

Basics of the new remuneration system for the Board of Managing Directors

In December 2009, the Supervisory Board of Commerzbank AG approved a new remuneration system for members of the Board of Managing Directors. The introduction of a new remuneration system from 2010 had become necessary as this is a requirement of SoFFin and because new regulatory requirements regarding the remuneration systems of banks had to be implemented. In line with these requirements, a sustainable and transparent remuneration system for the Board of Managing Directors has been developed.

In accordance with Art 120 (4) of the Stock Corporations Act (AktG) and following the voting result of the 2010 Annual General Meeting, the new remuneration system is to be introduced retroactively to January 1, 2010. For 2010 it is still valid though: Unless the coupon on the silent participations of the Financial Market Stabilization Fund (SoFFin) is paid in full, the total remuneration of the members of the Board of Managing Directors will remain limited to EUR 500,000 p.a. each.

The core elements of the new remuneration system include a fixed annual basic salary as well as a Short Term Incentive (STI) and a Long Term Incentive (LTI) as variable compensation components. In line with regulatory requirements, the importance of short-term variable compensation has been significantly reduced. In return, the fixed salary component and long-term variable component have been increased. The long-term component is only paid after four years. Furthermore, it is reduced in the event of negative performance during this period ('malus').

Under the old model, if targets were met 100%, the weighting of the remuneration components was as follows: **32%** fixed remuneration, **60%** short-term variable remuneration and **8%** long-term variable remuneration. The planned weighting of the compensation components in future is as follows: **43%** fixed remuneration, **14%** short-term variable remuneration and **43%** long-term variable remuneration.

1. Fixed remuneration components

The fixed remuneration components include the annual basic salary and non-cash elements. The **annual basic salary** has been fixed at EUR 750,000 p.a., paid out in equal monthly amounts. **Non-cash elements** mainly consist of the use of a company car with driver, security measures and insurance contributions, and tax thereon and social security contributions.

2. Performance-related remuneration

The new remuneration system includes performance-related variable remuneration components in the form of a Short Term Incentive and a Long Term Incentive.

2.1 Short Term Incentive (STI)

The STI runs for one year. It consists of two equally weighted components: one which is linked to economic value added (EVA)¹ (STI EVA component) and one which is based on the individual performance of the member of the Board of Managing Directors (STI performance component). The overall STI target is EUR 250,000, and the targets for the individual components EUR 125,000 each. The target figures are paid out in each case if targets are met 100%; target achievement can range from 0% to 200%. The payment is made at the end of the one-year period and can range from EUR 0 to EUR 250,000 for each of the two components.

STI EVA component

For the STI EVA component, the Supervisory Board sets a target rate for the Group EVA after tax prior to the beginning of the financial year, which corresponds to a goal achievement of 100%. It also determines which EVA figure corresponds to which target achievement percentage. As a general rule, the investors' capital is used as the basis for calculating EVA.

STI performance component

The individual performance of each member of the Board of Managing Directors is assessed from an overall perspective using criteria determined by the Supervisory Board prior to the beginning of the respective financial year. For both 2010 and 2011, this qualitative STI performance component is the sole STI-element used as the basis for measurement; for each of these two years its target is EUR 250,000 p.a.

¹ EVA is the consolidated surplus after tax less the bank's capital costs (= product of investors' capital (excluding minority interests) and capital cost rate after tax)

2.2 Long Term Incentive (LTI)

The LTI runs for four years. It consists of two equally weighted components: one which is linked to economic value added (EVA) (LTI EVA component) and one which is based on stock performance (LTI equity component). The overall LTI target is EUR 750,000, and the targets for the individual components EUR 375,000 each. The target figures are paid out in each case when 100% of goals have been achieved. Goal achievement in total can range from 0% to 200%; hence payment for each of the two components can lie between EUR 0 and EUR 750,000. The LTI EVA component includes a 'malus' rule. A prerequisite for the LTI is that the individual member of the Board of Managing Directors makes a long-term personal investment of EUR 350,000 in Commerzbank shares. Up and until the personal investment target is reached, 50% of the net payments from the LTI must be invested in Commerzbank shares.

LTI equity component

The payout sum of the LTI equity component is calculated based on the relative total shareholder return (TSR) performance of Commerzbank (compared with the TSR performance of other banks in the Dow Jones EuroStoxx Banks index) and the absolute price performance of Commerzbank shares. Prior to the commencement of the LTI term, the Supervisory Board specifies the number of Commerzbank shares for which the market value is paid out upon 100% goal achievement following the end of the four-year LTI term. The Board also defines which TSR-related placing of Commerzbank compared with other relevant banks corresponds to which level of goal achievement. The relative TSR performance thus determines the number of virtually assigned shares; the absolute price performance of Commerzbank shares during the LTI term determines their value, which is paid out in cash after four years.

LTI EVA component

The target figures of the EVA-based LTI component are set by the Supervisory Board in advance for the entire LTI term and may differ for the individual years of the term. The Supervisory Board also defines in advance which EVA value corresponds to which level of goal achievement. The goal achievement is set each year during the four-year LTI term; the goal achievement for the individual years can generally lie between minus 100% and plus 200%; the goal achievement in both 2010 and 2011 may fluctuate between 0% and 200%. The Supervisory Board calculates the average goal achievement and resulting payment following the end of the four-year LTI term. Due to the potentially negative goal achievement in the individual years of the LTI term, the model includes a bonus-malus reference.

The achievement of goals is measured on a straight-line basis in the STI and LTI. In the event of exceptional measures carried out by the Bank that have a considerable impact on

the achievability of STI or LTI target figures, the Supervisory Board can neutralize any positive or negative impact by adjusting the targets.

3. Remuneration of the Chairman of the Board of Managing Directors

Under the new remuneration system, the Chairman of the Board of Managing Directors should receive 1.75 times (previously approximately 1.5 times) each of the stated remuneration components. The Chairman of the Board of Managing Directors has asked the Supervisory Board to suspend this rule for all remuneration components until the end of his current term of office on October 31, 2011.

4. Remuneration for serving on the boards of consolidated affiliated companies

The remuneration accruing to an individual member of the Board of Managing Directors from serving on the boards of consolidated affiliated companies is discounted from the total remuneration paid to that member of the Board of Managing Directors.

5. Pensions

The rules governing pensions for the members of the Board of Managing Directors remain unchanged for the time being (cf. the table in the 2009 annual report, p. 47 f.); until further notice they will continue to be based on the existing basic salary of EUR 480,000 p.a. (or EUR 760,000 p.a. for the Chairman of the Board of Managing Directors) even after the introduction of the new remuneration system.

6. No change of control with new appointments or contract extensions

Under the new remuneration system, there is no change of control clause in the case of new appointments or contract extensions of members of the Board of Managing Directors.