Corporate Governance at Commerzbank

A solid governance structure as basis for economic success
Corporate Governance at Commerzbank – a solid governance structure as basis for economic success

Solid governance framework in line with German Corporate Governance Code
› Diverse Supervisory Board in terms of gender, nationality and age structure
› All shareholder representatives on the Supervisory Board are independent in compliance with German legislation and the German Corporate Governance Code (DCGK)
› Solid governance structure is underlined by above average ESG ratings (ISS Scores)

The Members of Commerzbank’s Supervisory Board are highly experienced
› The board comprises experienced professionals from diverse business backgrounds
› Highly proficient in terms of digitalisation and technology – committee supporting the transformation of the bank under the strategy frameworks Commerzbank 4.0 and 5.0

Governance structure enables sufficient monitoring of the Board of Managing Directors by the Supervisory Board
› Best practice remuneration policy for the Board of Managing Directors ensures long-termism and avoids inappropriate risk bearing for short-term unsustainable economic success
# Agenda

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<td>Commerzbank Group Structure</td>
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Commerzbank Group Structure
With more than 11m customers, Commerzbank is the leading corporate and retail franchise in Germany.

Commerzbank Group Structure

1,000 domestic branches and 390 foreign branches (mBank), 21 foreign corporate banking branches and 32 representative offices in more than 50 countries globally.

Current shareholder structure

1) As well as five Swiss agencies in Basel, Bern, Lausanne, Lucerne and St. Gallen.
Commerzbank 5.0 – a strategic program based on three corner-stones to deal with challenges and succeed in future

PSBC

Corporate Clients

IT & Operations

Mobile & Personal

Profitability & Growth

Capability & Efficiency

Digital – Personal – Responsible
2019 better than expected – early tangible progress of strategy Commerzbank 5.0

Better financial performance than expected

- Increased operating result based on stable underlying revenues

Strong CET1 ratio of 13.4%

- Solid basis for strategy execution and growth

90% shareholding in comdirect reached

- Prerequisite for squeeze-out and integration fulfilled

Early part-time retirement program agreed

- Potential of > 1000 FTE reduction
## Commerzbank 5.0: systematic execution in 2020 – on our way to 2023

### Commerzbank 5.0 targets 2020

<table>
<thead>
<tr>
<th>PSBC</th>
<th>Corporate Clients</th>
<th>IT &amp; Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>+ &gt;€10bn loans &amp; securities and more than 200k net new customers</td>
<td>Increase of underlying revenues as compared to previous year</td>
<td>Make 40% of relevant applications cloud-ready (coming from 25%)</td>
</tr>
<tr>
<td>Introduction of pricing measures on deposits in excess of €250k</td>
<td>300 new client groups in Mittelstand (GER and Eurozone)</td>
<td>Significant increase of nearshore capacities of IT staff from 8% to 14%</td>
</tr>
<tr>
<td>Integration of comdirect and sale of mBank</td>
<td>Balancing business growth and capital efficiency</td>
<td>Negotiations with workers council for FTE reduction</td>
</tr>
</tbody>
</table>

### Responsibility

Integration of climate related measures into our credit risk management
Further development of green products, e.g. green mortgages
Targets 2023 of strategy Commerzbank 5.0

**Costs** (incl. / excl. mBank) < €6.3bn / < €5.5bn

**RoTE** > 4% & upside for > 5%

**CET1 Ratio** 12-13%
Our shared corporate culture is embodied as ComWerte in five values

Integrity
- Our activities are guided by integrity – compliance with laws and duties as well as credibility in our approach have been firmly anchored in Commerzbank since it was established in 1870
- Integrity means we conduct ourselves in a legally and ethically impeccable manner, in keeping with statutory and internal regulations and our own value system

Customer orientation
- Customer orientation is the ability to design our company, processes and products so that they meet the needs of our customers
- It is our objective to rapidly solve any issues as soon as they arise

Performance
- We are measured by our performance – consequently, all employees deliver the best possible performance in their functions in order not only to meet, but to exceed customer expectations
- In our activities, we aim to be among the market leaders – Commerzbank has long been considered as the backbone of the German Mittelstand

Courage
- Courage shows the determination to remain open to new ideas and to accept responsibility for one’s own actions
- Although the banking sector is witnessing a shift away from physical banks, Commerzbank continues to deliberately invest in its network of branches

Team spirit
- Commerzbank knows that its strength is rooted in team spirit at every level – the bank could not generate any of its products without the involvement of many helping hands
- Although the customer often only sees the final result, a successful outcome depends on the interaction of all of these team players
Corporate Governance
Commerzbank’s approach to achieve a solid Corporate Governance

The bank’s Corporate Governance approach

- The bank’s approach to a solid Corporate Governance is **anchored in a responsible and transparent management** aiming for a sustainable value creation.
- Consideration is given to **diversity in the composition of the Board of Managing Directors** and in the **election of Supervisory Board members** to reduce the risk of prejudice.
- **Transparent reporting** comprises the **corporate governance report, non-financial report and remuneration report**.
- The non-financial report covers the following six topics: environmental protection\(^1\), treatment of employees, social responsibility, respect for human rights, combating bribery and corruption and the treatment of customers.

Constituents of the bank’s Governance Frameworks

\[^1\) Further information on Sustainability and Corporate Social Responsibility including information on environmental protection confer pp. 33-35\)
The German Corporate Governance Code as basis for Commerzbank’s Governance Framework

- The German Corporate Governance Code\(^1\) comprises essential statutory regulations for the management and supervision of German listed companies with the objective to enhance the transparency and comprehensibility of the German Corporate Governance system.
- The Code includes nationally and internationally acknowledged standards to achieve good and responsible Governance and aims to promote confidence in the management and supervision by all stakeholders.
- The Code highlights the obligation of Management and Supervisory Board to ensure the continuance of the firm and its sustainable value creation in line with the principles of a social market economy.
- The principles of the Code not only require compliance with the law, but also ethically sound and responsible behaviour.

Responsible Corporate Governance is a key part of Commerzbank’s self-image. We are unquestionably committed to the principles of good Corporate Governance. The bank provides an annual declaration of compliance, explaining whether we have complied with the Code.
Collaboration between the Supervisory Board and the Board of Managing Directors in the German “Two-tier Board System”

**Two-tier Board System**

A structure of the Board of Directors of a company used in certain European countries, such as Germany, that comprises two tiers:
- a **Supervisory Board**, on which representatives of employees and shareholders are represented;
- a **Management Board (Board of Managing Directors or Executive Board)** that is concerned with the day-to-day running of the business.

**Supervisory Board**

- The Supervisory Board supervises and advises the Board of Managing Directors on managing the bank.
- The Supervisory Board supervises the Board of Managing Directors in particular with respect to compliance with all respective applicable banking supervisory regulations.
- Furthermore, the Supervisory Board is responsible for the remuneration system of the Board of Managing Directors.

**Board of Managing Directors**

- The Board of Managing Directors is responsible for independently managing the enterprise.
- It is obliged to act in the bank’s best interest and undertakes to increase the enterprise value of the bank sustainably.
- The Board of Managing Directors is responsible for the development and execution of the bank’s strategy under the supervision of the Supervisory Board.
Supervisory Board
General information on the composition of the Supervisory Board

The Supervisory Board of Commerzbank consists of a total of 20 members of which ten members are elected by the bank’s employees in accordance with the German law on co-determination – the remaining ten representatives are elected by Commerzbank’s shareholders.

Composition of the Supervisory Board

According to the German Corporate Governance Code, all representatives elected by the bank’s shareholders have no personal or business relationship with the bank, its corporate bodies, a controlling shareholder or a company affiliated with the controlling shareholder that could lead to a significant, not temporary conflict of interest.
Composition of the Supervisory Board

Representatives of shareholders
- Dr. Markus Schmittmann (Chairman of the Board)
- Anja Mikus
- Dr. Victoria Ossadnik
- Robin J. Stalker
- Dr. Gertrude Tumpel-Gugerell

Representatives of employees
- Sabine U. Dietrich
- Dr. Markus Kerber
- Dr. Rainer Hillebrand
- Dr. Tobias Guldimann
- Dr. Stefan Schmittmann
- Cornelia Gerstner
- Gunther de Buhr
- Stefan Burghardt
- Uwe Tschäge (Deputy Chairman)
- Monika Fink
- Christian Höhn
- Kerstin Jerchel

Committees:
- Audit Committee
- Committee for Digitalisation and Technology
- Compensation Control Committee
- Mediation Committee
- Nomination Committee
- Presiding Committee
- Risk Committee
- Social Welfare Committee

C indicates the Chairperson of the respective Committee
# Composition of the Supervisory Board (1/2)

<table>
<thead>
<tr>
<th>Career highlights</th>
<th>Executive experience</th>
<th>International business experience</th>
<th>Digitalisation / banking / finance knowledge</th>
<th>Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Stefan Schmittmann</td>
<td>Commerzbank AG</td>
<td>Former CRO of CBK</td>
<td>Various non-executive mandates on supervisory boards and similar bodies for European banking and business enterprises</td>
<td>Doctorate in economics and studies of economics at University of St. Gallen</td>
</tr>
<tr>
<td>Sabine U. Dietrich</td>
<td>Bayerische Hypo- &amp; Vereinsbank AG</td>
<td>Former MBO of HypoVereinsbank</td>
<td>Various executive and non-executive positions globally and at bp in UK, India, Vietnam and Belgium</td>
<td>Studies of Engineering Sciences (Chartered Engineer) at Technical University Berlin</td>
</tr>
<tr>
<td>Dr. Tobias Guldimann</td>
<td>bp Europe SE</td>
<td>Former Member of the Board of Managing Directors of bp Europe</td>
<td>Various executive and non-executive positions at Credit Suisse in Switzerland</td>
<td>Doctorate in economics at Zurich University</td>
</tr>
<tr>
<td>Dr. Rainer Hillebrand</td>
<td>Credit Suisse AG</td>
<td>Former Director Risk and Compliance at bp</td>
<td>Various executive and non-executive positions at Credit Suisse in Switzerland</td>
<td>Doctorate in economics and social sciences at University of German Federal Armed Forces</td>
</tr>
<tr>
<td>Dr. Markus Kerber</td>
<td>Otto Group (Otto GmbH &amp; Co. KG)</td>
<td>Former Member of the Board of Managing Directors of Credit Suisse</td>
<td>International project management experience</td>
<td>Doctorate in social sciences at University of Hohenheim</td>
</tr>
<tr>
<td></td>
<td>Interior Ministry</td>
<td>Former Deputy Chairman of the Board of Managing Directors of the Otto Group</td>
<td>Experiences and deep knowledge in internal audit, investment banking and risk management</td>
<td>Digitalisation and transformation of Otto Group from mail-order to a digital business</td>
</tr>
<tr>
<td></td>
<td>Ministry of Finance</td>
<td>State Secretary at the Interior Ministry</td>
<td>Establishing bp’s 1st web presence in DACH</td>
<td>Experiences in Equity Capital Markets, finance, economic and fiscal policy strategy</td>
</tr>
<tr>
<td></td>
<td>BDI</td>
<td>Chief Executive Director &amp; member of the Exec. Board at BDI</td>
<td>Global Transformation, Business Development and Innovation</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Former Global VP Remediation Mgmt.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Experiences and deep knowledge in internal audit, investment banking and risk management</td>
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<td></td>
<td>Digitalisation and transformation of Otto Group from mail-order to a digital business</td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Doctorate in economics and social sciences at University of German Federal Armed Forces</td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Doctorate in social sciences at University of Hohenheim</td>
<td></td>
</tr>
</tbody>
</table>

1) Overview includes only representatives of shareholders  
2) CRO = Chief Risk Officer  
3) BDI = Federal Association of German Industry
### Composition of the Supervisory Board (2/2)

<table>
<thead>
<tr>
<th>Anja Mikus</th>
<th>Dr. Victoria Ossadnik</th>
<th>Robin J. Stalker</th>
<th>Nicholas Teller</th>
<th>Dr. Gertrude Tumpel-Gugerell</th>
</tr>
</thead>
</table>

**Career highlights**

- Arabesque GmbH
- Union Investment
- Allianz Pimco AM
- E.ON Energie Deutschland GmbH
- Microsoft Corp.
- adidas AG
- Arthur Young (now Ernst & Young)
- E.R. Capital Holding
- Commerzbank AG
- European Central Bank

**Executive experience**

- CEO/CIO\(^1\) of German Nuclear Waste Disposal Fund (Public Endowment)
- Current CEO of E.ON Energie Deutschland
- Former Vice President Data & AI Microsoft Corporation
- Former member of the Executive Board of Adidas, responsible for Finance and Labour Relations
- Former CEO at E.R. Capital Holding GmbH & Cie KG
- Former Board Member at Commerzbank
- Former member of the Executive Board of the European Central Bank
- Member of several Supervisory Boards

**International business experience**

- Former CIO\(^1\) of Arabesque Asset Management London
- Global VP roles in Microsoft Corporation and Oracle Corp.
- Several executive and non-executive positions in UK, Netherlands, USA, New Zealand, Korea, Japan and Hong Kong
- Various Executive and non executive positions in UK, Czech Republic, Poland and Germany
- Various executive and non-executive positions at Oesterreichische Nationalbank, Vienna, Austria

**Digitalisation / banking / finance knowledge**

- Experiences in asset management, financial planning and balance sheet reporting
- Deep IT, AI and data knowledge with 18 years global management experience at CSC, Oracle and Microsoft
- Experiences and deep knowledge in audit, reporting, controlling and taxes
- Several management positions in the banking industry
- Specific knowledge of economics, internal audit, corporate planning and management, market operations as well as payment systems

**Education**

- Master of business administration at Göttingen University
- PhD in physics at Munich University
- A.C.A. Chartered Accountant (Auditor) in New Zealand
- Bachelor of Commerce at University of Birmingham
- Doctorate in Social and Economic Sciences at University of Vienna

\(^1\) CIO = Chief Investment Officer
The additional remuneration for committee appointments is not linked or dependent on the long- or short-term performance of Commerzbank.

Additional remuneration is paid for a maximum of three committee appointments, taking the figures for the three highest paid positions. In addition, each member receives an attendance fee of €1,500 for each meeting or conference call of the Supervisory Board or one of its committees. The attendance rate was ~96% in 2018.

The aggregate amount of loans granted to the members of the Supervisory Board was €1,578 thousand by year-end 2018 (year-end 2017: €3,560 thousand). Commerzbank Group companies did not enter any contingent liabilities in favor of members of the Supervisory Board.
Board of Managing Directors
General information on the composition of the Board of Managing Directors

The Board of Managing Directors usually consists of a total of six regular members and the CEO.

Composition of the Board of Managing Directors

- **Diversity**: 71% Women, 29% Men
- **Nationality**: 86% Germany, 14% Netherlands

Average age of members of the Board of Managing Directors:

- **53 years**

Average period of being a board member:

- **3 years**

Female quota on the Board of Managing Directors

- **Commerzbank’s target quota**: at least 1 woman
- **Commerzbank’s actual quota**: 2 women
Composition of the Board of Managing Directors (1/2)

Martin Zielke  
CEO  
05.11.2010

Roland Boekhout  
Board Member  
01.01.2020

Dr. Marcus Chromik  
CRO  
01.01.2016

Jörg Hessenmüller  
COO  
15.01.2019

Responsibilities

Audit  
Communications  
Legal  
Mittelstandsbank  
Capital Markets, EMC & Trading  
Corporates International  
Global Remediation Office  
Institutions  
Research  
Transaction Banking  
CC Development & Digitalisation  
Credit Risk Management  
Market Risk Management  
Risk Controlling & Capital Mgmt.  
Cyber Risk & Information Sec.  
Big Data & Advanced Analytics  
Banking & Markets Operations  
Delivery Center  
Digital Transformation & Strategy  
Operations Credit  
Organisation & Security  
Technology Foundations

Previous Commerzbank positions

› Executive Board Member Private Customers
› Divisional Board Member Group Finance
› Group Manager Retail Banking
› Group Manager Corporate Banking

› Roland Boekhout was directly appointed as Board Member when he joined the Executive Board

Former employers

› Eurohypo AG
› Deutsche Hyp AG
› Deutsche Bank 24
› Deutsche Bank AG
› Dresdner Bank AG

› ING Group
› ING Diba
› ING Retail/Sales
› ING Commercial Banking Central and Eastern Europe

› Deutsche Postbank AG
› McKinsey & Company
› Munich University

› mBank S.A.
› Dresdner Bank AG

1) Martin Zielke was appointed as CEO on 1st May 2016; between November 2010 and May 2016 he was regular Board Member responsible for Private Customers
Composition of the Board of Managing Directors (2/2)

Michael Mandel  
Board Member  
23.05.2016

Dr. Bettina Orlropp  
CFO  
01.11.2017

Sabine Schmittroth  
Board Member  
01.01.2020

Responsibilities

- Private Customers
- Small Business Customers
- Wealth Management
- Marketing & Digital Banking
- comdirect bank
- Commerz Real
- mBank

- Finance
  - Investor Relations
  - Tax
  - Treasury

- Compliance
  - Customer Process & Data Mgmt.
  - Human Resources

Previous Commerzbank positions

- Divisional Board Member Private Customers  
- CEO comdirect bank AG  
- Group Manager Private and Business Customers  
- Head of Business Development Private Customers

Former employers

- McKinsey & Company  
- Dresdner Bank AG  
- Bremer Bank (Dresdner Bank AG)

- McKinsey & Company
- Commerz Direktservice GmbH
- Dresdner Bank AG

1) Dr. Bettina Orlropp was appointed as General Representative to the Executive Board in May 2016
The target achievements of Board Members are set between 0% and 200% – the variable remuneration is limited to 150% of target amount.

**Corporate Level (70% weight)**
- Weighted average of target achievement based on a group-based target-performance comparison.

<table>
<thead>
<tr>
<th>Target</th>
<th>Corporate Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>n-2</td>
<td>n-1</td>
</tr>
<tr>
<td>0%</td>
<td>...</td>
</tr>
<tr>
<td>100%</td>
<td>...</td>
</tr>
<tr>
<td>200%</td>
<td>...</td>
</tr>
</tbody>
</table>

**Department Level (segment and/or shared functions; 30% weight)**
- Target achievement by the department (segment and/or shared functions) for the members of the Board of Managing Directors in question is responsible on quantitative and/or qualitative targets.

<table>
<thead>
<tr>
<th>Target achievement</th>
<th>Segment Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>n-2</td>
<td>n-1</td>
</tr>
<tr>
<td>0%</td>
<td>...</td>
</tr>
<tr>
<td>100%</td>
<td>...</td>
</tr>
<tr>
<td>200%</td>
<td>...</td>
</tr>
</tbody>
</table>

**Individual Level (Multiple of 0.7-1.3)**
- Overall measurement of individual target achievements. The results of the achievement of the company targets are multiplied by a factor between 0.7 and 1.3, which is dependent on the achievement of the individual targets. 0.7 corresponds to individual target achievement of 0%, 1.0 to individual target achievement of 100% and 1.3 to individual target achievement of 200%.

<table>
<thead>
<tr>
<th>Target/Criteria</th>
<th>Individual Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>(x_i)</td>
<td>...</td>
</tr>
<tr>
<td>(x_2)</td>
<td>...</td>
</tr>
<tr>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Sum</td>
<td>0% ≤ 200%</td>
</tr>
<tr>
<td>Multiple</td>
<td>0.7 1.0 1.3</td>
</tr>
</tbody>
</table>

The remuneration system provides a uniform remuneration component which is linked to overall group, department and individual targets.

Source: Commerzbank Annual Report 2018, pp. 29-30
Commerzbank’s remuneration system includes a claw back clause and thus increases long-term participation of Board Members

Commerzbank’s remuneration system is stretching the variable compensation – 50% share-based

› 20% of variable compensation is payable in cash, an additional 20% is payable after a 12-month waiting period, again in cash but share-based.

› The remaining 60% arises after the end of a five-year retention period and after the retrospective performance evaluation. Thereof, half is paid in cash and half after a 12-month waiting period, also in cash but share-based.

1) The retention period is extended by two and one year(s) for new Members of the Board of Managing Directors in the first and second year, respectively
Remuneration system of the Board of Managing Directors

Appropriate design of Commerzbank’s remuneration system

**Strategy**
The compensation system supports the implementation and execution of the bank’s strategy and is aligned with the overall group risk strategy

**Risk, capital and liquidity**
The compensation system of the Board of Managing Directors is in line with the bank’s risk, capital and liquidity structure

**Target setting**
The annual setting of group-wide and individual targets for variable compensation components is based on the bank’s overall group strategy

Remuneration system of the Board of Managing Directors

<table>
<thead>
<tr>
<th></th>
<th>fixed compensation</th>
<th>variable comp.¹</th>
<th>target amount</th>
<th>Ratio variable / fix</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Board Members</td>
<td>990,000</td>
<td>660,000</td>
<td>1,650,000</td>
<td>0.67</td>
</tr>
<tr>
<td>CEO</td>
<td>1,674,247</td>
<td>1,116,165</td>
<td>2,790,412</td>
<td>0.67</td>
</tr>
</tbody>
</table>

¹ Based on 100% target achievement
Adjusted requirements for Board Members remuneration increases transparency

1 Remuneration Report
   › Definition of assessment basis and the target of 100 per cent
   › More in-depth description of certain remuneration targets

2 Remuneration System
   › Description of remuneration system and target setting for particular assessment basis
   › Further explanation of variable remuneration, esp. the link between strategy and remuneration

3 Comparability
   › Comparison of the development of total remuneration and companies earnings
   › Disclosure of the ratio between the Boards and the average employees remuneration

Transparency and disclosure requirements through SRD II, the most recent version of the German Corporate Governance Codex, the Guidelines for Sustainable Management Board Remuneration Systems as well as increased expectations by Proxy Advisors and Investors lead to potential adjustments of target setting for the fiscal year 2020 which will be disclosed in the corresponding Annual Report in 2021.
Enhanced transparency extends to individual targets of Board Members

<table>
<thead>
<tr>
<th>Area of Responsibility</th>
<th>Individual targets</th>
</tr>
</thead>
</table>
| **Chief Executive Officer** | › Execution of Commerzbank 5.0 and Campus 2.0  
› Strength of leadership and employee proximity |
| **Chief Financial Officer** | › Efficient cost management  
› Op. result of Group Treasury and execution of mBank sale |
| **Chief Risk Officer** | › Risk Result Budget  
› Successful implementation of BDAA |
| **Chief Operating Officer** | › Adherence of IT budget and execution of Campus 2.0  
› Ensure cyber security and system availability |
| **Legal, HR, Compliance** | › FTE reduction in line with restructuring budget  
› Implementation of a sustainable compliance structure |
| **Private and Small Business Clients** | › Net New customers and Loans and Securities growth  
› Active digital banking users and integration of comdirect |
| **Corporate Clients** | › Gross new client groups in Mittelstand  
› Revenue growth through sector approach |
Sustainability and Corporate Social Responsibility
Sustainability ratings substantiate our vision to become Germany’s most sustainable commercial bank

### Commerzbank’s Sustainability Ratings

<table>
<thead>
<tr>
<th>Rating</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outperformer</td>
<td>75/100 Points</td>
</tr>
<tr>
<td>Prime/C</td>
<td>Sector Avg.: D+</td>
</tr>
<tr>
<td>MSCI</td>
<td>A</td>
</tr>
<tr>
<td>CDP</td>
<td>B</td>
</tr>
<tr>
<td>Low Risk</td>
<td></td>
</tr>
</tbody>
</table>

› “The company is considered an outperformer on ESG issues compared to its industry peers. This stems from its leading position on environmental issues, outperformance on social issues and its average performance on governance issues.”

› “Commerzbank has established a group-wide code of conduct covering all important issues, such as corruption, antitrust violations, insider dealings and conflicts of interest in varying degrees of detail.”

› “We assess the company is well prepared policy-wise, to mitigate the negative impact of […] its long-expected restructuring.”

› CDP’s rating scoring system is based on a pyramid like model in which companies have to fully satisfy each increasingly tougher grading pillar before they can advance to the next level. Levels go from Disclosure (D-/D) to Leadership (A-/A).

› ISS QualityScores are offering an indication on the extent of non-financial disclosure relating to ESG – scale from 1 to 10, whereby 1 indicates the lowest ESG risk

› Commerzbank’s ISS QualityScores: 1) Environment = 1 / Social = 2 / Governance = 3

1) Latest change in ISS QualityScores 01 March 2020
We are a leading German provider of Renewable Energy Project Finance funding – inaugural Green Bond issued in October 2018

Renewable Energy Project Finance Portfolio
(Exposure at Default, €bn end of period)

<table>
<thead>
<tr>
<th>Year</th>
<th>Exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>3.5</td>
</tr>
<tr>
<td>2014</td>
<td>3.8</td>
</tr>
<tr>
<td>2015</td>
<td>4.0</td>
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<tr>
<td>2016</td>
<td>4.1</td>
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<tr>
<td>2017</td>
<td>4.2</td>
</tr>
<tr>
<td>2018</td>
<td>4.2</td>
</tr>
<tr>
<td>2019</td>
<td>4.5</td>
</tr>
</tbody>
</table>

Commerzbank’s Inaugural Green Bond

› On 16th October 2018, Commerzbank issued its inaugural Green 5-yrs €500m Non-Preferred Senior Bond

› Robust green bond framework in accordance with the Green Bond Principles 2018 – SPO (Second Party Opinion) provided by Sustainalytics

› €503m eligible wind and solar assets from vintages 2016-2018 assigned to the Green Bond

› With a total installed capacity of 461.8 MW, the loans underpinning the Green Bond help to avoid estimated CO₂ emissions of ~755,242 tons p.a. contributing to five SDGs

Portfolio Breakdown

- Wind Onshore: 63%
- Wind Offshore: 18%
- Solar: 18%
- Others: 1%

63% invested in Germany
37% invested globally

1) Based on Energy Portfolio as of FY2019
2) SPO = Second Party Opinion
3) SDG = Sustainable Development Goal
Green Mortgage – Support of energy-efficient houses

**Support** for the purchase and refinancing of properties for own use that do not exceed a maximum primary energy consumption of 75 kWh/m² per year

**Special discounts** of up to 10 basis points\(^1\) provides **attractive mortgage conditions** for our clients

**Product launched end of September 2019** and is available via Commerzbank sales as well as via our platform partners

**Enhancement of Green buildings in our portfolio increase eligible assets for Green Pfandbrief emissions**

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\(^1\) Please Note: Reviews may lead to adjustments of the discount
In 2011, Commerzbank stopped issuing any new exchange-traded investment products based on food staples such as wheat, corn, soya, rice and potatoes.

The guideline of Commerzbank AG governing coal-related transactions covers the process chain, from coal extraction to coal-fired electricity generation at power plants. Commerzbank does not finance new coal-fired power plants or new coal mines. Transactions related to modernisation measures are reviewed on a case-by-case basis and may be rejected.

Besides adverse health effects, Commerzbank therefore takes into account human right aspects with regard to business relationships with tobacco producers and cigarette producers.

The assessment takes into account the mining methods used by the company, the implementation of ecological restoration measures, and compliance with human rights and occupational health and safety standards.

In the case of customer relationships and transactions relating to oil and gas, Commerzbank performs assessments of how oil and gas fields are explored, how High Conversation Value Areas are protected, and how compliance with human rights and occupational health and safety standards is ensured.

We incorporate the early identification and appropriate handling of environmental and social risks based on sustainable and ethical decision-making criteria into our overall risk strategy.
Commerzbank does not finance the supply of weapons or armaments to conflict zones or areas of tension, nor does it finance controversial weapons. The recipient must be a clearly identifiable governmental body.

Concerning customer relationships and transactions related to power generation, compliance with human rights, the protection of High Conversation Value Areas and the implementation of environmental impact assessments are subject to particular scrutiny.

Commerzbank is committed to respecting human rights as defined by internationally accepted human rights standards. Within its sphere of influence, Commerzbank makes a differentiated contribution to the protection and promotion of human rights.

In addition to environmental and social conditions regarding cultivation and exploitation, Commerzbank also examines compliance with sustainable standards for palm oil production.

Commerzbank’s commitment to fundamental human rights includes special protection of indigenous people, who are often subjected to compulsory measures such as involuntary resettlement and displacement.
Environmental and social risk management process

**Operational Unit**

- **Request**
  - (Product, transaction, business relationship)

- **Linked to sensitive topic area?**
  - No: Business can be pursued
  - Yes:
    - **Linked to exclusion criteria?**
      - Yes: Product, transaction or business relationship has to be rejected
      - No:
        - **Review of cross-sector requirements**
        - **Review of sector-specific requirements**
        - **Evaluation**
        - **Differentiated assessment**
        - **May lead to a rejection of product, transaction or business relationship**
Appendix
## Committees of the Supervisory Board – General information (1/2)

<table>
<thead>
<tr>
<th>Committee</th>
<th>Description of activities</th>
</tr>
</thead>
</table>
| Audit Committee                        | › Supporting the Supervisory Board in the monitoring of:  
   › the accounting process  
   › the effectiveness of the compliance and risk management  
   › the performance of the audits                                                                                                                                   |
| Committee for Digitalisation & Technology | › Supporting the Supervisory Board in advising and monitoring the bank’s digitalisation progress and the associated IT and investment budget                                                                                 |
| Compensation Control Committee         | › Supporting the Supervisory Board in the appropriate structuring of the compensation systems of the Board of Managing Directors  
   › Monitoring the appropriate structure of the compensation systems of the employees  
   › Shall cooperate with the Risk Committee                                                                                                                      |
| Mediation Committee                    | › The functions and composition of the Mediation Committee are established by Section 27, paragraph 3 of the German Co-determination Act                                                                                   |
### Committees of the Supervisory Board – General information (2/2)

<table>
<thead>
<tr>
<th>Committee</th>
<th>Description of activities</th>
</tr>
</thead>
</table>
| Nomination Committee           | › Recommending appropriate shareholder representative candidates to the Supervisory Board for it to propose at the General Meeting  
› Supporting the Supervisory Board in the elaboration of an objective to promote the representation of the under-represented gender |
| Presiding Committee            | › Responsible for concluding and altering employment contracts with the members of the Board of Managing Directors  
› Responsible for terminating the employment contracts of the members of the Board of Managing Directors |
| Risk Committee                 | › Monitoring of the bank’s risk situation and management, devoting particular attention to the overall risk strategy, the sub-risk strategies and credit, market, liquidity, operational, reputational and compliance risks |
| Social Welfare Committee       | › Responsible for all personnel and social issues which are of general relevance for employees                                                          |
Overview of the compensation governance structure at Commerzbank

Supervisory Board (SB)

- Ensuring appropriate involvement of the control units in structuring and monitoring the remuneration systems as well as in regard to the process to determine Risk Takers as well as Group Risk Takers pursuant to Section 3(3) InstitutsVergV
- Ensuring the total amount of variable remuneration is determined under appropriate involvement of the control units in a manner that is in line with their scope of responsibility

Remuneration Control Committee (RCC)

- Assessing the remuneration systems (including for employees in the control units) on the basis of or with reference to the risk, capital, and liquidity situation of the institution
- Ensuring that remuneration systems are aligned with the business, risk, and remuneration strategy of the Group
- Supporting the Supervisory Board in the monitoring of processes designed to determine Risk Takers & Group Risk Takers as well as in creating resolution suggestions pursuant to Sect. 25a(5)(6) KWG
- Preparation of the resolutions of the SB regarding the variable compensation of the members of the Board of Managing Directors

Risk Committee (RC)

- Pursuant to Section 25d(12) KWG, examination of whether incentives provided by the remuneration systems take into consideration risk, capital and liquidity, as well as the likelihood and timing of earnings

Board of Managing Directors

- Ongoing monitoring of appropriateness
- Supporting the Supervisory Board and its Remuneration Control Committee with regard to all remuneration systems
- Supporting the Remuneration Control Committee on overarching issues
- Preparing the remuneration control report
- Other issues

Remuneration Committee (RemCo)

- Ensuring appropriate involvement of the control units in structuring and monitoring the remuneration systems as well as in regard to the process to determine Risk Takers as well as Group Risk Takers pursuant to Section 3(3) InstitutsVergV
- Ensuring the total amount of variable remuneration is determined under appropriate involvement of the control units in a manner that is in line with their scope of responsibility

Source: Commerzbank Remuneration Report 2017, p. 5
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Financial calendar

<table>
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<th>2020</th>
<th>7 May</th>
<th>13 May</th>
<th>05 Aug</th>
<th>05 Nov</th>
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<tbody>
<tr>
<td></td>
<td>Annual General Meeting</td>
<td>Q1 2020 results</td>
<td>Q2 2020 results</td>
<td>Q3 2020 results</td>
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Disclaimer

This presentation contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include, inter alia, statements about Commerzbank’s beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates, projections and targets as they are currently available to the management of Commerzbank. Forward-looking statements therefore speak only as of the date they are made, and Commerzbank undertakes no obligation to update any of them in light of new information or future events. By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, among others, the conditions in the financial markets in Germany, in Europe, in the United States and elsewhere from which Commerzbank derives a substantial portion of its revenues and in which it hold a substantial portion of its assets, the development of asset prices and market volatility, potential defaults of borrowers or trading counterparties, the implementation of its strategic initiatives and the reliability of its risk management policies.

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