of German consumer prices (inflation).
[2] The reduction in mortality by 10% for all ages results in an average increase in life expectancy of around one year at age 65.

The breakdown of the plan assets was as follows:

%	2023		2022	
	Active market	Inactive market	Active market	Inactive market
bonds/bond funds	48.9	18.6	52.7	21.2
Shares/equity funds	7.8	1.6	7.6	1.9
Other investment fund units	0.2	0.0	0.3	0.1
Liquid assets	4.4	–	3.4	–
Asset-backed securities	1.0	5.7	1.0	5.8
Derivatives	8.9	1.8	3.7	1.3
Others	0.1	1.1	– 0.1	1.2

As at 31 December 2023, the plan assets did not include material amounts of securities issued by the Group or other claims upon it. Nor did they include any mortgage securities used by the Group. The majority of the bonds and pension funds consist of securities with an investment grade rating.

The weighted average duration of the pension obligations was 13.5 years (previous year: 13.6 years). The anticipated maturities of undiscounted pension obligations are as follows:

€m	2024	2025	2026	2027	2028	2029–2033
Expected pension payments	328	329	333	345	356	1,831

b) Defined contribution plans

Together with other financial institutions in Germany, Commerzbank is a member of BVV Versicherungsverein des Bankgewerbes a.G. (BVV), the occupational pension fund which provides retirement benefits to eligible employees in Germany. The contributions to the BVV are paid regularly by both the employer and the employee. The contributions paid by Commerzbank are recognised in personnel expenses. The BVV tariffs provide for fixed pension payments with profit participation. However, these plans are accounted for as defined contribution plans, as we do not have enough information on our share of the overall defined benefit obligation of each BVV plan and on the share of the relevant plan assets attributable to us. In the BVV scheme the employer bears subsidiary liability for the company pension scheme towards its own employees. There is also an obligation to make adjustments to compensate for inflation in favour of the beneficiaries, which could result in an increase in pension benefits. In addition, the BVV is entitled to demand further contributions from the member companies in case the economic situation of the BVV makes this necessary.

However, no provisions for the BVV pension commitment were recognised either in the current or previous financial years, as recourse to this statutory liability is regarded as unlikely.

Furthermore, some foreign subsidiaries and branches, primarily in the United Kingdom and the USA, also have defined contribution plans. The expenses for defined contribution plans included €59m (previous year: €62m) in payments to the BVV. Contributions in 2024 are expected to be around the same amount.

Other provisions

a) Provisions for off-balance-sheet lending exposures and financial guarantees

For information on the principles we observe when establishing provisions for off-balance-sheet lending exposures and financial guarantees, please refer to the explanations in Notes 31 to 34 on credit risks and credit losses.

b) Other provisions

Other provisions changed as follows in the financial year:

€m	As at 1.1.2023	Allocations	Utilisation	Reversals	Unwinding of discount	Reclassifications/ change in the group of consolidated companies/ other	As at 31.12.2023
Personnel provisions	653	538	392	61	0	5	743
Restructuring measures	834	12	161	12	35	– 160	548
Legal proceedings and recourse claims	429	329	73	78	8	19	634
Others	469	207	160	63	7	– 13	448
Total	**2,384**	**1,086**	**786**	**214**	**51**	**– 149**	**2,373**

€m	As at 1.1.2022	Allocations	Utilisation	Reversals	Unwinding of discount	Reclassifications/ change in the group of consolidated companies/ other	As at 31.12.2022
Personnel provisions	612	413	304	67	– 0	– 0	653
Restructuring measures	1,419	48	378	22	– 32	– 201	834
Legal proceedings and recourse claims	449	135	133	61	– 6	44	429
Others	459	255	213	35	– 1	3	469
Total	**2,940**	**851**	**1,028**	**185**	**– 39**	**– 155**	**2,384**

The personnel provisions are predominantly short-term in nature, but also include provisions for long service awards, which are by their nature long-term and are utilised successively in following reporting periods. They also contain provisions for the long-term cash component of the Commerzbank Incentive Plan (CIP) which are utilised after the expiry of the three-year deferral period. The provisions listed under Other mostly have a residual term of under one year.

The restructuring provisions relate primarily to personnel and, to a lesser extent, to real estate. The additions in the 2021 reporting year were made in connection with Strategy 2024, which envisages, among other things, job cuts in Germany and abroad by 2024, a reduction in the domestic branch network and the closure of locations, as well as the relocation of activities abroad.

Legal disputes

In case of legal proceedings or possible third-party recourse claims for which provisions need to be recognised, and which are contained in “Other provisions” under legal proceedings and recourse claims, neither the duration of the proceedings nor the level of utilisation of the provision can be predicted with certainty at the date the provision is recognised. The provisions cover the costs expected according to our judgement as at the reporting date.

- Commerzbank and its subsidiaries operate in a large number of jurisdictions subject to different legal and regulatory requirements. In isolated cases in the past, infringements of legal and regulatory provisions have come to light and have been prosecuted by government agencies and institutions. Some companies within Commerzbank Group are currently still involved in a number of such cases.

- Commerzbank and its subsidiaries are especially active in the area of investment advisory within the Private and Small-Business Customers segment. The legal requirements for investor- and investment-oriented advisory services have been made more rigorous, especially in recent years. Commerzbank and its subsidiaries have consequently been involved in a number of legal disputes, some of which are still pending, with investors who claim to have received poor or inadequate investment advice and who demand compensation for damages or the reversal of investment transactions where information regarding commission fees was lacking (e.g. for closed-end funds).
- Commerzbank is exposed to claims from customers owing to "cancellation joker" ("Widerrufsjoker") issues. Following a change in the law, according to which any right to cancel loan agreements concluded between 2002 and 2010 could lapse no later than on 21 June 2016, many borrowers cancelled their agreements and asserted that the information given to them about cancellation when they concluded the agreement had been deficient. Some of them took legal action against the Bank when it refused to accept their cancellation, intending to immediately pay back the loan prior to the expiry of the fixed interest term without having to compensate the Bank for the loss incurred as a consequence of the early repayment. For agreements concluded after 2010, an attempt is also being made to use the cancellation joker to withdraw from the agreements prematurely. The Bank has contested these claims. We have not set out the provision amounts to avoid influencing the outcome of the proceeding.
- A subsidiary of Commerzbank was involved in a South American bank which in the meantime has gone into liquidation. A number of investors and creditors of this bank have launched various legal actions in Uruguay and Argentina against the subsidiary, alleging liability as shareholders of the bankrupt companies as well as breaches of duty by the persons nominated by the subsidiary for the banks' supervisory boards. In addition, the subsidiary was involved in two funds which raised money from investors and were managed by third parties. The liquidators of these funds have launched court proceedings in the USA demanding the repayment of amounts received by the subsidiary from the funds. We have not set out the provision amounts to avoid influencing the outcome of the proceeding.
- In May 2017, a Polish court admitted a class action lawsuit against mBank alleging the ineffectiveness of index clauses in loan agreements denominated in Swiss francs. A total of 1,731 plaintiffs have joined the class action. The claimants had appealed against the dismissing judgement of the court of first instance. In January 2024, the court of appeal referred the case back to the court of first instance for a new hearing.

Independently of this, numerous borrowers of loans indexed in foreign currencies have also filed individual lawsuits for the same reasons. In addition to the class action, 22,602 other individual proceedings were pending as at 31 December 2023 (previous year: 17,627). mBank has contested these claims.

As at 31 December 2023, there were 4,528 final rulings relating to loans indexed in foreign currencies in individual proceedings against mBank, of which 104 were decided in favour of mBank and 4,424 were decided against mBank.

The questions submitted to the ECJ by the Polish Supreme Court on the legality of the process for appointing new judges to the Polish Supreme Court are still unanswered and the further course of the proceedings and the outcome remain to be seen.

In a request for a preliminary ruling from a Polish court to the ECJ in proceedings concerning mBank (C-140/22), the ECJ ruled in December 2023 that a consumer can choose not to assert unfairness of a contractual term and voluntarily agree to the contractual term, but is not obliged to assert the unfairness in court in order to enforce their rights. The ECJ also reaffirmed its case law from the ruling of 15 June 2023 (C-520/21) and rejected claims by the bank beyond the repayment of capital and the payment of statutory default interest.

In proceedings against another bank (C-28/22), the ECJ ruled in December 2023 that the limitation period must be symmetrical for both parties; the limitation period for customer claims must not begin before the limitation period for the banks' claims. The court also ruled that interest on arrears would continue to accrue during the period in which the bank exercised a right of retention.

In a referral proceeding against another bank (C-756/22), questions were referred to the ECJ regarding the bank's claims in the event of the reversal of loans; in its decision in December 2023, the ECJ referred to its ruling of 15 June 2023 (C-520/21) and confirmed that the bank has no claim against the consumer beyond the repayment of the capital and statutory default interest.

In a referral proceeding at the ECJ concerning mBank (C-488/23), a decision was issued in January 2024 in which the court confirmed its ruling of 15 June 2023 (C-520/21), according to which a bank is not entitled to remuneration for the transfer of capital, not even in the form of compensation for the loss in value of the capital transferred ("valorisation").

mBank established a settlement programme beginning in the fourth quarter of 2022 that is aimed at all customers with active loans indexed in Swiss francs, including those who already have lawsuits against the bank. Customers will be offered the option of having their loans converted into zloty loans with a fixed or variable interest rate as well as the cancellation of an individually negotiated part of the outstanding loan value. As at the reporting date, mBank had accounted for risks in connection with future settlement payments in the amount of €285.7m.

mBank has looked into the implications of the ECJ's rulings and decisions and has examined and partly adjusted the parameters of the model, such as the expected number of borrowers who will still sue, the nature of the expected court judgements, the amount of the Bank's loss in the event of a judgement and the acceptance rate for settlements. The methodology used to calculate the provision is based on parameters that are varied, discretionary and in some cases associated with considerable uncertainty. Fluctuations in the parameters as well as their interdependencies and rulings of the Polish courts and the ECJ may mean that the amount of the provision has to be adjusted significantly in the future.

As at 31 December 2023, the portfolio of loans indexed in foreign currencies that have not been fully repaid had a carrying amount of 3.4bn Polish zloty. The portfolio of fully repaid loans and loans for which a settlement had been agreed or final ruling had been issued amounted to 11.2bn Polish zloty at the time of disbursement. Overall, the Group recognised a provision of €1.9bn (previous year: €1.4bn) for the risks arising from the matter, including potential settlement payments and the class action lawsuit,this relates almost exclusively to loans indexed in Swiss francs. In the case of loans that have not yet been fully repaid, the legal risks are taken into account in the gross carrying amounts of the receivables directly when estimating the cash flows, and not shown as a provision.

- In proceedings relating to a specific retail mortgage loan agreement, a court overturned the finding of the lower court and ruled that the contractual clause concerning the calculation of prepayment penalty fees was insufficient and the prepayment penalty fee received by the Bank had to be refunded. The judgement is final. The Bank has recognised a corresponding provision for the possibility that a refund must be made in similar cases. We have not stated the provision amounts to avoid influencing the outcome of these cases.
- In April 2021, the German Federal Court of Justice ruled on the mechanism for changes to banks' general terms and conditions (AGB Banken) in a case against another bank and declared the relevant clauses of the general terms and conditions to be void. This mechanism stipulated that the customer's consent to certain changes in the contract was given after a certain period of time if the customer had not objected. The Bank has analysed the impact of this case law on its business units and products, as the charges introduced or increased for consumers as a result of the mechanism for changes to banks' general terms and conditions may be void. The Bank is being sued for repayment in some cases. We have not stated the provision amounts to avoid influencing the outcome of the proceedings.
- Based on the circular on cum/cum transactions published by the Federal Ministry of Finance (BMF) in 2017, the tax auditors commented on the treatment of these transactions in the form of audit notes. The tax office reduced the credit for capital gains taxes accordingly. In response, Commerzbank made value adjustments to tax credits shown in the balance sheet and set up additional provisions for possible repayment claims in order to reflect the changed risk situation fully and appropriately. The BMF published a revised version of its circular on cum/cum transactions on 9 July 2021. In view of the potential impact of the BMF circular, the provision was adjusted in the second quarter of 2021. Based on current knowledge, the tax risks arising from this issue have thereby been adequately covered. The possibility of further charges over and above the provisions recognised by the Bank cannot be completely ruled out.
- With respect to securities lending transactions, Commerzbank is exposed to compensation claims (including in court) from third parties for crediting entitlements that have been denied. In the context of these securities lending transactions, the contracting parties were obliged to reimburse Commerzbank for dividends and withholding tax. However, the tax offices of various contracting parties partially refused or subsequently disallowed subsequent crediting against corporate income tax. We have not stated the provision amounts to avoid influencing the outcome of the proceedings.
- In a lawsuit filed in May 2019, a Commerzbank customer sought a ruling that the Bank must compensate the claimant for material damages caused by alleged false advice in connection with derivatives in the form of swap contracts. In the financial year the parties ended the legal dispute by means of a settlement.
- A subsidiary of Commerzbank was sued by a customer in May 2014 for compensation due to alleged fraudulent misselling of derivative transactions. The subsidiary has defended itself against the claim.

(55) Share-based remuneration plans

Significant share-based remuneration plans

a) Commerzbank Incentive Plan (CIP)

The Commerzbank Incentive Plan (CIP), which was first launched in 2011, sets out the detailed rules for variable remuneration and applies to the entire Commerzbank Group. The CIP is an equity-settled plan with a settlement option in cash for the employer, which falls within the scope of IFRS 2. In some locations different or supplementary CIP rules apply reflecting local legal or employment law requirements.

The CIP regulates the payment conditions for variable remuneration for "risk takers". The variable remuneration for this group of persons consists of a short-term incentive (STI) and, in the case of risk takers whose variable remuneration exceeds the risk taker limit, a long-term incentive (LTI). Under the CIP, if variable remuneration is granted, risk takers receive parts of their individual variable remuneration as a cash component and, if the risk taker exemption limit is exceeded, as a stock component that is linked to the performance of the Commerzbank share.

A risk taker is an employee whose role has a material impact on Commerzbank's overall risk profile. The criteria on the basis of which the risk takers are identified are divided into the categories of management responsibility, risk responsibility and remuneration level. Depending on the employee's hierarchical level and the risk relevance of their role, the Bank designates what kind of risk taker the employee is: "risk taker I" or "risk taker II". Risk taker I status applies to employees whose role entails a higher risk relevance.

The risk taker limit is the amount up to which the payment of the entire variable remuneration for a financial year takes the form of a cash STI payment. For risk takers whose variable remuneration does not exceed the risk taker limit, and for employees without risk taker status (non-risk takers), variable remuneration is paid entirely as a cash STI. Only if the risk taker limit is exceeded is the variable remuneration divided up into STI and LTI components subject to the CIP rules applying to these components.

The following rules apply once the risk taker limit has been exceeded:

- For the risk taker I category, the STI component is 40% and the LTI component is 60% of the potential variable remuneration. 50% of both the STI and LTI are paid in shares.
- For the risk taker II category, the STI component is generally 60% and the LTI component 40% of the potential variable remuneration. Half of both STI and LTI is share-based remuneration.

An individual's variable remuneration is determined on the basis of the results of their annual target attainment meeting (performance appraisal I), which is held in the first three months of the following financial year. The number of Commerzbank shares granted is set at the same time as the variable remuneration for both the STI and the LTI. If risk takers receive share-based remuneration components, the number of Commerzbank shares is calculated by dividing 50% of the euro amounts in the STI and the LTI by the subscription price. If there are any fractional amounts, the number of shares is rounded up. The subscription price for the variable remuneration set until the 2018 financial year is the simple arithmetic average of the Xetra closing prices of the Commerzbank share on all trading days during the reference period (December of the previous year and January and February of the next year). For the variable remuneration that has been set from the 2019 financial year onwards, the reference period for the subscription price is the month of January of the year following the financial year.

Under the rules of the share-based remuneration components Commerzbank has the right to make a payment in cash rather than in shares. Use is made of this option as a rule. In the STI, the shares, or the optional cash settlement, are subject to a twelve-month lockup ("retention period"). This means that the STI share component of the financial year (n) will generally be paid out in April of the after next financial year (n+2).

Under the LTI, since the amendment to the Remuneration Ordinance for Institutions (Institutsvergütungsverordnung) of 25 September 2021 came into force, the entitlement to variable remuneration generally arises after the end of a deferral period of five years for risk takers I and four years for risk takers II, provided there are no other grounds under performance appraisal II to block the allocation. For risk takers I, Commerzbank has opted in favour of "pro-rata vesting", according to which the entitlement to deferred variable remuneration arises on a pro rata basis during the retention period of five years.

Performance appraisal II, which is held after the end of the deferral period, includes a review of performance appraisal I and of the conduct of the employee during the deferral period. In the LTI, if an entitlement arises, the shares or the optional cash settlement are also subject to a retention period, as in the STI. The payment of variable remuneration deferred until after the 2019 financial year will be made after completion of the performance appraisal II for risk takers I, for LTI Cash in November of the sixth year (n+6), and for LTI Equity in October of the seventh year (n+7). For risk takers II, LTI Cash was paid in November of the fourth year (n+4) and LTI Equity in October of the fifth year (n+5) until the 2021 financial year. From the 2022 financial year, LTI Cash will be paid in November of the fifth year (n+5) and LTI Equity in October of the sixth year (n+6). For risk takers I who fall under the executive model, which has been in effect since the 2023 financial year, the individual tranches of the LTI Cash and of the LTI Equity will be allocated pro rata temporis (annual vesting) over the term of the LTI.

The payment date for the LTI Cash starting from the year (n + 2) to the year (n + 6) has been set for November, while for the LTI Equity starting from the year (n + 3) to the year (n + 7) it has been set for October.

In the event of a cash settlement of the share component the cash amount is calculated on the basis of the simple arithmetic average of Xetra closing prices of the Commerzbank share on all trading days during the reference period. The reference period for entitlement to variable remuneration from the 2019 financial year onwards is the last full calendar month preceding the end of the retention period of the respective share-based remuneration components.

If Commerzbank has paid dividends or carried out capital actions during the term of the CIP, since the 2019 financial year the deferral period does not confer any entitlement to compensation for dividends or subscription rights paid or granted to shareholders, unlike the retention period.

The various remuneration components are estimated in the underlying financial year on the basis of budget forecasts, and provisions are recognised proportionally over the lifetime of the plans. Moreover, regular reviews, revaluations based on movements in the share price and/or adjustments of the amounts are carried out throughout the lifetime of the CIP.

b) Share-based payment plans of mBank S.A.

In 2012 a share-based programme was launched in which members of the Management Board could participate up until 2017. Until 2013 this programme comprised both a short-term component (cash payment) and a long-term component which entitled the participants to make regular subscriptions to mBank shares over a period of three years. The programme was modified in 2014 and now consists of cash payments and the subscription of mBank shares in both components over three years. A given quantity of these shares were issued each year and made available to those entitled for purchase at a pre-determined price. In addition, a significant number of risk takers were added to this programme in 2015. In all of these programmes, participation is linked to a minimum return on equity by the mBank sub-group. The long-term component of the programme from 2012 (modified in 2014) is also linked to the participants' performance assessment.

In 2018, the programme was technically adapted and the long-term component for members of the Board of Managing Directors was extended from three to five years (pro rata). In 2021, the long-term component for risk takers below the Board of Managing Directors was extended from three to five years (pro rata) for so-called senior management positions, and from three to four years (pro rata) for all other risk takers below the Board of Managing Directors.

Both plans, which entitle the holders to subscribe for mBank shares (firstly for members of the Board of Managing Directors from 2012, modified in 2014 and with a technical adjustment in 2018, and secondly for risk takers below the Board of Managing Directors with a technical adjustment in 2021) are classified as share-based payments settled in the form of equity instruments.

c) Remuneration of the Board of Managing Directors

Please refer to the separate Remuneration report in the Group management report for a detailed account of the remuneration of members of the Board of Managing Directors.

Accounting and valuation of share-based payment and bonus plans

The staff compensation plans are accounted for under the rules of IFRS 2 – Share-based Payment and IAS 19 – Employee Benefits. A distinction is made between share-based remuneration payments settled in the form of equity instruments and those settled in cash. For both types of remuneration, however, the granting of share-based remuneration has to be recognised at fair value in the Group financial statements.

Accounting

- Equity-settled share-based remuneration transactions: The fair value of share-based remuneration payments settled in the form of equity instruments is recognised as personnel expenses and reflected within equity in retained earnings. The fair value is determined on the date on which the rights are granted. If rights cannot be exercised because the conditions for exercise are not met due to market conditions, no change is made to the amounts already recognised in equity. However, if rights cannot be exercised because other conditions for exercise are not met (service and non-market conditions), the amounts already recognised in equity are adjusted through profit or loss.
- Cash-settled share-based remuneration transactions: The portion of the fair value of share-based remuneration payments settled in cash that relates to services performed up to the date of measurement is recognised as personnel expenses while at the same time being recorded as a provision. The fair value is recalculated on each reporting date up to and including the settlement date. Any change in the fair value of the obligation must be recognised through profit or loss. On the date of settlement, therefore, the provision must correspond as closely as possible to the amount payable to the eligible employees. The provisions fluctuate on each subsequent reporting date in parallel with the performance of Commerzbank Aktiengesellschaft share price. This affects the portion of the share-based variable remuneration that was determined using an average price for Commerzbank share. The price itself is determined as the average Xetra closing price of the months of January and February plus December of the previous year.

Measurement

The provision for the Commerzbank Incentive Plan is determined by multiplying the number of shares earned by participants by the closing price of the Commerzbank share on 31 December of the reporting year. The expense for the allocations to the provisions can also be recognised over the vesting period of four or six years, depending on the remuneration plan.

The rights exercised in the course of the year were disbursed at a rate of €10.28. The remaining rights were valued at €10.74 at the end of the year. The weighted average of the remaining contract term of the outstanding stock options is 2.5 years.

Due to services already rendered by employees (including the Board of Managing Directors), expenses for non-share-based remuneration of €318m were incurred in the 2023 financial year (previous year: €288m), as well as expenses relating to share-based payments. Expense for share-based payments was as follows:

€m	2023	2022
Cash-settled plans (Commerzbank Incentive Plan)	40	25
Equity-settled plans	2	3
Total	**43**	**27**

The provisions for share-based payment plans and the reserves in equity for share-based payment settled with equity instruments were as follows:

€m	2023	2022
Provisions Commerzbank Incentive Plan	86	53
Equity reserves	2	6

Commerzbank Incentive Plan

The number of shares changed as follows in the current financial year:

Number of awards	Commerzbank Incentive Plan
Balance as at 1.1.2022	**1,277,227**
Granted during the year	2,508,616
Forfeited during the year	–
Exercised during the year	944,934
Expired during the year	–
Balance as at 31.12.2022	**2,840,909**
Balance as at 1.1.2023	2,840,909
Granted during the year[1]	2,748,945
Forfeited during the year	–
Exercised during the year	1,059,830
Expired during the year	–
Balance as at 31.12.2023	**4,530,024**

[1] The allocation rate for the financial year is €9.61.

(56) Contingent liabilities and lending commitments

This item mainly shows contingent liabilities arising from guarantees and indemnity agreements as well as irrevocable lending commitments at their nominal value.

Situations where the reporting company acts as guarantor to the creditor of a third party for the fulfilment of a liability of that third party must be shown as guarantees. Indemnity agreements include contractual obligations that involve taking responsibility for a particular outcome or performance. These are normally guarantees issued at a customer's request, which give us a right of recourse to the customer in the event that the guarantee is called upon. All obligations that could incur a credit risk must be shown here as irrevocable lending commitments. These include obligations to grant loans (e.g. credit lines that have been granted to customers), to buy securities or provide guarantees or acceptances. In contrast, loan commitments allocated to the trading portfolio are recognised under Financial assets – Held for trading or Financial liabilities – Held for trading.

Provisions for risks in respect of contingent liabilities and lending commitments are included in provisions for off-balance-sheet lending.

Income from guarantees is reported in net commission income; the level of this income is determined by the application of agreed rates to the nominal amount of the guarantees.

Legal risks where the occurrence of a loss cannot be ruled out but for which no provisions have been recognised because a claim is highly improbable, are also reported under contingent liabilities. We take a wide variety of factors into account in determining the probability of a loss, including the type of claims and judgements on similar issues.

The Commerzbank Group extends credit facilities to its customers, granting them rapid access to funds to meet their short-term and long-term financing needs. The credit facilities can be provided in different forms, as shown in the following examples:

- guarantees, where the Group guarantees the repayment of a loan borrowed by a customer from another party;
- standby letters of credit, which enhance a customer's credit standing and enable the customer to obtain trade finance at a lower cost;
- documentary credits for trade finance payments, which are made on behalf of a customer and where the Group is reimbursed at a later date;
- standby facilities for short-term debt instruments and debt paper issued on a revolving basis, which enable customers to issue money market paper or medium-term debt instruments when needed without having to go through the normal issue procedure every time.

Existing collateral may serve to cover the total liabilities of customers from loans and guarantees. Also, third parties may have sub-participations in irrevocable lending commitments and acceptances.

The contingent liabilities also include the irrevocable payment obligation provided by the Single Resolution Board (SRB) after approval of the Bank's request for security for payment of part of the banking levy.

The figures listed in the table below do not take account of any collateral and would only have to be written off if all customers utilised their credit facilities completely and then defaulted (and there was no collateral). In practice, the majority of these facilities expire without ever being utilised. Consequently, these amounts are unrepresentative in terms of assessing risk, the actual future loan exposure or resulting liquidity requirements. The Group management report contains further information on credit risk and liquidity risk and how they are monitored and managed. Loan loss provisions for off balance-sheet commitments have been deducted from the respective items in these tables.

€m	31.12.2023	31.12.2022[1]	Change in %
Contingent liabilities	**47,824**	**46,796**	**2.2**
Banks	6,335	7,958	– 20.4
Corporate clients	38,205	35,111	8.8
Private customers	157	175	– 10.2
Other financial corporations	2,834	3,331	– 14.9
General governments	292	221	31.9
Irrevocable lending commitments	**80,204**	**80,228**	**– 0.0**
Banks	1,367	1,385	– 1.3
Corporate clients	65,717	62,703	4.8
Private customers	7,142	10,631	– 32.8
Other financial corporations	4,805	4,692	2.4
General governments	1,174	817	43.6
Total	**128,028**	**127,023**	**0.8**

[1] Prior-year figures adjusted due to restatements (see Note 4).

In addition to the credit facilities listed above, Commerzbank Group may also sustain losses from legal and tax risks the occurrence of which is not very probable and for which reason no provisions have been recognised. However, since there is some probability of their occurrence, they are presented under contingent liabilities. It is impossible to reliably estimate the date on which such risk may materialise or any potential reimbursements. Depending on the outcome of the legal and fiscal proceedings, the estimate of our risk of loss may prove to be either too low or too high. However, in a large majority of cases the contingent liabilities for legal risks do not ever materialise and, therefore, the amounts are not representative of the actual future losses. As at 31 December 2023, contingent liabilities for legal risks amounted to € 429m (previous year: € 563m) and related to the following material issues:

- A customer sued Commerzbank for recovery of monies in April 2016. The claimant is demanding the repayment of interest which in its view was wrongly paid to Commerzbank and is also demanding the release of collateral which is being held as security for a claim by Commerzbank against the claimant. The claimant appealed against the first instance judgment. Commerzbank is defending itself against the action.
- A Commerzbank subsidiary together with another bank was sued for damages in February 2020 due to alleged unfair price collusion in connection with the levying of settlement fees. The subsidiary is defending itself against the action.
- In February 2022, Commerzbank was sued in Hungary for damages in connection with a failed project. The lawsuit has been dismissed.
- A Commerzbank subsidiary, together with another bank, was sued for damages in May 2018 due to alleged unfair price collusion in connection with the levying of settlement fees. An appeal against the second instance judgement in favour of the banks is still possible.
- In 2018 a subsidiary of Commerzbank was sued by a customer for compensation due to alleged unlawful selling of collateral. The subsidiary is defending itself against the claim.
- A subsidiary of the Bank was sued for damages in May 2023. The claimant is a shareholder of an insolvent company that had granted third-party collateral in favour of the subsidiary's borrower. The subsidiary is defending itself against the action.

The contingent liabilities for tax risks relate to the following material issues:

- The public prosecutor's office in Frankfurt is investigating equity transactions conducted by Commerzbank and the former Dresdner Bank around the dividend record date (cum-ex transactions). Commerzbank had already initiated a forensic analysis of cum-ex transactions at the end of 2015, which was concluded at the start of 2018 in respect of Commerzbank's equity transactions and in September 2019 in respect of the equity transactions of the former Dresdner Bank. All back taxes demanded by the tax authorities have been paid.
  The public prosecutor's office in Cologne has been conducting investigations at Commerzbank since September 2019 in connection with a separate case concerning cum-ex transactions. It is investigating on suspicion that the Bank (including Dresdner Bank) was involved in cum-ex transactions in various roles, including by supplying shares to third parties who were allegedly acting as short sellers. According to the current understanding, these proceedings do not involve Commerzbank's own tax credit claims with regard to capital gains tax and the solidarity surcharge on dividends.

The Bank is cooperating fully with authorities conducting investigations into cum-ex transactions. It is currently not possible to predict whether this will give rise to a burden or the amount thereof.

Other contingent funding obligations

- Commerzbank made use of the opportunity to meet part of its compulsory contributions for the EU banking levy and the Compensation Scheme of German Private Banks in the form of cash collateral and irrevocable payment commitments (IPCs).
In the 2023 financial year, cash collateral in the amount of €42m was deposited for the EU bank levy and €30m for the Compensation Scheme of German Private Banks. Since 2015, a cumulative total of €181m has been deposited for the EU bank levy and €106m for the Compensation Scheme of German Private Banks. Cash collateral is reported under other assets.
Accordingly, the 2023 financial year saw irrevocable payment commitments entered into in the amount of €72m. Since 2015, a cumulative total of €181m has been entered into for the EU bank levy and €106m for the Compensation Scheme of German Private Banks. The IPCs are reported as contingent liabilities.

Following a ruling by the European General Court (EGC) against another bank on 25 October 2023 (T-688/21), which confirmed the retention, in the event that a bank's authorisation is withdrawn, of contributions in the amount of the IPCs that it had made, Commerzbank re-examined during the 2023 financial year its accounting treatment of the cash collateral it had provided and the IPCs it had made. Since the applicant has lodged an appeal against this ruling, a final ruling from the ECJ is not expected until some time in the future. In the annual financial statements as at 31 December 2023, the cash collateral provided is still capitalised as other assets. Commerzbank considers the recoverability of the cash collateral to be given.
It will continue to treat the irrevocable payment commitments as contingent liabilities. This is based on the assumptions that it is unlikely that Commerzbank's authorisation will be withdrawn and that no significant resolution or compensation event that will have to be covered by the relevant protection schemes is expected in the foreseeable future. If the assumptions underlying the current accounting approach change, this could result in future charges against earnings of up to €287m in connection with the IPCs.

(57) Segment reporting

Segment reporting reflects the results of the operating segments within Commerzbank Group. The following segment information is based on IFRS 8 Operating Segments, which applies the management approach. The segment information is prepared on the basis of internal management reporting, which the chief operating decision maker draws on in assessing the performance of the operating segments and determining the allocation of resources to the operating segments. Within Commerzbank Group, the function of chief operating decision maker is exercised by the Board of Managing Directors.

In our segment reporting, we present the two business segments Private and Small-Business Customers and Corporate Clients separately. This reflects Commerzbank Group's organisational structure and forms the basis for internal management reporting. The business segments are defined by differences in their products, services and/or customer target groups.

There were no changes of the structure of the internal organization that changed the composition of the reportable segments in 2023.

At the beginning of the financial year 2023, the operating segments' capital requirement for risk-weighted assets have increased to 12.7% (previous year: 12.5%).

Further information on the segments is provided in the Group management report section of this Annual Report.

The performance of each segment is measured in terms of operating profit or loss and pre-tax profit or loss, as well as operating return on equity and the cost/income ratio. Operating profit or loss is defined as the sum of net interest income, dividend income, risk result, net commission income, net income from financial assets and liabilities measured at fair value through profit or loss, net income from hedge accounting, other net income from financial instruments, current net income from companies accounted for using the equity method and other net income less operating expenses and compulsory contributions. The operating profit does not include any impairments on goodwill or restructuring expenses. As we report pre-tax profits, non-controlling interests are included in the figures for both profit and loss and average capital employed. All the revenue for which a segment is responsible is thus reflected in the pre-tax profit. When showing the elimination of intragroup profits from intragroup transactions in segment reporting, the transferring segment is treated as if the transaction had taken place outside the Group. Intragroup profits and losses are therefore eliminated in Others and Consolidation.

The operating return on equity is calculated as the ratio of operating profit to average capital employed. It shows the return on the capital employed in a given segment. The cost/income ratio in operating business reflects the cost efficiency of the various segments. It is calculated from the ratio of the sum of operating expenses and compulsory contributions to income before the risk result. We also report a cost/income ratio in operating business that excludes compulsory contributions, to take account of the fact that this item cannot be influenced in terms of either amount or periodicity.

Income and expenses are reported within the segments by originating unit and at market prices, with the market interest rate method being used for interest operations. The actual funding costs for the business-specific equity holdings of the segments are shown in net interest income. The Group's return on capital employed is allocated to the net interest income of the various segments in proportion to the average capital employed in the segment. The interest rate used is the long-term risk-free rate on the capital market. Net interest income also contains liquidity costs. These costs include both externally paid funding costs as well as the complete allocation of liquidity costs to the businesses and segments based on our transfer price system for liquidity costs. This system is used to allocate the interest expenses resulting from the Bank's external funding to the individual transactions and portfolios of the segments. This allocation is based on a central liquidity price curve in accordance with cost causation. The average capital employed in the segments is calculated based on the average segmented risk-weighted assets. At Group level, Common Equity Tier 1 (CET1) capital is shown, which is used to calculate the operating return on equity. The reconciliation of average capital employed in the segments to the Group's CET1 capital is carried out in Others and Consolidation. We also report the assets and liabilities for the individual segments and the carrying amounts of companies accounted for using the equity method. Due to our business model, the segment balance sheet only balances out at Group level.

The operating expenses reported under operating profit or loss contain personnel expenses, administrative expenses (excluding compulsory contributions) as well as amortisation, depreciation and write-downs on fixed assets and other intangible assets. Restructuring expenses and impairments of both goodwill are reported below the operating profit line in pre-tax profit or loss. Operating expenses and compulsory contributions are attributed to the individual segments on the basis of cost causation. The indirect expenses arising in connection with internal services are charged to the user of the service and credited to the segment performing the service. The provision of intragroup services is charged at full cost or at market prices.

2023 €m	Private and Small Business Customers	Corporate Clients	Others and Consolidation	Group
Net interest income	4,385	2,781	1,202	8,368
Dividend income	18	4	4	26
Risk result	– 472	– 155	8	– 618
Net commission income	2,150	1,281	– 45	3,386
Net income from financial assets and liabilities measured at fair value through profit or loss	– 173	463	– 650	– 359
Net income from hedge accounting	– 3	– 0	43	39
Other net income from financial instruments	14	– 2	41	52
Current net income from companies accounted for using the equity method	– 1	5	– 0	4
Other net income	– 1,016	– 50	11	– 1,055
Income before risk result	**5,374**	**4,481**	**606**	**10,461**
Income after risk result	**4,903**	**4,326**	**614**	**9,843**
Operating expenses	3,575	2,111	320	6,006
Compulsory contributions	303	73	40	415
Operating profit or loss	**1,024**	**2,142**	**255**	**3,421**
Restructuring expenses	–	–	18	18
Pre-tax profit or loss	**1,024**	**2,142**	**236**	**3,403**
Assets	**179,698**	**134,434**	**203,035**	**517,166**
Liabilities	**228,254**	**168,960**	**119,952**	**517,166**
Carrying amount of companies accounted for using the equity method	**13**	**129**	**–**	**142**
Average capital employed[1]	**6,769**	**10,481**	**7,695**	**24,945**
Operating return on equity (%)	**15.1**	**20.4**	**–**	**13.7**
Cost/income ratio in operating business (excl. compulsory contributions) (%)	**66.5**	**47.1**	**–**	**57.4**
Cost/income ratio in operating business (incl. compulsory contributions) (%)	**72.2**	**48.7**	**–**	**61.4**

[1] Average CET1 capital. Reconciliation carried out in Others and Consolidation.

2022 €m[1]	Private and Small Business Customers	Corporate Clients	Others and Consolidation	Group
Net interest income	3,941	2,077	441	6,459
Dividend income	19	5	7	32
Risk result	– 392	– 446	– 38	– 876
Net commission income	2,245	1,320	– 46	3,519
Net income from financial assets and liabilities measured at fair value through profit or loss	– 79	436	93	451
Net income from hedge accounting	– 2	– 18	– 93	– 113
Other net income from financial instruments	– 294	– 10	11	– 292
Current net income from companies accounted for using the equity method	5	8	– 0	13
Other net income	– 569	– 26	– 11	– 606
Income before risk result	**5,266**	**3,792**	**403**	**9,461**
Income after risk result	**4,874**	**3,346**	**365**	**8,585**
Operating expenses	3,414	2,162	268	5,844
Compulsory contributions	460	120	63	642
Operating profit or loss	**1,001**	**1,065**	**34**	**2,099**
Restructuring expenses	–	0	94	94
Pre-tax profit or loss	**1,001**	**1,065**	**– 60**	**2,005**
Assets	**170,749**	**136,696**	**169,983**	**477,428**
Liabilities	**210,303**	**156,203**	**110,923**	**477,428**
Carrying amount of companies accounted for using the equity method	**31**	**151**	**–**	**182**
Average capital employed[2]	**6,745**	**10,072**	**7,186**	**24,003**
Operating return on equity (%)	**14.8**	**10.6**	**–**	**8.7**
Cost/income ratio in operating business (excl. compulsory contributions) (%)	**64.8**	**57.0**	**–**	**61.8**
Cost/income ratio in operating business (incl. compulsory contributions) (%)	**73.6**	**60.2**	**–**	**68.6**

[1] Prior-year figures adjusted due to restatements (see Note 4) and due to IFRS 8.29.
[2] Average CET1 capital. Reconciliation carried out in Others and Consolidation

€m	2023		
	Others	Consolidation	Others and Consolidation
Net interest income	1,204	– 2	1,202
Dividend income	4	–	4
Risk result	8	–	8
Net commission income	– 41	– 4	– 45
Net income from financial assets and liabilities measured at fair value through profit or loss	– 703	54	– 650
Net income from hedge accounting	43	–	43
Other net income from financial instruments	41	0	41
Current net income from companies accounted for using the equity method	– 0	–	– 0
Other net income	17	– 6	11
Income before risk result	**564**	**42**	**606**
Income after risk result	**572**	**42**	**614**
Operating expenses	327	– 8	320
Compulsory contributions	40	– 0	40
Operating profit or loss	**205**	**50**	**255**
Restructuring expenses	18	–	18
Pre-tax profit or loss	**187**	**50**	**236**
Assets	**202,988**	**47**	**203,035**
Liabilities	**119,832**	**120**	**119,952**

€m	2022[1]		
	Others	Consolidation	Others and Consolidation
Net interest income	**451**	**– 10**	**441**
Dividend income	7	–	7
Risk result	– 38	–	– 38
Net commission income	– 41	– 4	– 46
Net income from financial assets and liabilities measured at fair value through profit or loss	139	– 45	93
Net income from hedge accounting	– 93	–	– 93
Other net income from financial instruments	8	3	11
Current net income from companies accounted for using the equity method	– 0	– 0	– 0
Other net income	– 5	– 6	– 11
Income before risk result	**466**	**– 63**	**403**
Income after risk result	**428**	**– 63**	**365**
Operating expenses	280	– 12	268
Compulsory contributions	63	0	63
Operating profit or loss	**85**	**– 51**	**34**
Restructuring expenses	94	–	94
Pre-tax profit or loss	**– 9**	**– 51**	**– 60**
Assets	**169,931**	**52**	**169,983**
Liabilities	**110,833**	**90**	**110,923**

[1] Adjustments due to IFRS 8.29.

Under “Consolidation” we report consolidation and reconciliation items from the results of the segments and “Others” affecting the Group financial statements. This relates primarily to the following items:

- Elimination of the net measurement gains or losses on own bonds incurred in the segments;
- Effects from the consolidation of intragroup-transactions between segments;
- Effects from the consolidation of expenses and income; and
- Income and operating expenses of staff and management functions, which are charged to the segments and Others.

The breakdown within segment reporting by geographical region, which is essentially based on the location of the branch or group entity, was as follows:

2023 €m	**Germany**	**Europe without Germany**	**America**	**Asia**	**Others**	**Total**
Income before risk result	7,710	2,471	89	191	–	10,461
Credit-risk-weighted assets	103,042	31,744	5,707	3,551	–	144,044

2022 €m	**Germany**	**Europe without Germany**	**America**	**Asia**	**Others**	**Total**
Income before risk result	7,089	2,062	131	180	–	9,461
Credit-risk-weighted assets	94,081	36,680	5,966	3,746	–	140,473

Of the income before loan loss provisions in Europe (not including Germany), around 19% was from our units in the United Kingdom (previous year: 26%), 54% from our units in Poland (previous year: 50%) and 3% from our units in Luxembourg (previous year: 5%). Instead of long-term assets, we report the risk weighted assets for credit risks. Of the risk weighted assets for credit risks in Europe (not including Germany), around 53% was from our units in Poland (previous year: 45%), 28% by our units in the United Kingdom (previous year: 22%) and 7% by our units in Luxembourg (previous year: 21%).

In accordance with IFRS 8.32 Commerzbank has decided not to provide a breakdown of Commerzbank Group’s total income by products and services. We decided not to collect this data for efficiency reasons, as it is used neither for internal management activities nor for management reporting.

Other notes

(58) Notes on cash flow statement

Cash and cash equivalents was comprised of the following, and is therefore identical with cash on hand and cash on demand:

€m	31.12.2023	31.12.2022	Change in %
Cash on hand	1,108	1,082	2.5
Balances with central banks	27,305	17,126	59.4
Deposits daily due on demand with banks	64,712	57,025	13.5
Debt issued by public-sector borrowers	–	–	.
Total	**93,126**	**75,233**	**23.8**

Cash and cash equivalents do not contain any effects from companies consolidated for the first time or from deconsolidations, either in the current financial year or in the previous year.

The cash flow statement shows the structure of and changes in cash and cash equivalents during the financial year. It is broken down into operating activities, investing activities and financing activities.

Net cash from operating activities includes payments (inflows and outflows) relating to loans and advances and also securities and other assets. Increases and decreases in deposits, bonds and notes issued and other liabilities also belong to operating activities. The interest and dividend payments resulting from operating activities are similarly reflected in net cash from operating activities.

Changes in net cash from operating activities also resulted from disposals of consolidated companies. The tables below provide an overview of the assets and liabilities at the disposal dates:

Assets | €m	31.12.2023	31.12.2022
Financial assets – Amortised cost	–	–
Financial assets – Mandatorily fair value P&L	–	–
Financial assets – Held for trading	11	–
Fixed assets	–	–
Other assets	2	–

Liabilities | €m	31.12.2023	31.12.2022
Financial liabilities – Amortised cost	–	–
Financial liabilities – Fair value option	–	–
Financial liabilities – Held for trading	–	–
Other liabilities	6	–

Net cash from investing activities is made up of cash flows relating to payment transactions for intangible assets, fixed assets and companies accounted for using the equity method. Net cash from financing activities consists of the proceeds of capital increases as well as payments made or received on subordinated deposits and debt instruments. Dividends paid are also reported here.

The cash holdings include cash and cash equivalents which can be directly converted to liquid assets and are only subject to an insignificant value fluctuation risk. Here we include the item “Cash on hand and cash on demand”, which contains cash on hand, balances held at central banks, sight deposits at banks due on demand, and debt issued by public-sector borrowers.

The ability of the Commerzbank Group to access cash inflows from or outflows to subsidiaries, including structured entities, associated companies and joint ventures, can be subject to legal, regulatory and contractual restrictions.

With regard to Commerzbank Group, the cash flow statement is not very informative. The cash flow statement neither replaces the liquidity/financial planning for us, nor is it used as a management tool.

The following table shows the changes in net debt.

€m	2023	2022
Net debt as per 1.1.	**10,004**	**10,166**
Changes in net cash from financing activities	– 1,094	178
Changes in the group of consolidated companies	–	–
Exchange rate changes	– 545	1,048
Change in other non-cash positions	1,429	– 1,389
Net debt as per 31.12.	**9,793**	**10,004**

Reported equity and regulatory capital

(59) Equity structure in accordance with IFRS

Subscribed capital

The subscribed capital (share capital) of Commerzbank Aktiengesellschaft consists of no-par-value shares, each with an accounting par value of €1.00. The shares are issued in bearer form. Purchases and disposals of treasury shares are added to or deducted from subscribed capital at an accounting par value of €1.00. The subscribed capital stood at €1,240m (previous year: €1,252m). As of 31 December 2023, no treasury shares were held. There are no preferential rights or restrictions on the payment of dividends at Commerzbank Aktiengesellschaft. All shares in issue are fully paid up.

Conditional capital

Conditional capital is intended to be used for the issue of convertible bonds or bonds with warrants and profit-sharing certificates with conversion or option rights. No conditional capital was available in the financial year and the previous year.

Authorised capital

Date of AGM resolution	Original amount €m	Used in previous years for capital increases €m	Used for capital increases €m	Authorisation expired €m	Residual amount €m	Date of expiry
31.5.2023	564	–	–	–	564	30.5.2028
Total	**564**	**–**	**–**	**–**	**564**	

The conditions for capital increases from authorised capital as at 31 December 2023 are stipulated in the Articles of Association of Commerzbank Aktiengesellschaft dated 29 September 2023.

The Board of Managing Directors is authorised, with the approval of the Supervisory Board, to increase the Company's share capital until 30 May 2028 through the issuance of new shares with no par value in exchange for cash, in either one or several tranches, but not exceeding a maximum amount of €438,325,172.00 (Authorised Capital 2023/I). In principle, shareholders shall be offered subscription rights; the statutory subscription right may also be granted in such manner that the new shares are underwritten by one or more banks or enterprises equivalent to a bank pursuant to Art. 186 (5) sentence 1 of the German Stock Corporation Act under an obligation to offer them for subscription to shareholders of Commerzbank Aktiengesellschaft. However, the Board of Managing Directors is authorised, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in the following cases:

- to exclude fractional amounts from subscription rights;
- in order to issue shares to employees of Commerzbank Aktiengesellschaft or of companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (Group companies as defined in Art. 18 (1) of the Stock Corporation Act) up to a proportional amount of the share capital of €15,000,000.00.

If shares are issued against cash to employees of the Company or of its Group companies within the meaning of Art. 18 (1) of the Stock Corporation Act with the exclusion of shareholders' subscription rights, the proportional amount of the share capital attributable to them may not exceed a total of 3% of the share capital of the Company existing at the time of the resolution of the Annual General Meeting. This 3% limit shall take into account the proportional share capital issued against cash or contributions in kind or sold during the term of this authorisation under another authorisation with the exclusion of shareholders' subscription rights to members of the Board of Managing Directors, members of the management or employees of the Company or of its Group companies within the meaning of Art. 18 (1) of the German Stock Corporation Act. The Board of Managing Directors is authorised to determine the further details of the capital increase and its implementation.

The Board of Managing Directors is authorised, with the approval of the Supervisory Board, to increase the Company's share capital until 30 May 2028 through the issuance of new shares with no par value in exchange for cash or contributions in kind, in either one or several tranches, but not exceeding a maximum amount of €125,235,763.00 (Authorised Capital 2023/II). In principle, shareholders shall be offered subscription rights; the statutory subscription right may also be granted in such manner that the new shares are underwritten by one or more banks or enterprises equivalent to a bank pursuant to Art. 186 (5) sentence 1 of the German Stock Corporation Act under an obligation to offer them for subscription to shareholders of Commerzbank Aktiengesellschaft. However, the Board of Managing Directors is authorised, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in the following cases:

- to exclude fractional amounts from subscription rights;
- to the extent necessary, to grant the holders of conversion or option rights, either already issued or still to be issued by Commerzbank Aktiengesellschaft or by companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (Group companies as defined in Art. 18 (1) of the Stock Corporation Act), subscription rights in the amount to which they would be entitled after exercising their conversion or option rights or fulfilling their corresponding conversion or option obligation;
- in order to increase the share capital in exchange for contributions in kind;
- in the event of capital increases for cash, if the issue price of the new shares is not significantly lower than the market price for identical shares of the Company at the time the issue price is determined. The shares issued subject to the exclusion of subscription rights pursuant to Art. 203 (1) and Art. 186 (3) sentence 4 of the German Stock Corporation Act on the basis of this authorisation may not exceed a total of 10% of the share capital of the Company, either at the time the authorisation becomes effective or at the time the authorisation is exercised, whichever amount is lower. The upper limit of 10% of the share capital is reduced by the proportional amount of share capital corresponding to those of the Company's own shares that are sold during the period of validity of Authorised Capital 2023/II, while excluding shareholders' subscription rights in accordance with Art. 71 (1) no. 8 sentence 5 and Art. 186 (3) sentence 4 of the German Stock Corporation Act. The upper limit is further reduced by the proportional amount of share capital corresponding to those shares that must be issued to service options and convertible bonds with option or conversion rights or with option or conversion obligations, provided such bonds are issued during the period of validity of Authorised Capital 2023/II, while excluding subscription rights subject to appropriate application of Art. 186 (3) sentence 4 of the German Stock Corporation Act.

The proportional amount of the share capital attributable to those shares issued in exchange for cash or contributions in kind with exclusion of the shareholders' subscription right must not, in aggregate, exceed 10% of the share capital of the Company existing at the time when the General Meeting adopts the resolution. Regarding the above limit, those shares shall be taken into account – subject to any renewed authorisation to exclude subscription rights that may be adopted as a resolution by a subsequent Annual General Meeting – which are issued subject to exclusion of the subscription right during the term of this authorisation under another authorisation, or on which financial instruments with conversion or option rights or obligations are based which are issued subject to exclusion of the subscription right of the shareholders during the term of the authorisation under another authorisation. If shares are issued to members of the Board of Managing Directors, members of the management or employees of Commerzbank Aktiengesellschaft and its Group companies within the meaning of Art. 18 (1) of the Stock Corporation Act with the exclusion of shareholders' subscription rights against contributions in kind by contributing claims for variable remuneration components, bonuses or similar claims against the Company or its Group companies, the Board of Managing Directors may only make use of the authorisation up to a maximum total amount of 3% of the share capital existing at the time of the resolution by the Annual General Meeting. This 3% limit shall take into account the proportional share capital issued against cash or contributions in kind or sold during the term of this authorisation under another authorisation with the exclusion of shareholders' subscription rights to members of the Board of Managing Directors, members of the management or employees of the Company or of its Group companies within the meaning of Art. 18 (1) of the German Stock Corporation Act. The Board of Managing Directors is authorised to determine the further details of the capital increase and its implementation.

(60) Selected key regulatory figures

The following chart shows the composition of Commerzbank Group’s own funds and risk-weighted assets together with its own funds ratios in accordance with the Capital Requirements Regulation (CRR), including the transitional provisions applied.

	31.12.2023	31.12.2022	Veränd. in %
Common Equity Tier 1[1] (€b)	25.7	23.9	7.8
Tier 1 capital (€b)	28.9	27.1	6.8
Equity 1 (€b)	33.9	31.9	6.0
Risk-weighted assets (€b)	175.1	168.7	3.8
of which credit risk	144.0	140.5	2.5
of which market risk[2]	8.3	7.1	17.3
of which operational risk	22.8	21.2	7.5
Common Equity Tier 1 ratio (%)	14.7	14.1	3.9
Equity Tier 1 ratio (%)	16.5	16.0	2.9
Total capital ratio (%)	19.3	18.9	2.2

[1] This information includes the consolidated profit attributable to Commerzbank shareholders for regulatory purposes.
[2] Includes credit valuation adjustment risk.

The leverage ratio shows the ratio of Tier 1 capital to leverage ratio exposure, consisting of the non-risk-weighted assets plus off-balance-sheet positions, in accordance with CRR.

	31.12.2023	31.12.2022	Veränd. in %
Leverage Ratio Exposure (€bn)	592	548	8.1
Leverage Ratio (%)	4.9	4.9	– 1.2

The NPE ratio is the ratio of non-performing exposures to total exposures according to the EBA Risk Dashboard.

	31.12.2023	31.12.2022	Veränd. in %
NPE-ratio (%)	0.8	1.1	– 23.1

As a bank, Commerzbank Aktiengesellschaft is required to prepare a quarterly disclosure report in accordance with CRR. For capital management and further information on equity, see the most recent disclosure report in accordance with CRR.

(61) Average number of staff employed by the Bank during the financial year

These figures include both full-time and part-time personnel The average number of employees in training in the Group is not included.

	2023			2022		
	Total	male	female	Total	male	female
Group	**40,603**	**19,286**	**21,317**	**42,378**	**20,172**	**22,206**
In Germany	26,985	12,899	14,086	28,213	13,571	14,643
Outside Germany	13,618	6,388	7,231	14,165	6,601	7,563

(62) Related party transactions

As part of its normal business, Commerzbank Aktiengesellschaft and/or its consolidated companies engage in transactions with related entities and persons. These also include subsidiaries that are controlled but not consolidated for reasons of materiality, joint ventures, associated companies, external providers of occupational pensions for employees of Commerzbank Aktiengesellschaft, key management personnel and members of their families as well as companies and joint ventures controlled by these persons. Banking transactions with related parties are carried out at normal market terms and conditions. In some cases, prior-year figures were adjusted due to changes in allocations.

Key management personnel refers exclusively to members of Commerzbank Aktiengesellschaft's Board of Managing Directors and Supervisory Board who were active during the financial year.

Besides the stake held by the German federal government, other factors (including membership of the Supervisory Board) that could potentially allow a significant influence to be exerted on Commerzbank Aktiengesellschaft also need to be taken into account. Accordingly, the German federal government and entities controlled by it are classified as related entities and persons in accordance with IAS 24.

Transactions with non-consolidated subsidiaries

The assets relating to non-consolidated subsidiaries in the amount of €118m (previous year: €106m) as at 31 December 2023 included primarily loans and advances. Liabilities in the amount of €166m (previous year: €178m) comprised mostly deposits. The income of €22m (previous year: €52m) comprised primarily interest and commission income as well as the net gain or loss from trading and remeasurement. The expenses in the amount of €64m (previous year: €55m) resulted largely from goods and services. In the course of its ordinary banking activities, the Bank granted guarantees and collateral totaling €86m (previous year: €89m).

Transactions with joint ventures

The assets relating to joint ventures of €24m (previous year: €26m) included mainly loans and receivables as at 31 December 2023. As in the previous year, no transactions took place with joint ventures.

Transactions with associated companies

The assets relating to associated companies in the amount of €3m (previous year: €1m) as at 31 December 2023 included primarily financial assets. Liabilities in the amount of €20m (previous year: €32m) comprised mostly deposits. The income of €6m (previous year: €18m) resulted primarily from interest income. Expenses in the financial year amounted to €16m and resulted mainly from depreciation and impairment losses (previous year: €0m). In the course of its ordinary banking activities, the Bank granted guarantees and collateral totalling €3m (previous year: €3m).

Transactions with other related entities/persons

The assets relating to other related entities/persons amounted to €3m (previous year: €0m). Liabilities in the amount of €206m (previous year: €216m) comprised mostly deposits. The deposits were mostly attributable to external providers of occupational pensions. The income amounted to €0m (previous year: €0m). The expenses of €16m (previous year: €9m) resulted primarily from interest expenses. Guarantees and collateral in the amount of €0m were granted in the course of the Bank's ordinary banking activities (previous year: €0m).

Transactions with entities controlled by the German federal government

Commerzbank has transactions with private-law subsidiaries of the German federal government as well as Deutsche Bundesbank. The assets relating to entities controlled by the German federal government as at 31 December 2023 in the amount of €61,470m (previous year: €58,784m) comprised primarily deposits with Deutsche Bundesbank totalling €60,175m (previous year:

€57,586m). Of the liabilities relating to entities controlled by the German federal government in the amount of €11,259m (previous year: €12,845m), €11,230m were deposits (previous year: €12,811m). As at 31 December 2023, the Bank had granted guarantees and collateral totalling €115m (previous year: €263m) to entities controlled by the German federal government. The income of €2,579m (previous year: €146m) resulted primarily - interest income. The expenses of €15m (previous year: €10m) resulted primarily from interest income.

Transactions with key management personnel

The assets relating to key management personnel in the amount of €8m (previous year: €4m) as at 31 December 2023 comprised loans and advances. The liabilities to key management personnel of €7m (previous year: €4m) included deposits. The expenses represent personnel expenses in the amount of €23m (previous year: €23m) and include remuneration for key management personnel, salaries of the employee representatives on the Supervisory Board who are employed by Commerzbank Group.

Claims on key management personnel were as follows:

	Board of Managing Directors		Supervisory Board	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Claims (€ 1,000)[1]	2,384	2,510	5,489	1,057
Last due date[2]	2,058	2,058	2,060	2,042
Range of interest rates used (%)[3]	0.75 – 5.25	0.75 – 2.8	0.38 – 2.15	1.35 – 1.56

[1] Members of the Board of Managing Directors repaid €51 thousand (previous year: €4,961 thousand) and members of the Supervisory Board repaid €115 thousand (previous year: €228 thousand).
[2] Besides loans with fixed repayment dates, loans without a specified maturity were granted.
[3] In individual cases, up to 16.1% (previous year: 10.9%) was charged for overdrafts of the Board of Managing Directors and up to 16.8% (previous year: 18.6%) for overdrafts of the Supervisory Board.

Where necessary, loans to members of the Board of Managing Directors and the Supervisory Board were secured by land charges or liens.

With the exception of rental guarantees, the companies of Commerzbank Group did not have any contingent liabilities relating to members of the Board of Managing Directors or the Supervisory Board in the year under review.

Board of Managing Directors

The table below shows a breakdown of the total remuneration of the Board of Managing Directors in accordance with both IAS 24.17 and Art. 314 (1) no. 6 (a) sentence 1 of the German Commercial Code (HGB). The expense under the IAS 24 classification is based on the regulations of the underlying standards (IAS 19 and IFRS 2). The short-term employee benefits include, for example, standard non-monetary benefits.

€1,000	2023	2022
Short-term employee benefits	9,986	9,956
Post-employment benefits (service costs)	2,736	2,795
Other long term benefits	1,505	1,774
Termination benefits[1]	–	–
Share-based remuneration[2]	3,762	3,812
Total remuneration in accordance with IAS 24.17	**17,989**	**18,337**
Less or plus		
Post-employment benefits	– 2,736	–2,795
Termination benefits	–	–
Other differences between IFRS and Art. 314 (1) no. 6 letter a sentence 1 HGB[3]	– 3,432	– 3,791
Total remuneration in accordance with Art. 314 Abs. 1 no. 6 a) S. 1 HGB	**11,821**	**11,751**

The total remuneration in accordance with Art. 314 (1) no. 6 (a) sentence 1 of the German Commercial Code for the members of the Board of Managing Directors does not include any payments of long-term components of the remuneration for the 2023 financial year, as these can be granted by the Supervisory Board in a legally binding manner only after a retention period of 5 to 7 years and the completion of a retrospective performance evaluation. The total remuneration therefore also includes the payment of long-term components of the remuneration for the 2018 financial year (previous year: for 2017 financial year), since these were legally binding in the year under review. Total remuneration also includes 157,429 (previous year: 149,488) virtual shares with a total value of €1,674 thousand (previous year: €1,470 thousand), which will not be paid out until spring of 2023 or in 2025 at the share price valid prior to the respective payment. These virtual shares were included in the total remuneration in accordance with German Accounting Standard No. 17 (DRS 17) at the share price on the day they were granted by the Supervisory Board plus any dividend adjustment for the dividend in the 2018 financial year.

The net present value of the pension entitlements of the members of the Board of Managing Directors who were active in the financial year was €11,031 thousand as at 31 December 2023 (previous year: €8,419 thousand). After deduction of plan assets transferred, provisions for pension obligations in respect of members of the Board of Managing Directors active in the financial year were €990 thousand as at 31 December 2023 (previous year: €985 thousand). Provisions of €11,100 thousand were recognised for variable components of remuneration of active members of the Board of Managing Directors as at 31 December 2023 (previous year: €13,300 thousand).

The assets backing the Bank's retirement benefit plan for present and former members of the Board of Managing Directors or their surviving dependants have been transferred to Commerzbank Pensions-Trust e.V. as part of a contractual trust arrangement. Payments to former members of the Board of Managing Directors of Commerzbank Aktiengesellschaft and their surviving dependants in the financial year came to €8,427 thousand (previous year: €13,591 thousand). The pension obligations for these persons amounted to €104,820 thousand (previous year: €98,580 thousand).

Supervisory Board

Remuneration for the members of the Supervisory Board is regulated in Art. 15 of the Articles of Association of Commerzbank Aktiengesellschaft. Members of the Supervisory Board received total net remuneration of €3,688 thousand for the 2023 financial year (previous year: €3,483 thousand), as short-term employee benefits in accordance with IAS 24.17.

Other details

(63) Date of release for publication

The Board of Managing Directors approved these Group financial statements on 27 February 2024 for submission to the Supervisory Board. The Supervisory Board is responsible for reviewing and formally approving the Group financial statements. Preliminary figures for the 2023 results were released by the Board of Managing Directors on 12 February 2024 for publication.

(64) Corporate Governance Code

We have issued our annual declaration of compliance with the German Corporate Governance Code pursuant to Art. 161 of the German Stock Corporation Act and made it permanently available to shareholders on the internet (www.commerzbank.com).

(65) Country-specific reporting

The following information pursuant to Art. 26a of the German Banking Act relates to the companies of Commerzbank Group consolidated under IFRS. Return on capital for the Group was 0.43% as at 31 December 2023. For the statement of business purpose please refer to our ownership interests (Note 70) in the online version of the Annual Report “Commerzbank > Investor Relations” (www.commerzbank.com). Turnover is reported on the basis of the company’s separate financial statements in accordance with International Financial Reporting Standards (IFRS) and includes income before risk result. The pre-tax profit or loss and taxes on income are also taken from each company’s separate financial statements under IFRS. The average number of employees includes both full-time personnel and part-time personnel converted into full-time equivalents.

31.12.2023	Turnover €m	Pre-tax profit or loss €m	Taxes on income[1] €m	Employees number
Germany	8,430	3,147	961	24,491
China including Hongkong and Shanghai	16	– 26	2	135
France	93	47	12	87
United Kingdom	702	482	6	526
Luxembourg	94	103	– 10	124
Netherlands	57	78	13	46
Poland	1,309	222	211	8,912
Russia	74	51	8	126
Singapore	138	65	9	316
USA	127	– 14	– 5	272
Others	266	102	13	1,871

[1] The difference between the tax ratios and nominal tax rates in the different countries largely derives from effects relating to the retrospective recognition or impairment of deferred taxes and from taxes for prior years (e.g. recognition and release of tax provisions).

31.12.2022	Turnover €m	Pre-tax profit or loss €m	Taxes on income[1] €m	Employees number
Germany	7,796	2,094	512	25,504
China including Hongkong and Shanghai	36	– 23	– 4	165
France	57	16	6	84
United Kingdom	599	341	6	607
Luxembourg	111	79	– 2	158
Netherlands	19	3	– 1	35
Poland	1,025	– 6	133	8,351
Russia	115	93	15	130
Singapore	102	31	5	335
USA	207	89	– 44	287
Others	212	46	17	1,518

[1] The difference between the tax ratios and nominal tax rates in the different countries largely derives from effects relating to the retrospective recognition or impairment of deferred taxes and from taxes for prior years (e.g. recognition and release of tax provisions).

(66) Information on unconsolidated structured entities

The unconsolidated structured entities of Commerzbank Group comprise the transaction types (clusters) set out below:

- Asset-backed securities (ABS)
  Asset-backed securities are collateralised securities designed to convert particular assets, usually loans, into interest-bearing tradeable securities through securitisation. The underlying assets may include, for example, consumer loans (auto loans, credit card assets), mortgage loans and high-grade corporate loans. The companies are financed through the issue of various tranches of asset-backed securities. Investors in these securities are subject to the default risk of the underlying asset. Commerzbank only invests in investment grade ABS tranches.
- Own securitisations and securitisation platform
  Commerzbank's own securitisations are true-sale and synthetic securitisations used for the purpose of steering the liquidity, capital and risk-weighted assets of the Bank. The companies that acquire the assets are financed through the issue of various tranches of securities that are placed on the capital market. Furthermore, Commerzbank also sponsors a securitisation platform (Silver Tower). With this securitisation program, Commerzbank structures, arranges and securitises the receivables of third parties who are customers of the Corporate Clients segment. The refinancing takes place through credit lines or registered bonds issued by Luxembourg-based Silver Tower S.A. In addition to existing over-collateralisation, the risk of bad debts is partly covered by external credit insurance.
- Leasing property companies
  These companies design need-based leasing and financing concepts for large plant such as real estate, aircraft, ships and regenerative energy systems. Normally, for every transaction, an autonomous special-purpose company is established in which the Commerz Real Group is a majority or minority stakeholder. As a financial services company, the Commerz Real Group does not provide loans to these companies. Loans are instead provided by lending institutions within and outside the Group. The core business of the Commerz Real Group does, however, include administration related to the structured entities.
- Other
  These are structured entities that are not included in the above categories. This category mainly includes capital market transactions by Asset Finance (AF) and structured transactions in connection with credit derivatives transactions. AF carries out transactions for customers with limited access to the capital markets and brings them together with alternative providers of capital. The focus in Structured Asset Finance is on structuring and distributing financing and investment solutions for corporate customers and financial institutions. Structured Asset Finance concentrates on the financing of tangible assets and other assets using leasing or structured financing. This also includes the involvement of alternative providers of capital from outside the banking sector. These activities are supplemented with the structuring of investment solutions, and the underwriting and placement of suitable financings for that purpose.

The carrying amounts of the assets and liabilities and income and expenses of Commerzbank Group relating to unconsolidated structured entities are set out in the tables below: The size of the unconsolidated structured entities and Commerzbank Group's maximum exposure to loss are also shown.

The maximum exposure to loss for Commerzbank Group with regard to unconsolidated structured entities results from recognised assets and from lending commitments and guarantees provided to unconsolidated structured entities that had not yet been utilised as at the reporting dates. The maximum risk of loss on assets with regard to unconsolidated structured entities is equivalent to the current carrying values of these items after the risk result. For loan commitments and guarantees we treat the nominal value of the commitment as the maximum risk of loss.

The maximum risk of loss is shown gross, i.e. without regard to collateral or hedging activities serving the purpose of risk mitigation.

€m	ABS	Own securitisations and securitisation platform	Leasing structured entities	Others
Assets as at 31.12.2023	**11,010**	**3,773**	**274**	**633**
Financial assets – Amortised cost	5,728	3,769	274	527
Financial assets – Fair value OCI	4,638	–	–	33
Financial assets – Mandatorily fair value P&L	600	–	0	–
Financial assets – Held for trading	44	4	–	73
Other assets	–	–	–	–
Liabilities as at 31.12.2023	**–**	**1,025**	**23**	**8**
Financial liabilities – Amortised cost	–	1,019	23	1
Financial liabilities – Fair value option	–	–	–	–
Other liaiblities	–	6	–	6
Income and expenses from 1.1.–31.12.2023	**389**	**75**	**16**	**14**
Net interest income after risk result	384	71	11	7
Net commission income	0	0	5	0
Net income from financial assets and liabilities at fair value through profit or loss and other profit or loss from financial instruments	5	3	0	7
Other net income	– 0	–	– 0	–
Maximum exposure to loss as at 31.12.2023	**11,010**	**4,579**	**274**	**819**
Assets	11,010	3,773	274	633
Lending commitments	–	806	–	186
Guarantees	–	–	–	–
Extent[1]	**12,738**	**9,758**	**1,837**	**267,197**

[1] The size of the structured entities generally reflects the total assets of the companies. For the ABS cluster, the issuance volume is reported in euros for all ABS investments held in the Group.

€m	ABS	Own securitisations and securitisation platform	Leasing structured entities	Others
Assets as at 31.12.2022	**11,082**	**2,958**	**300**	**154**
Financial assets – Amortised cost	5,789	2,958	293	105
Financial assets – Fair value OCI	4,655	–	–	39
Financial assets – Mandatorily fair value P&L	593	–	7	–
Financial assets – Held for trading	45	–	–	10
Other assets	–	–	–	–
Liabilities as at 31.12.2022	**–**	**1,063**	**31**	**8**
Financial liabilities – Amortised cost	–	1,048	31	0
Financial liabilities – Fair value option	–	–	–	–
Other liaiblities	–	15	–	7
Income and expenses from 1.1.–31.12.2022	**34**	**– 49**	**28**	**10**
Net interest income after risk result	117	– 34	16	6
Net commission income	0	1	6	0
Net income from financial assets and liabilities at fair value through profit or loss and other net income from financial instruments	– 78	– 16	6	4
Other net income	– 5	–	– 0	–
Maximum exposure to loss as at 31.12.2022	**11,082**	**3,647**	**300**	**343**
Assets	11,082	2,958	300	154
Lending commitments	–	688	–	189
Guarantees	–	–	–	–
Extent[1]	**12,576**	**9,075**	**2,256**	**283,247**

[1] The size of the structured entities generally reflects the total assets of the companies. For the ABS cluster, the issuance volume is reported in euros for all ABS investments held in the Group.

Commerzbank also acts as sponsor of structured entities in which it does not have an equity holding. An entity is regarded as sponsored if:

- it was launched and/or structured by Commerzbank;
- it has received or bought assets from Commerzbank Group;
- it is guaranteed by Commerzbank Group or was marketed intensively by Commerzbank Group.

As at 31 December 2023, the gross income of Commerzbank Group from sponsored unconsolidated structured entities was €7m (previous year: €–27m). The carrying amounts of the assets of Commerzbank Group relating to sponsored unconsolidated structured entities totalled €1,463m (previous year: €1,761m).

(67) Information on significant non-controlling interests

Significant non-controlling interests in the Private and Small-Business Customers segment were as shown below. We took our subsidiary mBank S.A. into account.

	mBank S.A., Warsaw, Poland	
	31.12.2023	31.12.2022
Attributable to non-controlling interests:		
Capital (%)	31	31
Voting rights (%)	31	31
Consolidated profit or loss (€m)	– 11	– 34
Equity (€m)	859	736
Dividend paid on shares (in €m)	–	–
Assets (€m)[1]	15,815	13,480
Liabilities (€m)[1]	14,880	12,660
Profit or Loss (€m)[1]	– 11	– 33
Other comprehensive income (€m)[1]	113	– 68
Total comprehensive income (€m)[1]	102	– 102
Cash flows (€m)[1]	1,540	245

[1] Before elimination of intragroup-transactions.

(68) Letters of comfort

In respect of the subsidiaries listed below and included in the Group financial statements, we undertake to ensure that, except in the case of political risks, they are able to meet their contractual liabilities.

Name	Registered office
Commerzbank (Eurasija) AO (until 30.6.2024)[1]	Moscow
Commerzbank Inlandsbanken Holding GmbH	Frankfurt/Main
Commerzbank Finance & Covered Bond S.A.	Luxembourg
CommerzTrust GmbH	Frankfurt/Main
Commerz Markets LLC	New York
LSF Loan Solutions Frankfurt GmbH	Eschborn

[1] The Letter of comfort was terminated and ends on 30 June 2024.

(69) Holdings in affiliated and other companies

We provide the following information pursuant to Art. 313 (2) of the German Commercial Code (HGB) and IFRS 12.10 and IFRS 12.21 on the Group financial statements. The data on the equity and net profit or loss of the companies is taken from their financial statements under national accounting regulations. Footnotes, information on business purpose and further comments on the tables below appear at the end of this note.

1. Affiliated companies

a) Affiliated companies included to the Group financial statements

Name	Registered Office	Business purpose	Share of capital held %	Voting rights (where different) %	Currency	Equity* 1,000	Net profit or loss* 1,000	
ALWIGA Netzbeteiligungen GmbH	Düsseldorf, Germany	SOFDL	100.0	–	EUR	96.0	-	a)
Asekum Sp. z o.o.	Warszawa, Poland	SOUNT	100.0	–	PLN	28,681.0	9,799.0	
Atlas Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main, Germany	SOFDL	100.0	–	EUR	130,716.0	-	a), b)
CBG Commerz Beteiligungsgesellschaft Holding mbH	Frankfurt/Main, Germany	SOFDL	100.0	–	EUR	8,386.0	-	a), b)
CBG Commerz Beteiligungsgesellschaft mbH & Co. KG	Frankfurt/Main, Germany	SOFDL	100.0	–	EUR	26,051.0	14,959.0	b)
CBG Commerz Beteiligungskapital GmbH & Co. KG	Frankfurt/Main, Germany	SOFDL	100.0	–	EUR	10,835.0	3,066.0	
CERI International Sp. z o.o.	Lodz, Poland	SOUNT	100.0	–	PLN	91,970.0	12,248.0	
Coba Vermögensverwaltungsgesellschaft mbH	Düsseldorf, Germany	SOUNT	100.0	–	EUR	26.0	-	a)
Commerz (East Asia) Limited	Hong Kong, Hongkong	SOFDL	100.0	–	EUR	4,046.0	-58.0	
Commerz Business Consulting GmbH	Frankfurt/Main, Germany	SOUNT	100.0	–	EUR	239.0	-	a), b)
Commerz Direktservice GmbH	Duisburg, Germany	SOUNT	100.0	–	EUR	1,856.0	-	a)
Commerz Global Service Solutions Sdn. Bhd.	Kuala Lumpur, Malaysia	SOUNT	100.0	–	MYR	21,358.0	382.0	1)
Commerz Grundbesitz Beteiligungsgesellschaft mbH & Co. KG	Frankfurt/Main, Germany	SOFDL	90.0	–	EUR	18,451.0	738.0	
Commerz Markets LLC	Wilmington, Delaware, USA	SOFDL	100.0	–	USD	224,186.0	-32.0	
Commerz Real AG	Wiesbaden, Germany	SOFDL	100.0	–	EUR	408,407.0	-	a)
Commerz Real Fonds Beteiligungsgesellschaft mbH	Düsseldorf, Germany	SOUNT	100.0	–	EUR	151.0	-	a)
Commerz Real Fund Management S.à r.l.	Luxembourg, Luxemburg	BETGE	100.0	–	EUR	5,625.0	-17,681.0	
Commerz Real Investmentgesellschaft mbH	Wiesbaden, Germany	BETGE	100.0	–	EUR	21,968.0	-	a)

Name	Registered Office	Business purpose	Share of capital held %	Voting rights (where different) %	Currency	Equity* 1,000	Net profit or loss* 1,000	
Commerz Real Kapitalverwaltungsgesellschaft mbH	Düsseldorf, Germany	BETGE	100.0	–	EUR	5,000.0	-	a)
Commerz Real Mobilienleasing GmbH	Düsseldorf, Germany	SOFDL	100.0	–	EUR	41,000.0	-	a)
Commerz Real Verwaltung und Treuhand GmbH	Düsseldorf, Germany	SOFDL	100.0	–	EUR	26.0	-	a)
Commerz Service-Center Intensive GmbH	Düsseldorf, Germany	SOUNT	100.0	–	EUR	1,664.0	-	a), b)
Commerz Services Holding GmbH	Frankfurt/Main, Germany	SOFDL	100.0	–	EUR	15,979.0	-	a), b)
Commerzbank (Eurasija) AO	Moscow, Russia	KREDI	100.0	–	RUB	19,033,660.0	6,080,156.0	
Commerzbank Finance & Covered Bond S.A.	Luxembourg, Luxemburg	KREDI	100.0	–	EUR	1,056,005.0	-54,251.0	
Commerzbank Finance BV	Amsterdam, Netherlands	SOFDL	100.0	–	EUR	834.0	-108.0	
Commerzbank Finance L imited	London, UK	SOFDL	100.0	–	GBP	248,849.0	168,335.0	
Commerzbank Holdings France	Paris, France	SOFDL	100.0	–	EUR	17,278.0	104.0	
Commerzbank Immobilien- und Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main, Germany	SOFDL	100.0	–	EUR	462,597.0	-	a), b)
Commerzbank Inlandsbanken Holding GmbH	Frankfurt/Main, Germany	SOFDL	100.0	–	EUR	109,465.0	-	a), b)
Commerzbank Leasing December (3) Limited	London, UK	SOFDL	100.0	–	GBP	194.0	125.0	
Commerzbank Leasing Limited	London, UK	SOFDL	100.0	–	GBP	25.0	–	
Commerzbank Leasing September (5) Limited	London, UK	SOFDL	100.0	–	GBP	25.0	13.0	
Commerzbank U.S. Finance, Inc.	Wilmington, Delaware, USA	SOFDL	100.0	–	USD	364.0	1.0	
CommerzFactoring GmbH	Mainz, Germany	SOFDL	50.1	–	EUR	1,099.0	-	a)
CommerzVentures Beteiligungs GmbH & Co. KG	Frankfurt/Main, Germany	SOFDL	99.5	–	EUR	50,664.0	23,645.0	b)
CommerzVentures GmbH	Frankfurt/Main, Germany	SOFDL	100.0	–	EUR	86,579.0	-	a), b)
CommerzVentures II Beteiligungs GmbH & Co. KG	Frankfurt/Main, Germany	SOFDL	33.3	99.2	EUR	71,982.0	-17,189.0	b)
CommerzVentures III Beteiligungs GmbH & Co. KG	Frankfurt/Main, Germany	SOFDL	33.3	99.0	EUR	33,286.0	-4,506.0	b)
ComTS Finance GmbH	Halle (Saale), Germany	SOUNT	100.0	–	EUR	1,550.0	-	a), b)
ComTS GmbH	Erfurt, Germany	SOUNT	100.0	–	EUR	2,714.0	-	a), b), 2)
ComTS Logistics GmbH	Magdeburg, Germany	SOUNT	100.0	–	EUR	1,550.0	-	a), b)
Dr. Gubelt Beteiligungsgesellschaft mbH & Co. Objekt Erfurt KG	Düsseldorf, Germany	SOUNT	0.1	0.3	EUR	604.0	1,203.0	c)
Dr. Gubelt Beteiligungsgesellschaft mbH & Co. Objekt Halle Am Markt KG	Düsseldorf, Germany	SOUNT	6.0	7.0	EUR	–	165.0	c)
Dr. Gubelt Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Schwabing KG	Düsseldorf, Germany	SOUNT	100.0	–	EUR	–	2.0	c)

Name	Registered Office	Business purpose	Share of capital held %	Voting rights (where different) %	Currency	Equity* 1,000	Net profit or loss* 1,000	
Dresdner Capital LLC I	Wilmington, Delaware, USA	SOFDL	100.0	–	USD	2,075.0	42.0	
Dresdner Kleinwort Luminary Inc.	Wilmington, Delaware, USA	SOFDL	100.0	–	USD	29,777.0	1,358.0	
Dresdner Lateinamerika Aktiengesellschaft	Hamburg, Germany	SOFDL	100.0	–	EUR	32,567.0	-	a), b)
DSB Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main, Germany	SOFDL	100.0	–	EUR	25.0	-	a), b)
FABA Vermietungsgesellschaft mbH	Frankfurt/Main, Germany	SOUNT	100.0	–	EUR	6,426.0	-	a), b)
Future Tech Fundusz Inwestycyjny Zamkniety	Warszawa, Poland	SOFDL	99.0	–	PLN	220,547.0	-2,869.0	c)
Gesellschaft für Kreditsicherung mbH	Berlin, Germany	SOFDL	63.3	–	EUR	9,205.0	7,138.0	
Greene Elm Trading VII LLC	Wilmington, Delaware, USA	SOFDL	100.0	–	USD	1,652,552.0	19,408.0	
KENSTONE GmbH	Eschborn, Germany	SOUNT	100.0	–	EUR	1,250.0	-	a), b)
Kommanditgesellschaft MS "CPO ALICANTE" Offen Reederei GmbH & Co.	Hamburg, Germany	SOUNT	90.0	–	EUR	39,478.0	6,796.0	b)
Kommanditgesellschaft MS "CPO ANCONA" Offen Reederei GmbH & Co.	Hamburg, Germany	SOUNT	77.2	–	EUR	55,187.0	8,404.0	b)
Kommanditgesellschaft MS "CPO BILBAO" Offen Reederei GmbH & Co.	Hamburg, Germany	SOUNT	90.0	–	EUR	38,323.0	6,699.0	b)
Kommanditgesellschaft MS "CPO PALERMO" Offen Reederei GmbH & Co.	Hamburg, Germany	SOUNT	73.9	–	EUR	67,753.0	10,606.0	b)
Kommanditgesellschaft MS "CPO VALENCIA" Offen Reederei GmbH & Co.	Hamburg, Germany	SOUNT	90.0	–	EUR	39,016.0	5,865.0	b)
LeaseLink Sp. z o.o.	Warszawa, Poland	SOFDL	100.0	–	PLN	26,274.0	9,671.0	
LSF Loan Solutions Frankfurt GmbH	Eschborn, Germany	SOUNT	100.0	–	EUR	47,996.0	-	a), b)
Main Incubator GmbH	Frankfurt/Main, Germany	SOFDL	100.0	–	EUR	36,427.0	-	a), b)
mBank Hipoteczny S.A.	Warszawa, Poland	KREDI	100.0	–	PLN	883,687.0	-303,378.0	
mBank S.A.	Warszawa, Poland	KREDI	69.1	–	PLN	12,497,196.0	-696,724.0	
mElements S.A.	Warszawa, Poland	SOFDL	100.0	–	PLN	20,963.0	-729.0	
mFaktoring S.A.	Warszawa, Poland	SOFDL	100.0	–	PLN	193,339.0	44,708.0	
mFinanse CZ s.r.o.	Praha, Czech Republic	SOUNT	100.0	–	CZK	33,055.0	14,093.0	
mFinanse S.A.	Warszawa, Poland	SOUNT	100.0	–	PLN	68,930.0	-85,779.0	
mFinanse SK s.r.o.	Bratislava, Slowakia	SOUNT	100.0	–	EUR	324.0	89.0	
mLeasing Sp. z o.o.	Warszawa, Poland	SOFDL	100.0	–	PLN	744,496.0	150,576.0	
MOLARIS Verwaltungs- und Vermietungsgesellschaft mbH	Düsseldorf, Germany	SOFDL	75.0	–	EUR	776.0	-5,191.0	c)
mTowarzystwo Funduszy Inwestycyjnych S.A.	Warszawa, Poland	SOFDL	100.0	–	PLN	5,818.0	-3,532.0	

Name	Registered Office	Business purpose	Share of capital held %	Voting rights (where different) %	Currency	Equity* 1,000	Net profit or loss* 1,000	
NAVIPOS Schiffsbeteiligungsgesellschaft mbH	Hamburg, Germany	SOFDL	100.0	–	EUR	107,752.0	-	a), b)
NOVELLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	SOFDL	100.0	–	EUR	11,176.0	-	a), b)
REFUGIUM Beteiligungsgesellschaft mbH	Grünwald, Germany	SOFDL	100.0	–	EUR	2,926.0	-	a)
SECUNDO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	SOUNT	100.0	–	EUR	5,811.0	-	a)
TOMO Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main, Germany	SOFDL	100.0	–	EUR	22,778.0	-	a), b)
Yellowfin Asset Management GmbH	Frankfurt/Main, Germany	SOFDL	75.1	–	EUR	900.0	-98.0	
Zelos Luxembourg S.C.S.	Luxembourg, Luxemburg	SOFDL	100.0	–	EUR	-119,948.0	-59,115.0	

b) Affiliated companies not included in the Group financial statement due to their minor significance

Name	Registered office	Share of capital held %	Voting rights (where different) %
1. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0	
10. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0	
11. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0	
12. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0	
13. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0	
14. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0	
2. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0	
2. CR Immobilien-Vermietungsgesellschaft mbH & Co. Objekt Balingen KG	Düsseldorf, Germany	75.8	75.9
2. CR Immobilien-Vermietungsgesellschaft mbH & Co. Objekt Heilbronn KG	Düsseldorf, Germany	78.1	78.3
6. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0	
7. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0	
8. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0	
9. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0	
ABANTITIM Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
ABANTUM Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0	
ABELASSA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
ABORONUM Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
ACARINA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0	
ACCESSA Grundstücks-Vermietungsgesellschaft mbH	Grünwald, Germany	100.0	
ACILIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
ACINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
ACONITA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
ACRONA Photovoltaik-Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0	
ACTOSA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
ADAMANTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
ADAMANTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Elbphilharmonie KG	Düsseldorf, Germany	100.0	
ADELIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
ADENARA Flugzeug-Leasinggesellschaft mbH	Düsseldorf, Germany	100.0	
ADMEO Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
ADMERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
ADRUGA Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0	
ADURAMA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0	
AGASILA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
AGUSTO Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0	
AJOLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
AKERA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0	
ALACRITAS Verwaltungs- und Treuhand GmbH	Düsseldorf, Germany	100.0	
ALBELLA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0	
ALBOLA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0	
ALDINGA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0	
ALDULA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0	
ALEMONA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0	
ALICANTE NOVA Shipping Limited	Monrovia, Liberia	100.0	

Name	Registered office	Share of capital held %	Voting rights (where different) %	
ALIVERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ALLORUM Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ALSENNA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ALUBRA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
ALVARA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ALVENTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AMALIA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
AMATA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AMENA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AMERA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
ANBANA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ANCONA NOVA Shipping Limited	Monrovia, Liberia	100.0		
ANDINO Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		a)
ANDINO Dritte Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		a)
ANDINO Zweite Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ANET Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
APTEMUS Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ARAUNA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
ARBITRIA Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AREBA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
ARINGO Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
Arvilla Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
Arvillux S.à r.l.	Luxembourg, Luxemburg	100.0		
ARVINA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
ASCETO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ASERTUNA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ASSANDRA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ASSENTO Photovoltaik-Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ASSERTA Flugzeug-Leasinggesellschaft mbH	Düsseldorf, Germany	100.0		
ASTIRA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ASTRADA Grundstücks-Vermietungsgesellschaft mbH	Grünwald, Germany	100.0		
ASTUTIA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		a)
ATUNO Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
AVANCIA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
Avantlux S.à r.l.	Luxembourg, Luxemburg	100.0		
AVENTIMOLA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
Avestlux S.à r.l.	Luxembourg, Luxemburg	100.0		
AVIO Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
AVOLO Flugzeugleasinggesellschaft mbH	Düsseldorf, Germany	100.0		
AWINTO Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
BENE Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
BILBAO NOVA Shipping Limited	Monrovia, Liberia	100.0		
BONITAS Mobilien-Vermietungsgesellschaft mbH & Co. Objekt Friedrichshafen KG	Grünwald, Germany	100.0		
Bot4Business Sp. z o.o.	Lodz, Poland	–		c)
BRE Property Partner Sp. z o.o.	Warszawa, Poland	100.0		
CARBONARIA Beteiligungsgesellschaft mbH	Grünwald, Germany	100.0		

Name	Registered office	Share of capital held %	Voting rights (where different) %	
CBG Commerz Beteiligungskapital Verwaltungs GmbH	Frankfurt/Main, Germany	100.0		
CIMONUSA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
COLLEGIUM GLASHÜTTEN Zentrum für Kommunikation GmbH	Glashütten, Germany	100.0		[a]
Commerz Building and Management GmbH	Essen, Germany	100.0		[a]
Commerz Keyes Avenue Properties (Proprietary) Ltd.	Johannesburg, South Africa	100.0		
Commerz Nominees Limited	London, UK	100.0		
COMMERZ REAL AMERICAS, LLC	Wilmington/Delaware, USA	100.0		
Commerz Real Baumanagement GmbH	Düsseldorf, Germany	100.0		[a]
Commerz Real Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
Commerz Real France & South EURL	Paris, France	100.0		
Commerz Real Investment S.à r.l.	Luxembourg, Luxemburg	100.0		[3]
Commerz Real North Ltd.	London, UK	100.0		
Commerz Real PtX Management GmbH	Düsseldorf, Germany	100.0		[4]
Commerz Real West BV	Amsterdam, Netherlands	100.0		
Commerzbank Auslandsbanken Holding GmbH	Frankfurt/Main, Germany	100.0		
Commerzbank Brasil Holding Ltda.	São Paulo, Brasil	100.0		[5]
Commerzbank Finance 3 S.à r.l.	Luxembourg, Luxemburg	100.0		
Commerzbank Holdings (UK) Limited	London, UK	100.0		
Commerzbank Investments (UK) Limited	London, UK	100.0		
Commerzbank Leasing December (1) Limited	London, UK	100.0		
Commerzbank Leasing December (12) Limited	London, UK	100.0		
Commerzbank Leasing March (3) Limited	London, UK	100.0		
Commerzbank Pension Trustees Limited	London, UK	100.0		
Commerzbank Representative Office Nigeria Limited	Lagos, Nigeria	100.0		
Commerzbank Representative Office Panama, S.A.	City of Panama, Panama	100.0		
COMMERZBANK SÃO PAULO REPRESENTAÇÃO LTDA.	Sao Paulo, Brasil	100.0		
Commerzbank Securities Ltd	London, UK	100.0		
Commerzbank Services (Guernsey) Limited	St. Peter Port, Guernsey	100.0		[6]
CommerzKommunalbau GmbH i.L.	Düsseldorf, Germany	100.0		
CommerzLeasing Anlagen-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
CommerzLeasing GmbH	Düsseldorf, Germany	100.0		
CommerzStiftungsTreuhand GmbH	Frankfurt/Main, Germany	100.0		
CommerzTrust GmbH	Frankfurt/Main, Germany	100.0		
CommerzVentures Beteiligungsverwaltungs GmbH	Frankfurt/Main, Germany	100.0		
CommerzVentures II Digital Assets Holding GmbH	Frankfurt/Main, Germany	100.0		
COMUNITHY Immobilien GmbH i.L.	Düsseldorf, Germany	51.0		
Copernicus Germany GmbH	Frankfurt/Main, Germany	100.0		[a]
CRI Renewable General Energies Development Fund I General Partner S.à r.L.	Luxembourg, Luxemburg	100.0		
CyberRescue Sp. z o.o.	Warszawa, Poland	–		[c]
DAUNUS Vermietungsgesellschaft mbH	Grünwald, Germany	–		[a], [c]
Digital Operations S.A.	Lodz, Poland	–		[c]
Digital Teammates S.A.	Warszawa, Poland	–		[c]
Dr. Gubelt Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
Dr. Gubelt Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
Dr. Gubelt Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Dortmund KG	Düsseldorf, Germany	100.0		

Name	Registered office	Share of capital held %	Voting rights (where different) %	
DRABELA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
DREBOSTA Grundstücks-Vermietungsgesellschaft mbH	Grünwald, Germany	100.0		
DREBOSTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Schwerin KG	Grünwald, Germany	100.0		
DREDOLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
DREDOLA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin KG	Düsseldorf, Germany	100.0		
DRELARA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
DRELOSINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
DRENITA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
DRESANA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
Dresdner Kleinwort do Brasil Limitada	Rio de Janeiro, Brasil	100.0		
DRETERUM Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
EHY Real Estate Fund I, LLC	Wilmington, Delaware, USA	100.0		
Elfte Umbra Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main, Germany	100.0		a)
Elov8 Real Estate Fund General Partner S.à r.L.	Luxembourg, Luxemburg	100.0		
EuREAM GmbH	Wiesbaden, Germany	100.0		
Fernwärmenetz Leipzig GmbH	Leipzig, Germany	100.0		
FLOR Vermietungsgesellschaft mbH	Grünwald, Germany	–		a), c)
FORNAX Kraftwerk-Beteiligungsgesellschaft mbH	Grünwald, Germany	100.0		
FRAST Beteiligungsgesellschaft mbH	Grünwald, Germany	100.0		
General Leasing (No.16) Limited	London, UK	100.0		
GIE Dresdner Kleinwort France	Paris, France	100.0		
G-Invest Sp. z o.o.	Warszawa, Poland	100.0		
GRADARA Vermietungsgesellschaft mbH	Grünwald, Germany	100.0		
GRADARA Vermietungsgesellschaft mbH & Co. Objekt Neu-Ulm KG	Grünwald, Germany	100.0		
GRALANA Vermietungsgesellschaft mbH	Grünwald, Germany	100.0		
GRALIDA Vermietungsgesellschaft mbH	Grünwald, Germany	100.0		
GRAMINA Vermietungsgesellschaft mbH	Grünwald, Germany	100.0		
GRAMOLDISCUS Vermietungsgesellschaft mbH	Grünwald, Germany	100.0		
GRAMOLINDA Vermietungsgesellschaft mbH	Grünwald, Germany	100.0		
GRASSANO Vermietungsgesellschaft mbH	Grünwald, Germany	100.0		
GRATNOMA Grundstücks-Vermietungsgesellschaft mbH	Grünwald, Germany	100.0		
GRAURESTA Grundstücks-Vermietungsgesellschaft mbH	Grünwald, Germany	100.0		
GRECORA Aviation GmbH	Grünwald, Germany	100.0		
GRENADO Vermietungsgesellschaft mbH	Grünwald, Germany	100.0		
Gresham Leasing March (1) Limited	London, UK	100.0		
Gresham Leasing March (2) Limited	London, UK	100.0		
Gresham Leasing March (3) Limited	London, UK	100.0		
GRETANA Vermietungsgesellschaft mbH	Grünwald, Germany	100.0		
GRILISA Vermietungsgesellschaft mbH	Grünwald, Germany	100.0		
GRINA Beteiligungsgesellschaft mbH	Grünwald, Germany	100.0		
GRONDOLA Vermietungsgesellschaft mbH	Grünwald, Germany	100.0		
GROTEGA Vermietungsgesellschaft mbH	Grünwald, Germany	100.0		
GRUMENTO Vermietungsgesellschaft mbH	Grünwald, Germany	100.0		
GRUMOSA Vermietungsgesellschaft mbH	Grünwald, Germany	100.0		
GRUNATA Vermietungsgesellschaft mbH	Grünwald, Germany	100.0		

Name	Registered office	Share of capital held %	Voting rights (where different) %
HAJOBANTA GmbH	Düsseldorf, Germany	100.0	
HAJOBURGA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0	
HAJOGA-US Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
HAJOLENA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0	
HAJOLUCA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0	
HAJOMA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0	
HAJOMINA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0	
HAJORALDIA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0	
HAJOSINTA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0	
HAJOSOLA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0	
HAJOTARA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0	
Haus am Kai 2 O.O.O.	Moscow, Russia	100.0	
HDW Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
Immobiliengesellschaft Ost Hägle, spol. s.r.o	Praha, Czech Republic	100.0	
IWP International West Pictures GmbH & Co. Erste Produktions KG	Cologne, Germany	95.1	
IWP International West Pictures Verwaltungs GmbH	Cologne, Germany	100.0	
Kommanditgesellschaft MS "CPO MARSEILLE" Offen Reederei GmbH & Co.	Hamburg, Germany	77.2	77.3
Kommanditgesellschaft MS "CPO TOULON" Offen Reederei GmbH & Co.	Hamburg, Germany	90.0	
LIVIDA MOLARIS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MARBARDA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MARBINO Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MARBREVA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MARBREVA Vermietungsgesellschaft mbH & Co. Objekt AOK Bayern KG	Düsseldorf, Germany	100.0	
MARIUS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MARLINTA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MAROLA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
Marseille Shipping Limited	Monrovia, Liberia	100.0	
mBOX Sp. z o.o.	Warszawa, Poland	100.0	
Mercury Financial S.A.	Warszawa, Poland	–	[c]
mInvestment Banking S.A.	Warszawa, Poland	100.0	
MOLANA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLANCONA Vermietungsgesellschaft mbH	Grünwald, Germany	100.0	
MOLANDA Vermietungsgesellschaft mbH	Munich, Germany	100.0	
MOLANKA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLAREZZO Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLARGA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLARINA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLARIS Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLARIS Geschäftsführungs GmbH	Düsseldorf, Germany	100.0	
MOLARIS Grundstücksverwaltung GmbH	Düsseldorf, Germany	100.0	
MOLARIS Immobilienverwaltung GmbH	Düsseldorf, Germany	100.0	
MOLARIS Managementgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLARIS Objektverwaltung GmbH	Düsseldorf, Germany	100.0	
MOLARISSA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLARISSA Vermietungsgesellschaft mbH & Co. Objekt Detmold KG	Düsseldorf, Germany	1.0	87.0
MOLARONA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	

Name	Registered office	Share of capital held %	Voting rights (where different) %
MOLAROSA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLASSA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLATHINA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLBAKKA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLBARVA Vermietungsgesellschaft mbH	Grünwald, Germany	100.0	
MOLBERA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLBERNO Vermietungsgesellschaft mbH	Grünwald, Germany	100.0	
MOLBOLLA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLBONA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLBURGA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLCAMPO Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLCENTO Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLCOCO Vermietungsgesellschaft mbH	Düsseldorf , Germany	100.0	
MOLCORA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLDARA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLDICMA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLDORA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLETUM Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLFENNA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLFOKKA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLGABA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLGEDI Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLGEKA Vermietungsgesellschaft mbH	Meerbusch, Germany	100.0	
MOLGERO Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLHABIS Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLIGELA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLISTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLITA Vermietungsgesellschaft mbH	Hannover, Germany	100.0	
MOLKANDIS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLKANDIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Kaltenkichen KG	Düsseldorf, Germany	100.0	
MOLKIRA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLOTA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLPETTO Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLPIKA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLRATUS Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLRATUS Vermietungsgesellschaft mbH & Co. Objekt Loxstedt KG	Düsseldorf, Germany	100.0	
MOLRAWIA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLRESTIA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLRESTIA Vermietungsgesellschaft mbH & Co. Objekt TKA Varel KG	Düsseldorf, Germany	100.0	
MOLRISTA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLROLA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLRONDA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLROSSI Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLSCHORA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLSIWA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	
MOLSOLA Vermietungsgesellschaft mbH	Grünwald, Germany	100.0	

Name	Registered office	Share of capital held %	Voting rights (where different) %	
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Geminus KG	Grünwald, Germany	100.0		
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Halle Markt 11 KG	Grünwald, Germany	100.0		
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Halle Riegel KG	Grünwald, Germany	100.0		
MOLSTEFFA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
MOLSTINA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
MOLSURA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
MOLTANDO Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
MOLTERAMO Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
MOLTIVOLA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
MOLTUNIS Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
MOLUGA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
MOLVANI Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
MOLVERA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
MOLVINA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
MOLWALLA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
MOLWALLA Vermietungsgesellschaft mbH & Co. Objekt Schweinfurt KG	Düsseldorf, Germany	1.0	87.0	
MOLWORUM Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
MOLWORUM Vermietungsgesellschaft mbH & Co. Objekt Ottensen KG	Düsseldorf, Germany	1.0	87.0	
MONEA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
MORANO Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
mServices Sp. z o.o.	Warszawa, Poland	100.0		
mZakupy Sp. z o.o.	Warszawa, Poland	100.0		7)
NACOLO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NACONA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NACONGA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAFARI Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAFIRINA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NASIRO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NASTO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAUCULA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAULUMO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAURANTO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAURATA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAUSOLA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAUTESSA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAUTLUS Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAUTUGO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVALIS Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVALIS Schiffsbetriebsgesellschaft mbH & Co. MS "NEDLLOYD JULIANA" KG i.L.	Hamburg, Germany	93.6	93.7	
NAVIBOLA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVIBOTO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVIFIORI Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVIGATO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVIGOLO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVILO Vermietungsgesellschaft mbH	Hamburg, Germany	100.0		
NAVIRENA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		

Name	Registered office	Share of capital held %	Voting rights (where different) %	
NAVIROSSA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVITONI Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVITOSA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin KG	Düsseldorf, Germany	100.0		
neosfer GmbH	Frankfurt/Main, Germany	100.0		a)
NEPTANA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NEPTILA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NEPTORA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NEPTUGA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NEPTUNO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NERVUS Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
NESTOR Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
NEUGELB STUDIOS GmbH	Berlin, Germany	100.0		a)
NOLICA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
NORA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekte Plön und Preetz KG	Düsseldorf, Germany	100.0		
NOTITIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
NOVITAS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
Number X Real Estate GmbH i.L.	Eschborn, Germany	100.0		
NURUS Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		a)
Octopus Investment Sp. z o.o.	Warszawa, Poland	100.0		
onvista media GmbH	Cologne, Germany	100.0		
OPTIONA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
OSKAR Medienbeteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
PALERMO Shipping Limited	Monrovia, Liberia	100.0		
PAREO Kraftwerk-Beteiligungsgesellschaft mbH	Leipzig, Germany	100.0		
PATELLA Vermietungsgesellschaft mbH	Berlin, Germany	100.0		
Property Partner Sp. z o.o.	Warszawa, Poland	100.0		
PRUNA Betreiber GmbH	Grünwald, Germany	51.0		
quatron Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
RALTO Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
RAMONIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
RANA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
RAPIDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
RAVENNA Kraków Sp. z o.o.	Warszawa, Poland	100.0		
RAYMO Vierte Portfolio GmbH	Frankfurt/Main, Germany	100.0		
RECURSA Grundstücks-Vermietungsgesellschaft mbH	Frankfurt/Main, Germany	100.0		
RESIDO Flugzeug-Leasinggesellschaft mbH	Düsseldorf, Germany	100.0		
RIPA Medien-Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
Rood Nominees Limited	London, UK	100.0		
ROSARIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ROSATA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ROSEA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekte TANK & RAST KG	Düsseldorf, Germany	–	85.0	
ROSOLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		

Name	Registered office	Share of capital held %	Voting rights (where different) %	
ROSOLA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Wetzlar KG	Düsseldorf, Germany	100.0		
SENATORSKA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
SILVA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
Smart Living Immobiliengesellschaft mbH	Düsseldorf, Germany	100.0		
SOLTRX Transaction Services GmbH	Düsseldorf, Germany	100.0		a)
TALORA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
TIGNARIS Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		c)
TIGNARIS Beteiligungsgesellschaft mbH & Co. Objekt Burscheid KG	Düsseldorf, Germany	100.0		
TIGNARIS Beteiligungsgesellschaft mbH & Co. Objekt Ostfildern KG i.L.	Düsseldorf, Germany	100.0		
TIGNARIS Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
TOULON NOVA Shipping Limited	Monrovia, Liberia	100.0		
Urban Invest Holding GmbH i.L.	Eschborn, Germany	100.0		
VALENCIA NOVA Shipping Limited	Monrovia, Liberia	100.0		
Watling Leasing March (1)	London, UK	100.0		
WebTek Software Private Limited	Bangalore, India	100.0		
Windpark Duben Süd Verwaltungs GmbH	Grünwald, Germany	100.0		
Windpark Fläming 1 Verwaltungsgesellschaft mbH	Grünwald, Germany	100.0		
Windpark Karche 2 Verwaltungs GmbH	Grünwald, Germany	100.0		
Windpark Klosterkumbd Verwaltungs GmbH	Düsseldorf, Germany	100.0		
Windpark Ottweiler-Bexbach Verwaltungsgesellschaft mbH	Grünwald, Germany	100.0		
Windpark Parchim Fünf Verwaltungsgesellschaft mbH	Grünwald, Germany	100.0		
Windpark Rayerschied Verwaltungs GmbH	Düsseldorf, Germany	100.0		
Windpark Schenkendöbern Eins Verwaltungsgesellschaft mbH	Grünwald, Germany	100.0		
Windpark Schöneseiffen Verwaltungs GmbH	Düsseldorf, Germany	100.0		
Windpark Sien Verwaltungsgesellschaft mbH	Grünwald, Germany	100.0		
Windpark Spechenwald Verwaltungsgesellschaft mbH	Grünwald, Germany	100.0		
Windpark Wustermark Eins Verwaltungsgesellschaft mbH	Grünwald, Germany	100.0		
Windsor Asset Management GP Ltd.	Toronto, Canada	100.0		
Windsor Canada Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		

2. Associated companies

a) Associated companies in the Group financial statements accounted for using the equity method

Name	Registered office	Share of capital held %	Voting rights (where different) %	Currency	Equity* 1,000	Net profit or loss* 1,000
AKA Ausfuhrkredit-Gesellschaft mbH	Frankfurt/Main, Germany	31.6		EUR	283,796	10,195
Coubag Unternehmensbeteiligungs-gesellschaft mbH	Frankfurt/Main, Germany	40.0		EUR	102,046	6,100
CR Hotel Target Pty Ltd	Sydney, Australia	50.0		AUD	20,587	6,675
DTE Energy Center, LLC	Wilmington, Delaware, USA	50.0		USD	36,616	4,508

b) Associated companies in the Group financial statements not accounted for using the equity method due to their minor significance

Name	Registered office	Share of capital held %	Voting rights (where different) %	
360X AG	Frankfurt/Main, Germany	20.0	–	
AGASILA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Düsseldorf KG i.L.	Düsseldorf, Germany	24.3	29.8	
ALIVERA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Düsseldorf-Lichtenbroich KG i.L.	Düsseldorf, Germany	5.2	25.0	
ANET GmbH & Co. GESCHLOSSENE INVESTMENT KG	Düsseldorf, Germany	28.4	–	
ATISHA Verwaltungsgesellschaft mbH & Co. Objekt Paris KG	Düsseldorf, Germany	50.0	–	
EVA Société par Actions Simplifiée	Paris, France	50.0	–	
Film & Entertainment VIP MEDIENFONDS 3 GmbH & Co. KG i.L.	Grünwald, Germany	45.4	–	
GOPA - Gesellschaft für Organisation, Planung und Ausbildung mbH	Bad Homburg v. d. Höhe, Germany	28.8	–	
HAJOBANTA GmbH & Co. Asia Opportunity I KG	Düsseldorf, Germany	20.8	20.9	
ILV Immobilien-Leasing Verwaltungsgesellschaft Düsseldorf mbH	Düsseldorf, Germany	50.0	–	c)
Immobilien-Vermietungsgesellschaft Reeder & Co. Objekt Plauen-Park KG	Düsseldorf, Germany	21.4	–	
Lissi GmbH	Frankfurt/Main, Germany	33.3	–	
MS "Meta" Stefan Patjens GmbH & Co. KG i. L.	Drochtersen, Germany	30.6	–	
Pinova GmbH & Co. Erste Beteiligungs KG	Munich, Germany	40.0	–	
Projekt CH Lodz Sp. z o.o.	Warszawa, Poland	97.0	–	

3. Joint ventures

a) Joint ventures in the Group financial statements accounted for using the equity method

Name	Registered office	Share of capital held %	Voting rights (where different) %	Currency	Equity* 1,000	Net profit or loss* 1,000
Project Gloria S.a.r.l.	Luxembourg, Luxembourg	50.0	–	EUR	9	–15

b) Joint ventures in the Group financial statements not accounted for using the equity method due to their minor significance

Name	Registered office	Share of capital held %	Voting rights (where different) %
FV Holding S.A.	Brussels, Belgium	60.0	
i Live Commerz Real Campus zwei GmbH	Aalen, Germany	50.0	

4. Structured entities

a) Structured entities included in the Group financial statements pursuant to IFRS 10/IFRS 11

Name	Registered office	Segment	Share of capital held %	Voting rights (where different) %	Currency	Equity* 1,000
CoCo Finance II-3 DAC	Dublin, Ireland	FK	–	–	EUR	2.0
TS Eule UG	Frankfurt/Main, Germany	PUK	–	–	EUR	5.0

b) Structured entities not included in the Group financial statements pursuant to IFRS 10/IFRS 11 due to their minor significance

Name	Registered office	Segment
Bosphorus Capital DAC	Dublin, Ireland	FK
Bosphorus Investments DAC	Dublin, Ireland	FK
CB MezzCAP Limited Partnership	St. Helier, Jersey	FK
Plymouth Capital Limited	St. Helier, Jersey	FK

5. Investment funds

a) Investment funds included in the Group financial statements pursuant to IFRS 10/IFRS 11

Name	Registered office	Segment	Share of investor to fund %	Currency	Fundvolume 1,000
Olympic Investment Fund II	Grevenmacher, Luxembourg	FK	88.7	EUR	2,721,990
Premium Management Immobilien-Anlagen	Frankfurt/Main, Germany	PUK	98.7	EUR	10,257
VFM Mutual Fund AG & Co. KG	Gamprin-Bendern, Liechtenstein	FK	75.4	USD	237,903

6. Investments in large corporations where the investment exceeds 5% of the voting rights

Name	Registered office	Share of capital held %	Voting Rights %
Deutsche Börse Commodities GmbH	Frankfurt/Main, Germany	16.2	14.5
EURO Kartensysteme GmbH	Frankfurt/Main, Germany	15.4	–
SCHUFA Holding AG	Wiesbaden, Germany	18.6	–

Footnotes	
1)	Renamed: from Commerz Trade Services Sdn. Bhd. to Commerz Global Service Solutions Sdn. Bhd.
2)	Renamed: from ComTS Mitte GmbH to ComTS GmbH
3)	Renamed: from Ariellelux S.à.r.l. to Commerz Real Investment S.à r.l.
4)	Renamed: from ARIBELLA Beteiligungsgesellschaft mbH to Commerz Real PtX Management GmbH
5)	Renamed: from Commerzbank Brasil S.A. - Banco Múltiplo to Commerzbank Brasil Holding Ltda.
6)	Renamed: from Dresdner Kleinwort Services (Guernsey) Limited to Commerzbank Services (Guernsey) Limited
7)	Renamed: from HERUT Sp. z o.o. to mZakupy Sp. z o.o.

Comments and Explanations	
a)	Control or profit transfer agreement
b)	No disclosures persuant to Art. 264 (3) and Art. 264 of the German Commercial Code (HGB)
c)	Agent-relationships
*	Financial figures as of last year’s annual report

Abbreviation	Explanation
BETGE	Investment Companies
KREDI	Banks
SOFDL	Other Financial Institutions
SOUNT	Other Companies
FK	Corporate Clients
PUK	Private and Small Business Customers

Foreign exchange rates for €1 as at 31 December 2023		
Australia	AUD	1.6263
United Kingdom	GBP	0.8691
Malaysia	MYR	5.0775
Poland	PLN	4.3395
Russia[1]	RUB	99.3212
Czech Republic	CZK	24.7240
USA	USD	1.1050

[1] Decision of the ECB to suspend its publication of a EURO reference rate to Russian rouble until further notice. We as Commerzbank decided to calculate a manual EUR / RUB onversion rate for 31. December 2023 by using the USD / RUB rate and the USD / EUR rate (both as of 31. December 2023).

Report on events after the reporting period

On 9 January 2024, the Board of Managing Directors of Commerzbank Aktiengesellschaft resolved to carry out a share buyback for a total purchase price of up to €600m (the 2024 Share Buyback Programme). The buyback began on 10 January 2024 via the Xetra-trading system of the Frankfurt stock exchange and will be completed on or before 4 April 2024. The purpose of the share buyback is to reduce the share capital of Commerzbank Aktiengesellschaft. The repurchased shares will accordingly be cancelled. There have been no other events of particular significance since the end of the financial year.

Boards of Commerzbank Aktiengesellschaft

Supervisory Board

Prof. Dr. Jens Weidmann
Chairman
Former President of the Deutsche Bundesbank and Professor of Practice in Central Banking at Frankfurt School of Finance & Management
(since 31.5.2023)

Helmut Gottschalk
(until 31.5.2023)

Uwe Tschäge[1]
Deputy Chairman
Banking professional
Commerzbank Aktiengesellschaft

Heike Anscheit[1]
Banking professional
Commerzbank Aktiengesellschaft

Alexander Boursanoff[1]
Banking professional
Commerzbank Aktiengesellschaft
(until 31.5.2023)

Gunnar de Buhr[1]
Banking professional
Commerzbank Aktiengesellschaft

Stefan Burghardt[1]
Banking professional
Commerzbank Aktiengesellschaft
(until 31.5.2023)

Harald Christ
Managing Partner
Christ & Company Consulting GmbH
(since 31.5.2023)

Dr. Frank Czichowski
Former Senior Vice President / Treasurer
KfW Bankengruppe

Sabine U. Dietrich
Former member of the Board of Managing Directors
BP Europa SE

Dr. Jutta A. Dönges
Chief Financial Officer
Uniper SE

Monika Fink[1]
Banking professional
Commerzbank Aktiengesellschaft
(until 31.5.2023)

Stefan Jennes[1]
Banking professional
Commerzbank Aktiengesellschaft
(until 31.5.2023)

Kerstin Jerchel[1]
Managing Director
Verkehrsgesellschaft Frankfurt am Main GmbH

Burkhard Keese
Chief Operating and Financial Officer
Lloyd's of London

Alexandra Krieger[1]
Head Business Administration/ Corporate Strategy
Industrial Union Mining, Chemical and Energy
(until 31.5.2023)

Maxi Leuchters[1]
Head of Department for Corporate Law and Management
Hans Böckler Foundation
(since 31.5.2023)

Daniela Mattheus
Lawyer and Management Consultant

Nina Olderdissen[1]
Banking professional
Commerzbank Aktiengesellschaft
(since 31.5.2023)

Sandra Persiehl[1]
Bank employee
Commerzbank Aktiengesellschaft
(since 31.5.2023)

Michel Schramm[1]
Banking professional
Commerzbank Aktiengesellschaft
(since 31.5.2023)

Caroline Seifert
Management Consulting for transformation

Robin J. Stalker
Former Member of the Management Board of adidas AG
(until 31.5.2023)

Dr. Gertrude Tumpel-Gugerell
Former Member of the Executive Board of the European Central Bank

Sascha Uebel[1]
Banking professional
Commerzbank Aktiengesellschaft
(since 31.5.2023)

Frank Westhoff
Former member of the Board of Managing Directors
DZ BANK AG

Stefan Wittmann[1]
Trade Union Secretary
ver.di Trade Union National Administration

Klaus-Peter Müller
Honorary Chairman

[1] Elected by the Bank's employees.

Board of Managing Directors

Dr. Manfred Knof
Chairman

Dr. Bettina Orlopp
Deputy Chairwoman

Dr. Marcus Chromik
(until 31.12.2023)

Michael Kotzbauer

Sabine Mlnarsky

Dr. Jörg Oliveri del Castillo-Schulz

Thomas Schaufler

Bernhard Spalt
(since 1.1.2024)

Responsibility statement by the Board of Managing Directors

To the best of our knowledge, and in accordance with the applicable reporting principles, the Group financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the management report of the Group provides a true and fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Frankfurt am Main, 27 February 2024
The Board of Managing Directors

Manfred Knof

Bettina Orlopp

Michael Kotzbauer

Sabine Mlnarsky

Jörg Oliveri del Castillo-Schulz

Thomas Schaufler

Bernhard Spalt

„Independent Auditor´s Report

To COMMERZBANK Aktiengesellschaft, Frankfurt am Main

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Opinions

We have audited the consolidated financial statements of COMMERZBANK Aktiengesellschaft, Frankfurt am Main, and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2023, the income statement, the condensed statement of comprehensive income, the statement of changes in equity and the cash flow statement for the financial year from 1 January to 31 December 2023, and notes, including a summary of significant accounting policies. In addition, we have audited the group management report of COMMERZBANK Aktiengesellschaft for the financial year from 1 January to 31 December 2023.

In accordance with German legal requirements, we have not audited the content of those components of the group management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2023, and of its financial performance for the financial year from 1 January to 31 December 2023, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of those components of the group management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and the group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) [Institute of Public Auditors in Germany]. Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Calculation of model-based loan loss provisions for credit losses

The significant accounting and measurement policies are described in Note 3 "Significant principles and uncertainties in estimates" in the consolidated financial statements. For information on impairment losses under IFRS 9, please refer to Note 31 "Credit risks and credit losses" in the consolidated financial statements.

THE FINANCIAL STATEMENT RISK

In its consolidated financial statements as at 31 December 2023, COMMERZBANK Aktien-gesellschaft presents loan loss provisions for risks arising from loans and advances in Stage 1 in the amount of EUR 268 million and in Stage 2 in the amount of EUR 985 million.

In accordance with accounting standard IFRS 9 – Financial Instruments, COMMERZBANK Aktiengesellschaft uses a three-stage approach to measure loan loss provisions, with an ECL model being used to calculate the expected credit losses (ECL). The loan loss provisions in Stage 1 correspond to the expected credit losses within the next twelve months. The loan loss provisions for Stage 2 relate to financial instruments whose credit risk has increased significantly since initial recognition, while the loan loss provisions in Stage 3 are attributable to credit-impaired financial assets. The loan loss provisions in Stages 2 and 3 take into account all expected credit losses for the entire remaining term.

Calculating the loan loss provisions for expected credit losses in Stages 1 and 2 requires judgement and the use of complex models, inputs and assumptions. The loan loss provision is determined using the following inputs: probability of default (PD), loss given default (LGD) and exposure at default (EAD).

Economic uncertainty and the consequences of the geopolitical tensions are still strongly overshadowing the macroeconomic outlook. The model-based inputs used for calculating loan loss provisions do not yet fully reflect these effects. COMMERZBANK Aktiengesellschaft recognised a top-level adjustment (TLA) for secondary effects to take account of this matter.

There is the risk for the financial statements that inappropriate models or inputs are used for the calculation of loan loss provisions for expected credit losses in Stages 1 and 2.

OUR AUDIT APPROACH

Based on our risk assessment and evaluation of the risks of material misstatement, we used both control-based and substantive audit procedures for our audit opinion.

We tested the design, implementation and effectiveness of the relevant controls used to determine loan loss provisions and performed additional substantive audit procedures.

Among others, our audit included control testing procedures related to:

- Calculation of input-based loan loss provisions
- Derivation of top-level adjustments for the input-based loan loss provisions and
- Validation of the input-based loan loss provision models.

We took account of the results of our control testing for the determination of the nature and scope of the other substantive audit procedures. These included in particular:

- Evaluation of the methods and accounting policies for determining loan loss provisions according to IFRS 9
- Evaluation of validations of the Bank for selected significant models and recalculation of validation tests
- Assessment of the appropriateness of the key assumptions for the stage allocation, macroeconomic variables, scenarios and their weighting
- Risk-based recalculation of loan loss provisions for Stage 1 and Stage 2
- Review of the ratings and solvency for selected borrowers based on the information in the respective loan files and assessment of the criteria used to identify a significant increase in credit risk as well as
- Comprehension of the input-based loan loss provision calculation, including the calculation methodology for top-level adjustments.

OUR CONCLUSIONS

The valuation models and inputs used to determine the loan loss provisions for expected credit losses in Stages 1 and 2 are appropriate.

Valuation of financial instruments for which no observable market prices on active markets are available

The significant accounting and measurement policies are described in Note 3 "Significant principles and uncertainties in estimates" in the consolidated financial statements. For information on financial instruments, please refer to Note 35 "IFRS 13 fair value hierarchies and disclosure requirements" in the consolidated financial statements.

THE FINANCIAL STATEMENT RISK

In its consolidated financial statements as at 31 December 2023, COMMERZBANK Aktiengesellschaft presents financial assets in the amount of EUR 89.2 billion and financial liabilities in the amount of EUR 55.3 billion as fair value Level 2 financial instruments. In addition, COMMERZBANK Aktiengesellschaft presents financial assets in the amount of EUR 3.7 billion and financial liabilities in the amount of EUR 0.6 billion as fair value Level 3 financial instruments.

The fair values of these financial instruments are to be determined based on recognised valuation methods. The valuation methods used may be based on complex models and include assumptions requiring judgements, especially for unobservable inputs.

The risk for the financial statements in particular is that inappropriate valuation models and inputs are used to determine the fair values of Level 2 and Level 3 financial instruments.

OUR AUDIT APPROACH

Based on our risk assessment and evaluation of the risks of material misstatement, we used both control-based and substantive audit procedures for our audit opinion.

We tested the design, implementation and effectiveness of the controls relevant for the determination of fair values and performed additional substantive audit procedures. In doing this, we involved KPMG's in-house valuation experts.

Among others, our audit included control testing procedures related to:

- Validation carried out of newly introduced or modified valuation models and the continual monitoring processes of existing valuation models
- Independent review of the market inputs and data used for measurement as well as
- Determination and recognition of necessary value adjustments.

We took account of the results of our control testing for the determination of the nature and scope of the other substantive audit procedures. The substantive audit procedures included in particular:

- Performance of our own independent price verification with the involvement of KPMG's in-house valuation experts for selected financial instruments, valuation methods, inputs and models as well as
- Recalculation and comprehension of the calculation of fair value adjustments made, including their recognition.

OUR CONCLUSIONS

The valuation models and inputs used to determine the fair value of Level 2 and Level 3 financial instruments are appropriate.

Calculation of the provision for legal risks from loans denominated in Swiss franc

The significant accounting and measurement policies are described in Note 3 "Significant principles and uncertainties in estimates" in the consolidated financial statements. For information on legal risks from loans denominated in Swiss franc, please refer to Note 54 "Provisions" in the consolidated financial statements.

THE FINANCIAL STATEMENT RISK

In its consolidated financial statements as at 31 December 2023, COMMERZBANK Aktien-gesellschaft presents a provision for legal risks from loans granted in the past and denominated in foreign currencies by a subsidiary in the amount of EUR 1.9 billion. The predominant part applies to Swiss franc.

COMMERZBANK Aktiengesellschaft is facing a class action lawsuit as well as numerous individual claims due to alleged ineffectiveness of index clauses in loan agreements denominated in Swiss franc. In this context, there is substantial uncertainty surrounding the expected cash flows from the loans affected.

The Bank assesses the impacts on the expected cash flows from loans denominated in Swiss franc based on probabilities for different scenarios of future events, such as the outcome of pending court proceedings and future settlement agreements with clients. This involves assumptions being made about the expected number of pending court proceedings, the probability of losing these cases and the results of settlement agreements with clients, which are heavily subject to judgement.

There is the risk for the financial statements that inappropriate assumptions are made for the calculation of provisions for the expected burden arising from loans denominated in Swiss franc.

OUR AUDIT APPROACH

Based on our risk assessment and the evaluation of risks of material misstatement, we based our opinion on substantive audit procedures. These included in particular:

- Assessment of the method for estimating the financial impacts of the loans denominated in Swiss franc and the related accounting policy
- Assessment of the accuracy and completeness of significant data included in the estimation of the provision
- Obtaining lawyer confirmations about the number of pending procedures and
- Evaluation of significant assumptions for the estimation of financial impacts of the risk, especially the probabilities of future scenarios for future settlements with clients, the development of the number of claims as well as the probability of losing these cases.

OUR CONCLUSIONS

The assumptions made for the calculation of provisions for the expected burden arising from loans denominated in Swiss franc are appropriate.

Recognition and measurement of deferred tax assets
The significant accounting and measurement policies are described in Note 3 "Significant principles and uncertainties in estimates" in the consolidated financial statements. For information on deferred tax assets, please refer to Note 48 "Tax assets" in the consolidated financial statements.

THE FINANCIAL STATEMENT RISK
In its consolidated financial statements as at 31 December 2023, COMMERZBANK Aktien-gesellschaft presents deferred tax assets of EUR 2.5 billion.

The recognition and measurement of deferred tax assets require judgements and also necessitate – besides the consideration of objective factors – numerous estimates of future taxable earnings and the usability of tax losses and previously unused tax credits.

The usability of the assets is estimated especially based on future taxable earnings potential according to corporate planning, which, in consideration of the expected changes in significant value-determinant assumptions and inputs contained therein, is subject to estimation uncertainty. These include in particular assumptions on the development of pre-tax earnings, the influence of potential special items as well as permanent effects, which determine the positive taxable earnings available in the future. The assumptions also concern political and economic developments and conditions, specific national tax regulations and tax planning strategies, as well as the transformation as part of the Strategy 2024 programme respectively the Strategic Plan 2027.

There is the risk for the financial statements that inappropriate assumptions are made regarding the future usability of deferred tax assets.

OUR AUDIT APPROACH
Based on our risk assessment and evaluation of the risks of material misstatement, we used both control-based and substantive audit procedures for our audit opinion.

We tested the design, implementation and effectiveness of the controls relevant for the determination of deferred tax assets and performed additional substantive audit procedures. In doing this, we involved our KPMG in-house tax experts.

Among others, our audit included control testing procedures regarding the development of the assumptions used to determine the future taxable profit.

We took account of the results of our control testing for the determination of the nature and scope of the other substantive audit procedures. These included in particular:

- Evaluation of the methodology applied by COMMERZBANK Aktiengesellschaft for the recognition and measurement of deferred tax assets in accordance with the requirements of IAS 12
- Evaluation of the appropriateness of the inputs used in corporate planning about COMMERZBANK Aktiengesellschaft's expectations regarding future taxable earnings and
- Evaluation of the interpretation of various tax laws and requirements and the materialisation of future taxable earnings as well as the suitability and feasibility of tax planning strategies.

OUR CONCLUSIONS
The assumptions made on the future usability of deferred tax assets are appropriate.

Other Information

The Board of Managing Directors respectively the Supervisory Board are responsible for the other information. The other information comprises the following components of the group management report, whose content was not audited:

- the combined separate non-financial report of the Company and the Group, which is referred to in the group management report
- the declaration on corporate governance referred to in the group management report.

The other information also includes the remaining parts of the annual report.

The other information does not include the consolidated financial statements, the group management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Managing Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The Board of Managing Directors is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the Board of Managing Directors is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the Board of Managing Directors is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Board of Managing Directors is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Board of Managing Directors is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the Board of Managing Directors and the reasonableness of estimates made by the Board of Managing Directors and related disclosures.
- Conclude on the appropriateness of the Board of Managing Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the Board of Managing Directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Board of Managing Directors as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the “ESEF documents”) contained in the electronic file "Commerzbank_AG_KA+KLB_ESEF-2023-12-31_V5.zip" (SHA256-hash value: 4d7b9daea6db49b169d273bbae-3d80054ea9e250f3af8c89e09ca660745a4944) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format (“ESEF format”). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2023 contained in the “Report on the Audit of the Consolidated Financial Statements and the Group Management Report” above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022)).

The Company's Board of Managing Directors is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's Board of Managing Directors is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material - intentional or unintentional - non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material - intentional or unintentional - non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material - intentional or unintentional - non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of the Commission Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL), in accordance with the requirements of Articles 4 and 6 of Commission Delegated Regulation (EU) 2019/815, as amended as at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor at the Annual General Meeting on 31 May 2023. We were engaged by the Chairperson of the Supervisory Board on 21 June 2023. We have been the group auditor of COMMERZBANK Aktiengesellschaft since the financial year 2022.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the examined ESEF documents. The consolidated financial statements and group management report converted to the ESEF format – including the versions to be entered in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Burkhard Böth.

Frankfurt am Main, 28. Februar 2024
KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German Version signed by:]

gez. Wiechens	gez. Böth
[German Public Auditor] Wirtschaftsprüfer	[German Public Auditor] Wirtschaftsprüfer

Further information

› We inform you here about the seats on mandatory supervisory boards and similar bodies held by members of the Board of Managing Directors, members of the Supervisory Board and employees of Commerzbank. We also inform you here about the result of the review of the combined separate non-financial report as well as about the quarterly results by segment.

Seats on supervisory boards and similar bodies

Members of the Board of Managing Directors of Commerzbank Aktiengesellschaft

Information pursuant to Art. 285 no. 10 of the German Commercial Code (HGB)

a) Seats on other mandatory supervisory boards (in Germany)
b) Seats on similar national and international bodies

Dr. Manfred Knof

a) Commerz Real AG[1]
Chairman

b) Commerz Real Investmentgesellschaft mbH[1]
Chairman

Dr. Bettina Orlopp

b) CommerzVentures GmbH[1]
Chairwoman
(until 2 November 2023)

EIS Einlagensicherungsbank GmbH
Chairwoman
(until 31 December 2023)

Kreditanstalt für Wiederaufbau AöR

mBank S.A.[1]
Deputy Chairwoman

Dr. Marcus Chromik
(until 31 December 2023)

a) Commerz Real AG[1]
Deputy Chairman
(until 31 December 2023)

b) Commerz Real Investmentgesellschaft mbH[1]
Deputy Chairman
(until 31 December 2023)

mBank S.A.[1]
(until 31 December 2023)

Verlagsbeteiligungs- und Verwaltungsgesellschaft mit beschränkter Haftung
(until 30 June 2023)

Michael Kotzbauer

b) CommerzVentures GmbH[1]
Deputy Chairman
(until 2 November 2023)

Sabine Mlnarsky
– –

Dr. Jörg Oliveri del Castillo-Schulz

a) BVV Versicherungsverein des Bankgewerbes a.G.

b) BVV Pension Management GmbH
(since 30 June 2023)

BVV Versorgungskasse des Bankgewerbes e.V.

Commerz Services Holding GmbH[1]
Chairman
(until 8 September 2023)

CommerzVentures GmbH[1]
(until 2 November 2023)

neosfer GmbH[1]
Chairman

Thomas Schaufler

a) Commerz Real AG[1]
(until 27 March 2023)

SCHUFA Holding AG

b) Commerz Real Investmentgesellschaft mbH[1]
(until 27 March 2023)

CommerzVentures GmbH[1]
(until 2 November 2023)

mBank S.A.[1]
(since 31 March 2023)

Bernhard Spalt
(since 1 January 2024)

a) Commerz Real AG[1]
Deputy Chairman

b) Commerz Real Investmentgesellschaft mbH[1]
Deputy Chairman

mBank S.A.[1]

Österreichische Post Aktiengesellschaft

[1] Group mandate.

Members of the Supervisory Board of Commerzbank Aktiengesellschaft

Information pursuant to Art. 285 no. 10 of the German Commercial Code (HGB)

a) Seats on other mandatory supervisory boards (in Germany)
b) Seats on similar national and international bodies

Prof. Dr. Jens Weidmann
(since 31 May 2023)
– –

Helmut Gottschalk
(until 31 May 2023)
– –

Uwe Tschäge
– –

Heike Anscheit
– –

Alexander Boursanoff
(until 31 May 2023)
– –

Gunnar de Buhr

a) BVV Pensionsfonds des Bankgewerbes AG, Berlin
Deputy Chairman

BVV Versicherungsverein des Bankgewerbes a.G., Berlin, Deputy Chairman

b) BVV Versorgungskasse des Bankgewerbes e.V., Berlin

BVV Pension Management GmbH, Berlin, Deputy Chairman
(since 1 September 2023)

Stefan Burghardt
(until 31 May 2023)
– –

Harald Christ
(since 31 May 2023)

a) Ernst Russ AG, Hamburg
Chairman of the Supervisory Board

Dr. Frank Czichowski

b) Frontier Clearing Corporation B.V. (FCC), Amsterdam (Netherlands)
(since 1 April 2023)

Sabine U. Dietrich

a) H&R GmbH und Co. KGaA, Salzbergen

MVV Energie AG, Mannheim

Dr. Jutta A. Dönges

a) TUI AG, Hanover

Uniper SE, Düsseldorf
(until 28 February 2023)

b) Rock Tech Lithium Inc., Vancouver, Canada
(until 28 February 2023)

Monika Fink
(until 31 May 2023)
– –

Stefan Jennes
(until 31 May 2023)
– –

Kerstin Jerchel
– –

Burkhard Keese
– –

Maxi Leuchters
(since 31 May 2023)

a) Stadtwerke Krefeld AG, Krefeld

PSD Bank Rhein-Ruhr eG, Düsseldorf

Alexandra Krieger
(until 31 May 2023)

a) AbbVie Komplementär GmbH, Wiesbaden

Evonik Industries AG, Essen

Daniela Mattheus

a) Yunex GmbH, Munich
(until 31 October 2023)

Deutsche Bahn AG, Berlin

JENOPTIK AG, Jena
(since 1 November 2023)

Cewe Stiftung & Co. KGaA, Oldenburg
(since 7 June 2023)

Nina Olderdissen
(since 31 May 2023)
– –

Sandra Persiehl
(since 31 May 2023)
– –

Michael Schramm
(since 31 May 2023)
– –

Caroline Seifert
– –

Robin J. Stalker
(until 31 May 2023)

a) Schaeffler AG, Herzogenaurach

Schmitz Cargobull AG, Horstmar
Deputy Chairman

Hugo Boss AG, Metzingen

Dr. Gertrude Tumpel-Gugerell

b) OMV Aktiengesellschaft, Vienna (Austria)

Vienna Insurance Group AG, Vienna (Austria)

AT & S AG, Leoben (Austria)

Sascha Uebel
(since 31 May 2023)
– –

Frank Westhoff
– –

Stefan Wittmann
– –

[1] Group mandate.

Employees of Commerzbank Aktiengesellschaft

Information pursuant to Art. 340a (4) no. 1 of the German Commercial Code (HGB)
As at the reporting date: 31.12.2023

Andreas Böger

Commerz Real AG[1]

Andrea Bracht

Commerz Real AG[1]

Gerold Fahr

Stadtwerke Ratingen GmbH
Chairman

Steffen Graf

ComTS GmbH[1]

Oliver Haibt

Commerz Direktservice GmbH[1]
Deputy Chairman

Patrick Klasen

Commerz Direktservice GmbH[1]

Michael Kollmann

tokentus investment AG
Chairman

Jana Kubach

Commerz Direktservice GmbH[1]
Chairwoman

Stefan Nodewald

KONVEKTA AKTIENGESELLSCHAFT

SCHWÄLBCHEN MOLKEREI
Jakob Berz Aktiengesellschaft
Chairman

Mario Peric

Commerz Real AG[1]

Raoul Richter

ComTS GmbH[1]

Martin Sander

ComTS GmbH[1]
Chairman

Andreas Schimmele

Commerz Direktservice GmbH[1]

Conny Wolfgang Winckelmann

ComTS GmbH[1]
Deputy Chairman

Benedikt Winzen

SWK Stadtwerke Krefeld
Aktiengesellschaft
Chairman

[1] Group mandate.

Limited Assurance Report of the Independent Auditor

regarding the combined separate non- financial report[1]

To Commerzbank AG, Frankfurt/Main

We have performed a limited assurance engagement of the consolidated non-financial group statement of COMMERZBANK Aktiengesellschaft, Frankfurt am Main (hereinafter "company") and the parent company's non-financial statement, which is combined with it, which are published in the form of a separate report outside the management report (hereinafter "combined separate non-financial report") for the period from 1 January 2023 to 31 December 2023.

Responsibilities of Management

Management of the parent company is responsible for the preparation of the combined separate non-financial report in accordance with Section 340i (5) in conjunction with Section 315c in conjunction with Sections 289c to 289e HGB ["Handelsgesetzbuch": German Commercial Code] and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the delegated acts adopted thereunder as set out in section "Incorporating EU taxonomy" of the combined separate non-financial report.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Group that are reasonable in the circumstances. Furthermore, management is responsible for such internal control as they consider necessary to enable the preparation of a combined separate non-financial report that is free from material misstatement, whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, management has disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "Incorporating EU taxonomy" of the combined separate non-financial report. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Independence and Quality Assurance of the Assurance Practitioner's firm

We have complied with the independence and quality assurance requirements set out in the national legal provisions and professional pronouncements, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022)).

Responsibilities of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the combined separate non-financial report based on our assurance engagement.

We conducted our assurance engagement in the form of a limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the IAASB.

[1] Our engagement applied to the German version of combined separate non-financial report. This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.

This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the company's combined separate non-financial report, has not been prepared, in all material respects, in accordance with Section 340i (5) in conjunction with Section 315c in conjunction with Sections 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by management disclosed in section "Incorporating EU taxonomy" of the combined separate non-financial report.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the group´s sustainability organisation and stakeholder engagement.
- Inquiries of group-level personnel who are responsible for the materiality analysis in order to understand the processes for determining material topics and respective reporting boundaries for COMMERZBANK Aktiengesellschaft.
- A risk analysis, including a media research, to identify relevant information on COMMERZBANK Aktiengesellschaft's sustainability performance in the reporting period.
- Identification of likely risks of material misstatement in the combined separate non-financial report.
- Inquiries of relevant employees involved in the preparation of the combined separate non-financial report about the preparation process and about the internal control system related to this process.
- Evaluation of the design and the implementation of systems and processes for the collection, processing and monitoring of disclosures, including data consolidation, on environmental, employee and social matters, respect for human rights, and combatting corruption and bribery.
- Analytical assessment of the data and trends of the quantitative data reported by all sites for consolidation at Group-level.
- Inquiries of Group-level personnel who are responsible for determining disclosures on concepts, due diligence processes, results and risks, performing internal control functions and consolidating disclosures.
- Inquiries of responsible employees at group-level to gain an understanding of the procedure for determining the key performance indicators, including qualitative information in accordance with the EU Taxonomy Regulation.
- Assessment of the design and implementation of systems and processes for the collection, processing and monitoring of key performance indicator data in accordance with the EU Taxonomy Regulation, including any supporting information to be provided in accordance with the relevant annexes.
- Inspection of selected internal and external documents.
- Evaluation of the presentation of the combined separate non-financial report.

In particular, the following audit procedures were performed to audit the PRB Report, that is contained in the combined separate non-financial report:

- Consideration of the "key areas requiring limited assurance" identified in the PRB Guidance for Assurance Providers.
- Inquiries of responsible personnel to obtain an understanding of for the process, organisation and internal controls relevant to the preparation and disclosure of the PRB Report.
- Evaluation of the risk of material misstatement in the audited sections of the PRB Report.
- Inspection of selected internal and external documents.
- Reconciliation of material disclosures in the selected sections of the PRB Report with underlying documents, including requesting and reviewing supporting documentation.
- Assessment of the accuracy of the references made in the PRB Report.

The following procedures were not within the scope of the engagement:

- An assessment of the nature of the non-financial information included in the PRB Report or the possible absence of significant non-financial information.
- The scope of our work did not include an assessment of the adequacy of the processes and controls in place regarding the preparation of the PRB Report.
- The scope of our work in relation to the PRB Report was limited to assessing whether the disclosed statements accurately represent actual steps taken and activities performed by COMMERZBANK Aktiengesellschaft.

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, management is required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the combined separate non-financial report of COMMERZBANK Aktiengesellschaft for the period from 1 January 2023 to 31 December 2023 has not been prepared, in all material respects, in accordance with Section 340i (5) in conjunction with Section 315c in conjunction with Sections 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by management as disclosed in section “Incorporating EU taxonomy” of the combined separate non-financial report.

Restriction of Use/General Engagement Terms

This assurance report is solely addressed to COMMERZBANK Aktiengesellschaft.

Our assignment for COMMERZBANK Aktiengesellschaft and professional liability is governed by the General Engagement Terms for Wirtschaftsprüfer (German Public Auditors) and Wirtschaftsprüfungsgesellschaften (German Public Audit Firms) (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated 1 January 2017 (https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf). By reading and using the information contained in this assurance report, each recipient confirms having taken note of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts the validity of the attached General Engagement Terms with respect to us.

Frankfurt/Main, 28 February 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft
(Original German version signed by:)

Protze ppa. Seidel
Wirtschaftsprüfer
(German Public Auditor)

Quarterly results by segment

1st quarter 2023 €m	Private and Small Business Customers	Corporate clients	Others and Consolidation	Group
Net interest income	1,091	627	229	1,947
Dividend income	0	0	– 1	– 0
Risk result	– 128	54	6	– 68
Net commission income	592	334	– 11	915
Net income from financial assets and liabilities measured at fair value through profit or loss	– 34	132	– 170	– 72
Net income from hedge accounting	– 0	– 0	– 2	– 3
Other net income from financial instruments	– 12	– 2	16	3
Current net income from companies acounted for using the equity method	– 0	1	– 0	1
Other net income	– 134	– 14	26	– 123
Income before risk result	**1,503**	**1,079**	**86**	**2,668**
Income after risk result	**1,375**	**1,133**	**92**	**2,599**
Operating expenses	846	514	104	1,464
Compulsory contributions	140	78	42	260
Operating profit or loss	**389**	**541**	**– 54**	**875**
Restructuring expenses	–	–	4	4
Pre-tax profit or loss	389	541	– 59	871

2nd quarter 2023 €m	Private and Small Business Customers	Corporate clients	Others and Consolidation	Group
Net interest income	1,119	695	315	2,130
Dividend income	1	2	0	4
Risk result	– 49	– 169	9	– 208
Net commission income	531	320	– 10	841
Net income from financial assets and liabilities measured at fair value through profit or loss	– 45	128	– 100	– 17
Net income from hedge accounting	– 2	– 1	13	10
Other net income from financial instruments	– 5	– 1	21	15
Current net income from companies acounted for using the equity method	– 0	3	0	3
Other net income	– 321	– 21	– 12	– 355
Income before risk result	**1,277**	**1,126**	**227**	**2,629**
Income after risk result	**1,228**	**957**	**236**	**2,421**
Operating expenses	880	514	87	1,481
Compulsory contributions	62	– 6	– 4	52
Operating profit or loss	**286**	**449**	**153**	**888**
Restructuring expenses	–	–	4	4
Pre-tax profit or loss	286	449	150	885

3rd quarter 2023 €m	Private and Small Business Customers	Corporate clients	Others and Consolidation	Group
Net interest income	1,157	717	291	2,166
Dividend income	10	0	– 1	9
Risk result	– 94	– 4	7	– 91
Net commission income	517	326	– 12	831
Net income from financial assets and liabilities measured at fair value through profit or loss	– 64	129	– 132	– 67
Net income from hedge accounting	4	– 1	– 11	– 8
Other net income from financial instruments	1	2	57	60
Current net income from companies acounted for using the equity method	– 1	1	0	– 0
Other net income	– 232	– 3	0	– 235
Income before risk result	**1,392**	**1,171**	**192**	**2,755**
Income after risk result	**1,298**	**1,167**	**199**	**2,664**
Operating expenses	866	522	116	1,504
Compulsory contributions	45	0	– 0	45
Operating profit or loss	**388**	**644**	**84**	**1,116**
Restructuring expenses	–	–	6	6
Pre-tax profit or loss	388	644	77	1,109

4th quarter 2023 €m	Private and Small Business Customers	Corporate clients	Others and Consolidation	Group
Net interest income	1,018	741	367	2,126
Dividend income	7	2	5	14
Risk result	– 201	– 36	– 15	– 252
Net commission income	510	300	– 11	798
Net income from financial assets and liabilities measured at fair value through profit or loss	– 29	75	– 248	– 202
Net income from hedge accounting	– 5	1	44	40
Other net income from financial instruments	29	– 1	– 53	– 25
Current net income from companies acounted for using the equity method	0	0	– 0	1
Other net income	– 328	– 12	– 3	– 342
Income before risk result	**1,203**	**1,106**	**101**	**2,409**
Income after risk result	**1,002**	**1,069**	**86**	**2,158**
Operating expenses	983	561	13	1,557
Compulsory contributions	57	0	1	59
Operating profit or loss	**– 39**	**508**	**72**	**542**
Restructuring expenses	–	–	4	4
Pre-tax profit or loss	– 39	508	68	537

Five-year overview

Income statement | €m	2023	2022	2021	2020	2019
Net interest income	8,368	6,459	4,849	4,975	5,070
Dividend income	26	32	22	37	35
Risk result	– 618	– 876	– 570	– 1,748	– 620
Net comission income	3,386	3,519	3,607	3,317	3,056
Net income from financial assets and liabilities at fair value through profit or loss	– 359	451	980	66	244
Net income from hedge accounting	39	– 113	– 96	207	105
Other realised profit or loss from financial instruments	52	– 292	27	– 65	27
Current net income from companies accounted for using the equity method	4	13	6	6	10
Other net income	– 1,055	– 606	– 944	– 357	93
Operating expenses	6,006	5,844	6,230	6,160	6,313
Compulsory contributions	415	642	467	512	453
Operating profit	3,421	2,099	1,183	– 233	1,253
Impairment of goodwill and other intangible assets	–	–	–	1,578	28
Restructuring expenses	18	94	1,078	814	101
Pre-tax profit or loss from continuing operations	3,403	2,005	105	– 2,626	1,124
Taxes on income	1,188	612	– 248	264	421
Consolidated profit or loss	2,214	1,393	354	– 2,861	685
Consolidated profit or loss attributable to non-controlling interests	– 10	– 42	– 77	9	100
Consolidated profit or loss attributable to Commerzbank shareholders and investors in additional equity components	**2,224**	**1,435**	**430**	**–2,870**	**585**

Balance sheet | €bn	2023	2022[1]	2021	2020	2019
Total assets	517.2	477.4	467.4	506.6	463.5
Equity as shown in balance sheet	33.0	30.9	29.8	28.6	30.5

Capital rations | %	2023	2022	2021	2020	2019
Tier 1 capital ratio	16.5	16.0	15.5	15.0	14.3
Total capital ratio	19.3	18.9	18.4	17.7	16.8

Ratings[2]	2023	2022	2021	2020	2019
Moody's Investors Service, New York	A1/A2/P–1	A1/A2/P–1	A1/A1/P–1	A1/ A1/ P–1	A1/ A1/ P-1
S&P Global, New York	A/A-/A-2	A-/BBB+/A-2	A-/ BBB+/ A-2	A-/ BBB+/ A-2	A/ A-/ A-2

[1] Prior-year figures restated.
[2] Deposit rating/issuer credit rating/short-term liabilities (further information can be found online at www.commerzbank.com).

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www.commerzbank.com

This Annual Report is also available in German.
Both versions are available online.

Photographs
Axel Martens (p. 2)
Jörg Puchmüller (p. 6)

Production
Produced in-house using firesys
(Exception: Group financial statements)

Disclaimer

Reservation regarding forward-looking statements

This Annual Report contains forward-looking statements on Commerzbank's business and earnings performance, which are based upon our current plans, estimates, forecasts and expectations. The statements entail risks and uncertainties, as there are a variety of factors that influence our business and to a great extent lie beyond our sphere of influence. Above all, these include the economic situation, the state of the financial markets worldwide and possible loan losses. Actual results and developments may, therefore, diverge considerably from our current assumptions, which, for this reason, are valid only at the time of publication. We undertake no obligation to revise our forward-looking statements in the light of either new information or unexpected events.

The German version of this Annual Report is the authoritative version and only the German versions of the Group management report and the Group financial statements were audited by the auditors.

Purely for ease of reading, the masculine form is used to refer to people in some sections. This always refers to people of any gender identity.

Publication of the Annual Report:
19 March 2024

Significant Group companies

Germany
Commerz Real AG, Wiesbaden

Abroad
Commerzbank (Eurasija) AO, Moscow
Commerzbank Finance & Covered Bond S.A., Luxembourg
Commerz Markets LLC, New York
mBank S.A., Warsaw

Operative foreign branches
Amsterdam, Beijing, Brno (office), London, Luxembourg, Madrid, Milan, New York, Paris, Prague, Shanghai, Singapore, Tokyo, Vienna, Zurich

Representative Offices and Financial Institutions Desks
Abidjan, Addis Abeba, Almaty, Amman, Ashgabat, Bangkok, Beijing (FI Desk), Brussels (Liaison Office to the European Union), Buenos Aires, Cairo, Caracas, Casablanca, Dhaka, Dubai, Ho Chi Minh City, Istanbul, Johannesburg, Kiev, Lagos, Luanda, Melbourne, Moscow (FI Desk), Mumbai, New York (FI Desk), Panama City, São Paulo, Seoul, Shanghai (FI Desk), Singapore (FI Desk), Taipei, Tashkent, Tokyo (FI Desk), Zagreb

Commerzbank worldwide

Operative foreign branches	**15**
Representative offices	**27**
Significant Group companies abroad	**4**
Domestic branches in private customer business	**~400**
Foreign branches	**401**
Worldwide staff	**42,098**
International staff	**14,173**
Domestic staff	**27,925**

COMMERZBANK

2024 Financial calendar	
30 April 2024	Annual General Meeting
15 May 2024	Interim financial information as at 31 March 2024
7 August 2024	Interim Report as at 30 June 2024
6 November 2024	Interim financial information as at 30 September 2024

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