

Corporate governance report and declaration on corporate governance

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

Commerzbank has always attached great importance to responsible and transparent corporate governance aimed at sustainable value creation. That is why we – the Board of Managing Directors and the Supervisory Board – expressly support the German Corporate Governance Code and the goals and objectives it pursues.

In accordance with section 3.10 of the German Corporate Governance Code, we report below on corporate governance as practised at Commerzbank AG. This report also includes the declaration on corporate governance pursuant to Art. 315d in conjunction with Art. 289f of the German Commercial Code (HGB).

Recommendations of the German Corporate Governance Code

Commerzbank AG and its subsidiaries that are required by law to do so declare every year whether the recommendations made by the Commission for the German Corporate Governance Code regarding conduct have been and are being complied with, and they explain which individual recommendations are not being implemented and the reasons why. These declarations of compliance by the Board of Managing Directors and Supervisory Board are published on the websites of the individual companies; Commerzbank AG's declarations can be found at <https://www.commerzbank.com>. There is also an archive of all the declarations of compliance made since 2002. The latest declaration was made in November 2018.

Commerzbank AG complies with virtually all of the recommendations of the German Corporate Governance Code; it deviates from them in only a few points:

- Section 4.2.1 of the Code recommends that rules of procedure should be in place that govern the activities of the Board of Managing Directors, including the allocation of responsibilities to its members. The Board of Managing Directors has adopted rules of procedure with the approval of the Supervisory Board. However, the Board of Managing Directors determines the allocation of duties among the individual Board members itself, outside the purview of the rules of procedure. This provides it with the requisite flexibility if changes are needed, thus ensuring an efficient division of responsibilities within the Board of

Managing Directors. The Supervisory Board is informed of all changes and is thus included in the process. The rules of procedure for the Board of Managing Directors and the specific responsibilities of the various members of the Board of Managing Directors are published on Commerzbank AG's website at <https://www.commerzbank.com>.

- According to section 4.2.3 (2) sentence 6 of the Code, the total remuneration of the members of the Board of Managing Directors and the upper limits on their variable remuneration components should be disclosed. The core elements of the Bank's remuneration system are a fixed basic annual salary plus variable remuneration with a uniform target amount. In respect of variable remuneration, after the end of a financial year, the Supervisory Board determines an amount for total target achievement based on previously agreed goals. This amount is capped at 1.4x fixed remuneration as calculated under the Remuneration Ordinance for Institutions. Up to 50% of this amount is paid in virtual Commerzbank shares, which are normally subject to a five-year retention period and a waiting period of a further 12 months. At the end of the waiting period, the value of the virtual Commerzbank shares is paid out in cash, subject to various checks to ensure sustainability. Changes in the share price over this period do not affect the number of virtual shares granted and thus will alter the amount to be paid out, which has no upper limit. The remuneration system is designed such that the members of the Board of Managing Directors bear the risk of the performance of the virtual shares after the calculation of the amount for total target achievement as an element of long-term remuneration. It would not be appropriate to cap the scope for participating in positive share price performance, especially given that no floor applies if the price should fall.
- In accordance with section 4.2.3 (2) sentence 8 of the Code, there should be no subsequent changes to targets or benchmarks for determining the variable remuneration components for the Board of Managing Directors. Under the German Stock Corporation Act, however, the Supervisory Board should have the option of restricting the variable remuneration of the Board

of Managing Directors in exceptional circumstances. Under this legislation, the Supervisory Board is entitled to adjust the targets and other parameters for determining variable remuneration components in exceptional circumstances, so as to reasonably neutralise any positive or negative repercussions on the achievability of the targets; the cap on variable remuneration must be observed in all cases.

- Section 4.2.3 (3) of the Code recommends that in the case of pension commitments to members of the Board of Managing Directors, the Supervisory Board should define the intended level of benefits – commensurate with the length of the term of office – taking into account the resulting annual and long-term expense for the company. Pension provision for the Board of Managing Directors is a defined contribution scheme that does not specify a particular level of benefits. Instead, each member of the Board of Managing Directors has an entitlement to an annual pension module, the amount of which is determined as a percentage of that individual's basic annual salary. This gives the Supervisory Board a clear picture of the annual and long-term expense for the company, including the impact of actuarial effects on pension provisions. The fact that the scheme does not define a target benefit level, combined with the switch to a defined contribution scheme, is in line with what is largely standard business practice.
- Section 4.2.5 sentences 5 and 6 of the Code requires some of the information on board remuneration in the remuneration report to be provided in standardised tables. However, the model tables recommended in the Code do not take account of the requirements of the Remuneration Ordinance for Institutions and are therefore not as suitable for financial institutions such as Commerzbank AG. Commerzbank AG therefore deviated from this recommendation in its remuneration report for 2017 and does so again in the remuneration report for 2018. Commerzbank AG has created its own tables which provide clear and transparent information on its board remuneration system. Commerzbank AG has decided to present only the tables that it created itself and those are required under accounting rules and to omit the model tables recommended by the Code because the intended clarity and comprehensibility of the remuneration report would otherwise be undermined.
- Section 5.3.3 of the Code recommends that the Supervisory Board establish a nomination committee made up exclusively of shareholder representatives. Under Art. 25d (11) sentence 2 no. 1 of the German Banking Act, the nomination committee must support the Supervisory Board in identifying candidates to fill positions on bank management bodies. At Commerzbank AG, this task was formerly performed by the Presiding Committee, in which employee representatives were also included. In

order to maintain the established practice at Commerzbank AG of involving both employee and shareholder representatives in the selection of candidates for the Board of Managing Directors, two members of the Commerzbank AG Supervisory Board's Nomination Committee are employee representatives.

- Section 5.4.1 (2) sentence 2 of the Code recommends that the Supervisory Board should set concrete objectives regarding its composition which, while considering the specific situation at the company, appropriately take into account the international activities of the company, potential conflicts of interest, the number of independent members of the Supervisory Board pursuant to section 5.4.2 of the Code, a specified age limit for members of the Supervisory Board, a specified limit on length of service on the Supervisory Board and diversity. The Supervisory Board of Commerzbank AG regularly sets specific targets for its composition, appropriately taking into account the criteria listed in section 5.4.1 (2) sentence 2 of the Code. However, it had not yet set a limit on the normal length of service on the Supervisory Board, as the Supervisory Board takes the view that continued service frequently has to be decided in respect of the individual member. This is now reflected by means of a limit that allows exceptions to be made for the Supervisory Board in justified individual cases and gives priority to the provisions of the Codetermination Act for employee representatives. This means that the Code's recommendation pursuant to section 5.4.1 (2) sentence 2 is now and will be fully complied with.

Suggestions of the German Corporate Governance Code

Commerzbank AG also largely complies with the suggestions of the German Corporate Governance Code, deviating from them in only a few points:

- In a departure from section 2.3.2, the proxy can only be reached up to the day prior to the Annual General Meeting. However, shareholders present or represented at the Annual General Meeting are able to give instructions to the proxy at the meeting itself as well.
- In section 2.3.3, it is suggested that shareholders be able to watch the Annual General Meeting on the internet. Up to and including the 2018 financial year, Commerzbank has broadcast the speeches of the Chairman of the Supervisory Board and the Chairman of the Board of Managing Directors, but not the general debate. This allowed shareholders to discuss matters freely with the management, without a wide-scale public broadcast. From financial year 2019 onwards, Commerzbank AG will

23 Corporate governance report and declaration on corporate governance pursuant to Art. 315d in conjunction with Art. 289f of the German Commercial Code (HGB)

29 Remuneration Report

43 Details pursuant to Art. 315 HGB

48 Non-Financial Report

broadcast the Annual General Meeting in its entirety on the internet for shareholders and thus fully comply with the suggestion set out in section 2.3.3.

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

Commerzbank AG and its subsidiaries are committed to their corporate, environmental and social responsibilities. In order to ensure sustainable corporate governance, extensive standards have been defined in various spheres of activity, which are published on Commerzbank AG's homepage at <https://www.commerzbank.com>.

The ComValues thus create a binding and unifying corporate culture. They lay the foundation for the entrepreneurial and individual responsibility of every employee in the Commerzbank Group.

Based on the ComValues, Commerzbank AG 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 Commerzbank AG has also formulated guidelines on corporate responsibility as guidance for the sustainable orientation of the Commerzbank Group's business activities. One of the six guidelines is the commitment to the principles of the UN Global Compact, an initiative set up by the United Nations together with many renowned companies, which is dedicated to active environmental protection, responsible dealings with employees, respect for human rights and the fight against corruption and bribery.

In its capacity as a key financier of the German economy, Commerzbank AG has also defined various positions and guidelines for its core business, including environmental guidelines formulated with a special focus on the environment. These guidelines are important reference points for the orientation of the core business as well as for managing the impacts on the environment.

Board of Managing Directors

The Board of Managing Directors of Commerzbank AG 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 company's strategy, 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 manages the Commerzbank Group as the Group executive body on the basis of uniform guidelines and exercises general control over

all Group companies. The board conducts the Bank's business activities in accordance with the law, the Articles of Association, its rules of procedure, internal guidelines and the relevant employment contracts. It cooperates on a basis of trust with Commerzbank AG'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 our website at <https://www.commerzbank.com>.

Extensive details of the remuneration paid to the members of the Board of Managing Directors are given in the remuneration report on pages 29 to 40.

Supervisory Board

The Commerzbank AG Supervisory Board advises and supervises the Board of Managing Directors in its management of the Bank. It appoints and dismisses members of the Board of Managing Directors and, together with the Board of Managing Directors, ensures that there is long-term succession planning. 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.

The composition of the Supervisory Board and its committees is presented on pages 15 to 17 of this Annual Report. Details of the work of this committee, its structure and its control function can be found in the report of the Supervisory Board on pages 6 to 14. Further details on how the Supervisory Board and its committees work can be found in the rules of procedure of the Supervisory Board, available online at <https://www.commerzbank.com>.

Section 5.4.1 (2) of the Code recommends that the Supervisory Board should set concrete objectives and draw up a profile of skills and expertise for the board as a whole. While taking into consideration the company's specific situation, the composition of the Supervisory Board should appropriately reflect the international activities of the company, potential conflicts of interest, the number of independent members of the Supervisory Board pursuant to section 5.4.2 of the Code, an age limit for members of the Supervisory Board, a limit on the normal length of service on the board and diversity. The special requirements of the German co-determination legislation need to be taken into account for the elected employee representatives.

In accordance with section 5.4.1 (4) of the Code, the appointments proposed by the Supervisory Board to the Annual General Meeting should take account of the Supervisory Board's objectives and targets while also seeking to fulfil the profile of skills and ex-

expertise for the board as a whole. Progress in implementing the targets should be published in the corporate governance report.

The Supervisory Board of Commerzbank AG 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. The members of the Supervisory Board must be able to challenge and monitor the decisions made by the Board of Managing Directors. 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 section 5.4.2 of the Code, and not more than two former members of the Board of Managing Directors of Commerzbank AG. The normal length of service of individual members of the Supervisory Board should not exceed a period of 15 years, whereby the provisions of the German Codetermination Act must be observed and given priority for the employee representatives. 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 Supervisory Board has resolved a detailed profile of skills and expertise for the board as a body, which may be consulted on Commerzbank's website at <https://www.commerzbank.com>. The Supervisory Board takes account of the targets and requirements set out there in its election proposals to the Annual General Meeting and the regular assessment of the Supervisory Board as a whole and its individual members. None of the members of the Supervisory Board elected at the Annual General Meeting exceed the normal length of service. All other targets set by the Supervisory Board for its composition and other profile were also implemented as at 31 December 2018.

In accordance with section 5.4.1 (4) of the Code, the corporate governance report should also provide information on what, in the view of the Supervisory Board, is the appropriate number of independent shareholder members and the names of these members. Under section 5.4.2 of the Code, a Supervisory Board member is not considered independent if he or she has a personal or business relationship with the company, its corporate bodies, a controlling shareholder or a company affiliated with a controlling shareholder that could lead to a significant, non-transient conflict of interest. The employee representatives are not taken into account in this assessment of independence.

Applying the above-mentioned criteria, all ten shareholder representatives can be classified as "independent", namely Dr. Stefan Schmittmann, Sabine U. Dietrich, Dr. Tobias Guldemann, Dr. Rainer Hillebrand, Dr. Markus Kerber, Anja Mikus, Dr. Victoria Ossadnik, Robin Stalker, Nicholas Teller and Dr. Gertrude Tumpel-Gugerell.

As 100% of the Supervisory Board members on the shareholder side are therefore independent, the Supervisory Board's own assessment that the Board contains a suitable number of independent members is well-founded.

In accordance with section 5.6 of the German Corporate Governance Code, the Supervisory Board reviewed the efficiency of its work in the 2018 financial year as part of the assessment required under Art. 25d (11) nos. 3 and 4 of the German Banking Act. The results of the efficiency audit were presented to the plenary session for discussion. The members of the Supervisory Board believe that the board works in an efficient manner and to a high standard overall. Suggestions from members of the Supervisory Board have been and continue to be taken into account for future activities.

Under section 5.5.2 of the German Corporate Governance 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. No member of the Supervisory Board declared such a conflict of interest during the year under review.

Details of the remuneration paid to the members of the Commerzbank AG Supervisory Board are given on pages 40 to 42 of the remuneration report.

Diversity

At Commerzbank AG and in the Group companies, consideration is given to diversity in the composition of the Board of Managing Directors, appointments to management and recommendations for the election of Supervisory Board members (sections 4.1.5, 5.1.2 and 5.4.1 of the Code). The aim is to reduce the risk of prejudice and "groupthink". In addition, diversity within the Board of Managing Directors and Supervisory Board contributes to a broader range of experience and a greater spectrum of knowledge, capabilities and expertise.

Diversity policy and targets for the Supervisory Board

The Supervisory Board of Commerzbank AG consists of 20 members. As already mentioned in the description of the targets for the composition of the Supervisory Board, the Supervisory Board is supposed to always have at least eight members elected by the Annual General Meeting who are independent (shareholder representatives) as defined in section 5.4.2 of the Code and not more than two former members of the Board of Managing Directors of Commerzbank AG. The normal length of service of individual members of the Supervisory Board should not exceed a period of 15 years, whereby the provisions of the German Codetermination Act must be observed and given priority for the employee representatives.

23 Corporate governance report and declaration on corporate governance pursuant to Art. 315d in conjunction with Art. 289f of the German Commercial Code (HGB)

29 Remuneration Report

43 Details pursuant to Art. 315 HGB

48 Non-Financial Report

The Supervisory Board has also set a regular age limit of 72 and aims to have a broad range of ages represented on the board. The Supervisory Board also wants its members to have a suitable range of educational and professional backgrounds and for the board to have at least one international member. The Supervisory Board also considers appropriate female representation when proposing candidates to the Annual General Meeting for election. The Supervisory Board is committed to fulfilling the statutory minimum requirement of at least 30% female representation. 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 also strive to attain a percentage of female representation among employee representatives of at least 30%.

As at 31 December 2018, the Supervisory Board of Commerzbank AG included three international members and eight women, of whom four were shareholder representatives. The percentage of women on the Supervisory Board is therefore 40% at present.

The situation in the Group companies is similar. Where required to by law, they have also set their own targets for the proportion of women on their supervisory boards.

Diversity policy and targets for the Board of Managing Directors

The Nomination Committee of Commerzbank AG's Supervisory Board assists the Supervisory Board in selecting applicants for positions on the Board of Managing Directors. It takes account of the balance and range of knowledge, skills and experience of all the board members, draws up a job description with an applicant profile and indicates the time requirements associated with the appointment. In making appointments to the Board of Managing Directors, the Supervisory Board aims to increase diversity, particularly with regard to age, geographic 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 terms of the proportion of women on Commerzbank AG's Board of Managing Directors, for which the company is required by law to stipulate a target, the Supervisory Board has set a target of at least one female member by 31 December 2021.

This target has already been met. Dr. Bettina Orlopp, responsible for Compliance, Human Resources and Legal, has been a member of the Board of Managing Directors of Commerzbank AG since 1 November 2017. The proportion of women on Commerzbank AG's Board of Managing Directors is thus 14.3%.

The situation in the Group companies is similar. Where required to by law, they 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) of the German Stock Corporation Act requires the Board of Managing Directors of Commerzbank AG to set targets for female representation at the two levels of management below the Board of Managing Directors and a deadline for achieving these targets. In accordance with Art. 25 (1) of the Introductory Act of the German Stock Corporation Act, the targets and deadlines had to be set for the first time and documented by 30 September 2015. The deadlines specified had to be no later than 30 June 2017. A maximum period of five years applies to all subsequent deadlines under Art. 76 (4) of the German Stock Corporation Act.

The full Board of Managing Directors last set new targets for female representation in the first and second management levels of Commerzbank AG (in Germany) in May 2017. The target is 17.5% for the first management level and 20% for the second level. The deadline set for achieving the targets is 31 December 2021. Commerzbank AG 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 2018, the first management level below the Board of Managing Directors in Commerzbank AG consisted of 35 people, of whom 30 were male and 5 female. The percentage of women in the first level of management below the Board of Managing Directors was therefore 14.3%.

The second management level below the Board of Managing Directors consisted of 360 people, 298 of whom were male and 62 female. The percentage of women in the second level of management below the Board of Managing Directors was thus 17.2%.

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 41 people, of whom 36 were male and 5 female. The percentage of women at the first level of management below the Board of Managing Directors as at the reporting date was therefore 12.2%.

The second management level below the Board of Managing Directors consisted of 431 people, 363 of whom were male and 68 female. This means that the percentage of women in the second level of management below the Board of Managing Directors was 15.8%.

Accounting

Accounting in the Commerzbank Group and Commerzbank AG gives a true and fair view of the assets, liabilities, financial position and financial performance 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) and the additional requirements of the German Commercial Code; the parent company financial statements and management report of Commerzbank AG 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 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. This appears on pages 107 to 142 of this Annual Report.

Shareholders and third parties receive additional information on the course of business during the financial year in the form of the semi-annual report and two quarterly reports. These interim financial statements are also prepared in accordance with International Financial Reporting Standards (IFRS).

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.

In 2015, the Board of Managing Directors and the Supervisory Board, as is permitted under Art. 120 (4) of the German Stock Corporation Act, gave the Annual General Meeting the opportunity to vote on the approval of the remuneration system for members of the Board of Managing Directors. The 2015 Annual General Meeting approved the principles of the variable remuneration system and the fixed basic annual salary for members of the Board of Managing Directors. The 2015 Annual General Meeting also voted on the ratio of variable to fixed annual remuneration for members of the Board of Managing Directors pursuant to Art. 25a (5) sentence 5 of the German Banking Act and approved an increase in the cap on variable annual remuneration for members of the Board of Managing Directors of Commerzbank AG to 140% of the re-

spective fixed annual remuneration set from 2015 onwards. The revised remuneration system of the Board of Managing Directors effective from 1 January 2019 is described in more detail in the remuneration report on pages 39 and 40 and will be presented and explained to the Annual General Meeting 2019.

The Bank's shareholders may submit recommendations or other statements by letter or e-mail or may present them in person. The Bank's head office quality management unit is responsible for dealing with written communication. 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 AG 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 in press conferences and analysts' meetings. Commerzbank uses the options offered by the internet for reporting purposes, providing a wealth of information about the Commerzbank Group at <https://www.commerzbank.com>. Materials including the Commerzbank Articles of Association and the rules of procedure of the Board of Managing Directors and the Supervisory Board are available online, for instance. 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.

Remuneration report

The following remuneration report is also part of the Group Management Report.

This report follows the recommendations of the German Corporate Governance Code and complies with the requirements of the International Financial Reporting Standards (IFRS).

Board of Managing Directors

Remuneration system for the Board of Managing Directors

The Supervisory Board ratified the remuneration system for the members of the Board of Managing Directors in December 2014; it has been in force since 1 January 2015. It had become necessary to introduce a new system to bring the remuneration of the Board of Managing Directors into line with new and/or amended rules under the Capital Requirements Directive IV, the German Banking Act and the Remuneration Ordinance for Institutions. The system also needed to be simplified, so as to improve its transparency and its clarity in respect of success measurement. However, the components of the old system that had not been paid out in full by 1 January 2015 continue to be governed exclusively by the rules of that system, which is described in the remuneration report for 2014. This now only concerns the share component from the long-term remuneration components (LTI components) for the 2014 financial year, which will be paid out in April 2019. On 7 November 2018, the Supervisory Board made the decision to amend the remuneration system to bring it into line with the revised version of the Remuneration Ordinance for Institutions of 4 August 2017. It also decided to convert some of the variable remuneration components into fixed remuneration components. The changes entered into force on 1 January 2019 and have been contractually agreed with all members of the Board of Managing Directors. An overview of the main changes can be found at the end of this section. The following describes the remuneration system as applied in the 2018 financial year.

Core elements of the remuneration system

The core elements of the remuneration system are a fixed basic annual salary plus variable remuneration with a uniform target amount. The appropriateness of the fixed basic annual salary and the variable remuneration is checked regularly at two-year intervals. The 2015 Annual General Meeting approved the remuneration system and an upper limit for variable remuneration of 140% of fixed remuneration.

Fixed remuneration components

The fixed remuneration components include the basic annual salary and non-monetary elements. The basic annual salary is €750 thousand for ordinary members of the Board of Managing Directors. The Chairman of the Board of Managing Directors receives 1.75 times this amount, i.e. €1,312,500. This is payable in 12 equal monthly instalments. The non-monetary elements mainly consist of the use of a company car with driver, security measures and insurance contributions (accident insurance), and the applicable tax thereon. Board members are also entitled to company pension arrangements, which are set down in pension agreements and described in a separate section below.

Performance-related remuneration components (variable remuneration)

The remuneration system provides for a variable remuneration component linked to the achievement of targets set by the Supervisory Board at the start of each financial year. The variable remuneration is calculated based on the (i) economic value added (EVA) target achievement by the Commerzbank Group, (ii) target achievement by the department (segment and/or shared functions) for which the member of the Board of Managing Directors in question is responsible, and (iii) achievement of individual performance targets. Target achievement for the Group and the department and individual performance can each be between 0% and 200%; however, the overall level of target achievement from these three components is limited to 150%. Multiplying the overall level of target achievement by the target amount for variable remuneration purposes gives the total amount of variable remuneration based on target achievement. Thus, the total amount of variable remuneration based on target achievement is capped at a maximum of 150% of the Board member's target variable remuneration.

Target amount The target amount of variable remuneration is €1,000,000 for the ordinary members of the Board of Managing Directors and €1,628,640 for the Chairman, based on target achievement of 100%. The Supervisory Board may reduce the target amount if this is necessary to comply with the maximum ratio of fixed to variable remuneration. This can happen if non-monetary remuneration or the service cost for the company pension arrangements for members of the Board of Managing Directors are reduced, as these are both included in the fixed remuneration.

Target setting Before the beginning of each financial year, the Supervisory Board sets targets for the members of the Board of Managing Directors:

- **Company targets** The Supervisory Board sets targets based on economic value added (EVA) or another ratio that it may choose for the Group and for the departments for which the member of the Board of Managing Directors in question is responsible and determines the respective target attainment percentages on this basis.

In 2018, the Supervisory Board formulated the Group target for all of the members of the Board of Managing Directors as a performance curve on the basis of EVA values. The Supervisory Board likewise set corresponding performance curves for the Private and Small-Business Customers and Corporate Clients segments. The performance curves are based on the expected return of the Group or segments and not on one-year targets or sales targets. In addition to the quantitative targets, the Supervisory Board also set qualitative targets specific to the departments for which the respective members of the Board of Managing Directors are responsible. The qualitative targets pertain in particular to aspects of implementing the Commerzbank 4.0 strategy, such as promoting cultural willingness to change and implementation of the new advisory models in the customer segments of the Bank. Furthermore, the Supervisory Board set targets for attaining the intended earnings growth and cost reductions, such as increasing new business volumes in the Private and Small-Business Customers segment and increasing market share in the Corporate Client business, and targets for digitalisation and automation. The Supervisory Board also set specific compliance and risk targets.

- **Individual targets** The Supervisory Board also sets individual performance targets for the members of the Board of Managing Directors.

For 2018, for example, these included achieving the digital change targets, promoting the Group's ability to innovate and achieving maximum performance from the Bank's digital campus. Other targets included promoting, developing and motivating managers and employees, sustainable implementation of appropriate compliance and ensuring a high standard of risk management. Lastly, the Supervisory Board defined employee and customer satisfaction and perception of the Bank as a digital enterprise as individual targets.

Target achievement Following the end of each financial year, the Supervisory Board decides to what extent the targets were achieved. The measurement of target achievement for company targets is based 70% on the Group's business success and 30% on the results and target achievement of the departments for which the Board member in question is responsible. Target achievements is measured over a three-year period, with achievement of the company targets for the financial year in question be-

ing given a weighting of 3/6, the previous year 2/6 and the year before that 1/6. A transitional arrangement applies to the first two years for newly appointed members of the Board of Managing Directors. The results of the three-year achievement of the company targets are then multiplied by a factor of between 0.7 and 1.3, which is dependent on the achievement of the Board member's individual targets. 0.7 corresponds to individual target achievement of 0% (minimum), 1.0 to individual target achievement of 100% and 1.3 to individual target achievement of 200% (maximum). For intermediate figures, the Supervisory Board defines the factor in increments when setting the targets. Individual target achievement in 2018 lay in a range between 100% and 130%, resulting in corresponding factors of between 1.0 and 1.2.

Variable remuneration will only be applied if the Group achieves a profit before taxes and before adjusting for non-controlling interests according to IFRS.

The Supervisory Board may resolve to reduce or cancel the variable remuneration if necessary, for example to take account of the Bank's risk-bearing capacity or ability to ensure that it can maintain or rebuild sufficient capital or liquidity resources over the long term or to safeguard its ability to meet the capital buffer requirements of the German Banking Act. If predefined levels are not met, the Supervisory Board must cancel the variable remuneration. The Supervisory Board must also cancel the variable remuneration of a member of the Board of Managing Directors if said member has committed a serious breach of duty during the financial year in question prior to the determination of target achievement.

For 2018, the Supervisory Board reduced the respective arithmetic level of overall target achievement, and hence the variable remuneration, of the members of the Board of Managing Directors, applying an adjustment clause under the rules of the remuneration system applicable to the Board of Managing Directors. Instead of the respective arithmetic level of overall target achievement, the Supervisory Board decided, in line with the request of the members of the Board of Managing Directors, to adjust the figure to the respective allocation ratios for variable employee remuneration in the different departments. The result was a reduction in the arithmetic level of overall target achievement to figures between 24% and 30%.

Short-Term Incentive (STI) 40% of the variable remuneration takes the form of a Short-Term Incentive. Entitlement to the STI arises upon determination by the Supervisory Board of the total amount of variable remuneration based on target achievement and notification to the member of the Board of Managing Directors in question. Half of this remuneration component is payable in cash; the other half is payable after a 12-month waiting period, also in cash but based on share price performance. The share-based half is linked to the performance of the Commerzbank share since the end of the financial year in respect of which the STI was awarded.

23 Corporate governance report and declaration on corporate governance pursuant to Art. 315d in conjunction with Art. 289f of the German Commercial Code (HGB)

29 Remuneration Report

43 Details pursuant to Art. 315 HGB

48 Non-Financial Report

Long-Term Incentive (LTI) The remaining 60% of the variable remuneration takes the form of a Long-Term Incentive. Entitlement to the LTI arises only after a five-year retention period and is subject to a retrospective performance evaluation. The retrospective performance evaluation can result in the LTI being reduced or cancelled completely. This mainly applies when facts subsequently emerge which reveal that the original calculation of target achievement was incorrect or the Bank's capital adequacy has significantly deteriorated due to circumstances related to that financial year. This would also apply if there had been a significant failure in risk management in that financial year at Group level or in a department for which the Board member is responsible, or if the Bank's financial position at the time of the retrospective performance evaluation or at the end of the ensuing waiting period precluded payment. Half of the LTI element resulting from the retrospective performance evaluation is payable in cash and half after a further 12-month waiting period, also in cash but share-based. As with the share-based part of the STI, the share-based half of LTI is linked to the performance of the Commerzbank share since the end of the financial year in respect of which the LTI was awarded. The share-based half of the LTI therefore reflects the performance of the Commerzbank share during the five-year retention period and the subsequent waiting period.

Remuneration for serving on the boards of consolidated companies

The remuneration accruing to an individual member of the Board of Managing Directors from serving on the boards of consolidated companies counts towards the total remuneration paid to the Board member in question.

Pension provision

Rules for members of the Board of Managing Directors in office in 2011 The company pension scheme adopted in 2011 by the Supervisory Board for members of the Board of Managing Directors contains a defined contribution benefit for members of the Board of Managing Directors in office at the time.

Each member of the Board of Managing Directors receives a pension module credited to their pension account every year until the end of their term in office. The pension module for a calendar year is calculated by converting the relevant annual contribution into an entitlement to a retirement, disability and surviving dependants' pension. The pension account represents the pension entitlement the Board member has accrued for an annual retirement pension. Since 2015, increases in the fixed annual salary only increase the pension module if so resolved by the Supervisory Board.

Company pension entitlements acquired under the old company pension scheme for members of the Board of Managing Directors before the transition to the new system have been transferred

to this new system as an initial module. The initial module is adjusted in accordance with the pension agreement, as the old system provided for a benefit based on final salary.

Members of the Board of Managing Directors receive a retirement benefit in the form of a life-long pension, subject to the following conditions, provided their employment has ended:

- an old-age pension if the Board member has reached age 65;
- an early retirement pension if (i) the Board member has reached age 62 but not age 65, or (ii) the Board member has served at least 10 years on the Board of Managing Directors and has reached age 58, or (iii) the Board member has served at least 15 years on the Board of Managing Directors, or
- a disability pension if the Board member is permanently unable to work.

If a member of the Board of Managing Directors leaves the Bank before the pension benefits become due, any entitlement to vested benefits that the Board member has already accrued is retained.

The monthly amount of the retirement pension is calculated as a twelfth of the amount in the pension account when the pension benefits start.

When calculating the early retirement pension, the pension will be reduced to reflect the fact that the payments start earlier.

If pension is paid due to disability before the age of 55, a supplement is added to the monthly disability pension.

If retiring upon reaching the age of 62, members of the Board of Managing Directors can elect to receive one lump-sum payment or nine annual instalments instead of an ongoing pension. In this case, the amount paid out is calculated using a capitalisation rate based on the age of the Board member.

Members of the Board of Managing Directors who leave the Board at age 62 or older or are permanently unable to work will continue to receive their pro-rata basic salary for six months as a form of transitional pay instead of the pension. The transitional pay can be reduced, especially in the event of misconduct. If a member of the Board of Managing Directors draws an early retirement pension and has not yet reached age 62, income earned from other activities will be deducted from the pension entitlement at a rate of 50% until age 62 is reached.

The surviving dependants' pension for a surviving spouse or partner is 66 2/3% of the pension entitlements of the member of the Board of Managing Directors. If no surviving dependant's pension is paid to a surviving spouse or partner, minors or children still in full-time education are entitled to an orphan's pension of 25% each of the Board member's pension entitlement, the total of the orphan's pensions being limited, however, to a maximum of the pension that would otherwise have been paid to a surviving spouse or partner.

Rules for Board members who were appointed after the new provisions came into effect Pension provision for members of the Board of Managing Directors appointed after the new provisions came into effect was defined according to the Commerzbank capital plan for company pension benefits. Members of the Board of Managing Directors receive a retirement benefit in the form of a capital payment, subject to the following conditions, provided their employment has ended:

- they have reached age 65 (retirement capital) or
- they have reached age 62 but not yet age 65 (early retirement capital) or
- they are permanently unable to work before they reach age 62.

If a member of the Board of Managing Directors leaves the Bank before the pension benefits become due, any entitlement to vested benefits that the Board member has already accrued is retained.

For each calendar year during the employment relationship until pension benefits start to be paid out, each member of the Board of Managing Directors joining after the new rules came into effect is credited an annual module equating to 40% of the fixed basic annual salary (annual contribution), multiplied by an age-dependent conversion factor. Under this system, too, increases in the fixed annual salary since 2015 only increase the annual module if so resolved by the Supervisory Board. The annual modules are managed in a pension account until the member of the Board of Managing Directors in question no longer serves on the Board. Upon reaching age 61, a premium of 2.5% of the amount in the Board member's pension account at the end of the previous year is additionally credited to the member's pension account until the pension benefits start to be paid out.

The annual contribution is invested in investment funds and placed in a virtual custody account.

The retirement capital (or early retirement capital) corresponds to the amount in the virtual custody account or the amount in the pension account, whichever is higher when the pension benefits become payable. Under these rules, the amount in the pension account represents the minimum capital sum payable, insofar as the amount in the virtual custody account is lower. As an alternative to a lump-sum payment, the member of the Board member in question may elect to receive a life-long pension.

For the first two months after pension benefits become due, the Board member in question will receive transitional pay of one-twelfth of their fixed basic annual salary per month. The transitional pay may be reduced, especially in the event of misconduct.

If a member of the Board of Managing Directors dies before the pension benefits become due, his/her dependants are entitled to receive dependants' capital, which is the amount in the virtual custody account on the value date or the amount in the pension account plus any applicable supplement, whichever is higher. A supplement is payable if, at the time pension benefits become due because of inability to work or death, the Board member had served at least five consecutive years on the Bank's Board of Managing Directors and had not yet reached age 55. If a Board member selected the option of drawing a retirement pension, in the event of that Board member's death, as a prospective pension recipient, the surviving spouse or partner will receive a surviving dependant's pension calculated on the basis of the retirement capital applying actuarial rules. If the Board member in question was already drawing a pension, a surviving spouse or partner will receive a surviving dependant's pension of 60% of the amount of the pension last paid to the deceased Board member.

The table below shows the annual pension entitlements at a pensionable age of 62 for active members of the Board of Managing Directors as at 31 December 2018 the corresponding actuarial net present values on 31 December 2018, the service costs for 2018 contained in the net present value and the comparable amounts for the previous year:

23 Corporate governance report and declaration on corporate governance pursuant to Art. 315d in conjunction with Art. 289f of the German Commercial Code (HGB)

29 Remuneration Report

43 Details pursuant to Art. 315 HGB

48 Non-Financial Report

€1,000		Pension entitlements	Net present values of	Service costs
		projected annual pension at pensionable age of 62 As at 31.12.	pension entitlements As at 31.12.	
Martin Zielke	2018	276	7,090	1,044
	2017	237	5,999	1,095
Frank Annuscheit	2018	244	6,140	506
	2017	224	5,525	536
Dr. Marcus Chromik	2018	62 ¹	1,027	335
	2017	43 ¹	682	342
Stephan Engels	2018	119 ¹	2,296	317
	2017	109 ¹	1,945	321
Michael Mandel	2018	48 ¹	850	323
	2017	32 ¹	519	329
Dr. Bettina Orlopp ²	2018	23 ¹	389	332
	2017	3 ¹	56	56
Michael Reuther	2018	279	7,432	545
	2017	258	6,711	569
Total	2018		25,224	3,402
	2017		21,437	3,248

¹ Capital payment annualised.

² Dr. Bettina Orlopp has been a member of the Board of Managing Directors since 1 November 2017.

The assets backing these pension obligations have been transferred under a contractual trust arrangement to Commerzbank Pension-Trust e. V.

As at 31 December 2018, defined benefit obligations for members of the Commerzbank Aktiengesellschaft Board of Managing Directors serving in financial year 2018 totalled €25.2m (previous year: €21.4m).

Rules applying to the termination of office

If the term of office of a member of the Board of Managing Directors is effectively terminated, the following applies:

If the term of office of a member of the Board of Managing Directors ends prematurely, the employment contract normally expires six months later (linking clause). In this case, the Board member continues to receive the basic annual salary and variable remuneration – subject to Art. 615 sentence 2 of the German Civil Code (crediting of remuneration otherwise acquired) – beyond the end of employment until the end of the original term of office. From the time the term of office is ended, target achievement is the average target achievement of the other members of the Board of Managing Directors for the year in question. The variable remuneration otherwise remains subject to the rules of the remuneration system, including retrospective performance evaluation.

If, in the case of premature termination of the term of office, the employment contract ends for reasons other than the linking clause described above, the fixed basic annual salary will continue to be paid – pro rata temporis where applicable – until the end of the employment contract.

The variable remuneration communicated for financial years prior to the termination of the employment contract remains unaffected. The variable remuneration for the final year in office is reduced on pro rata temporis where applicable. In this case, too, the variable remuneration remains subject to the rules of the remuneration system, including retrospective performance evaluation.

If the employment contract is not extended upon expiry of the respective term of office, without there being good cause within the meaning of Art. 626 of the German Civil Code, or if the employment contract ends as a result of a linking clause as described above, the Board member will continue to receive his or her basic annual salary for a maximum period of six months beyond the end of the original term of office. This payment ceases as soon as the Board member starts receiving pension payments.

In all these cases, the specified payments for the time after the effective termination of the term of office may not exceed two years' annual remuneration (cap)¹.

If upon termination of a term of office or non-extension of an appointment the conditions apply for extraordinary termination of the employment contract pursuant to Art. 626 of the German Civil Code, the Board member in question will receive no variable remuneration for the calendar year in which their term of office ends. The same applies where a member of the Board of Managing Directors resigns without good cause attributable to the Bank. In both these cases, the same applies to the fixed basic annual salary from the end of the month in which the term of office ends.

¹ The cap is twice the basic annual salary including fringe benefits (in particular, the use of a company car with driver, security measures, insurance premiums for accident insurance and the applicable tax thereon) plus the average variable compensation granted for the three financial years previous to termination of the term of office.

If the term of office is terminated because of a serious breach of duty, the variable remuneration for the year in which the term of office ended and variable remuneration not yet paid out in respect of previous years shall not be payable.

Termination agreement with a member of the Board of Managing Directors

Commerzbank Aktiengesellschaft concluded a termination agreement with Frank Annuscheit on 5 December 2018, under which Mr. Annuscheit's term of office as a member of the Board of Managing Directors ended at the close of 28 February 2019. Mr. Annuscheit is entitled to all contractual claims for the period up to the end of the original term of office on 31 December 2020 (original termination date). In particular, he is entitled to the contractual remuneration claims limited by the cap described above. The cap is not calculated on the basis of the increased fixed basic annual salary as of 1 January 2019, but on the basis of the previous fixed basic annual salary of €750 thousand. Mr. Annuscheit will continue to receive contributions to the company pension scheme under his pension agreement until the original termination date. The contributions will likewise be calculated on the basis of the fixed basic annual salary of €750 thousand. Mr. Annuscheit is entitled to fringe benefits in accordance with the employment contract, insofar as the contract stipulates them as also being applicable to the period following the end of the term of office. The value of the fringe benefits will be deducted from the cap. The cap is €2,888 thousand.

Other

No members of the Board of Managing Directors received payments or promises of payment from third parties in the year under review in respect of their work as a member of the Board of Managing Directors.

Details of remuneration of the Board of Managing Directors in accordance with the German Corporate Governance Code

Under 4.2.5 the German Corporate Governance Code in the version dated 7 February 2017, the remuneration awarded for the year under review and the allocation (actual payouts) for the year under review are to be reported for each member of the Board of Managing Directors. This is to be broken down into

fixed remuneration, fringe benefits and one-year and multi-year variable remuneration.

As the model tables recommended by the German Corporate Governance Code do not take account of the specificities of the Remuneration Ordinance for Institutions, and hence are less suitable for institutions such as Commerzbank, the Bank has designed its own tables, which provide transparent and comprehensible information on its remuneration system for members of the Board of Managing Directors. Commerzbank has decided not to include the Code's model tables alongside the tables it designed itself, because this would undermine the clarity and comprehensibility of the remuneration report. Commerzbank also stated this in its declaration of compliance pursuant to Art. 161 of the Stock Corporation Act. As in the previous year, the remuneration awards table and the allocation table below do not distinguish between one-year and multi-year variable remuneration, but instead between short-term and long-term remuneration. This is because the total variable remuneration regularly includes the achievement of company targets over a period of three years. The only exceptions to this stem from a transitional arrangement for newly appointed members of the Board of Managing Directors in the first and second years of their appointment.

Variable short-term remuneration is the Short-Term Incentive under the remuneration system. This is paid out half in cash after the end of the financial year and half in the form of shares after a 12-month waiting period, i.e. in the short term. Entitlement to the long-term portion, the Long-Term Incentive, arises only after a five-year retention period and is subject to a retrospective performance evaluation. The pension expense for pension provision for the individual members of the Board of Managing Directors is shown in the above table in the service costs column. Pension expense is therefore not shown again in either the remuneration allocations or the remuneration awards table.

The following tables show the actual allocations in 2018 with the figures from the previous year for comparison for each individual member of the Board of Managing Directors. The allocation "for" the year means that the STI 2018 paid in cash for 2018 and for which all inputs are available at the end of the year is shown as an allocation for 2018 even though the actual payment is not made until 2019. Hence, the STI 2017 paid out in cash in 2018 is shown as an allocation for 2017.

23 Corporate governance report and declaration on corporate governance pursuant to Art. 315d in conjunction with Art. 289f of the German Commercial Code (HGB)

29 Remuneration Report

43 Details pursuant to Art. 315 HGB

48 Non-Financial Report

Allocation €1,000	Martin Zielke Chairman		Frank Annuscheit Chief Operating Officer	
	2018	2017	2018	2017
Basic salary	1,313	1,313	750	750
Fringe benefits ¹	213	129	134	92
Sub-total	1,526	1,442	884	842
Short-term variable remuneration	416	415	270	273
STI 2015 in virtual shares (up to Q1/2017)	–	128	–	115
STI 2016 in virtual shares (up to Q1/2018)	328	–	216	–
STI 2017 in cash	–	287	–	158
STI 2018 in cash	88	–	54	–
Long-term variable remuneration²	100	178	95	182
LTI 2014 in cash (up to 31.12.2017)	–	178	–	182
LTI 2013 in virtual shares (up to Q1/2018)	100	–	95	–
Total	2,042	2,035	1,249	1,297

Allocation €1,000	Dr. Marcus Chromik Chief Risk Officer (since 1 January 2016)		Stephan Engels Chief Financial Officer	
	2018	2017	2018	2017
Basic salary	750	750	750	750
Fringe benefits ¹	68	71	129	122
Sub-total	818	821	879	872
Short-term variable remuneration	260	186	273	285
STI 2015 in virtual shares (up to Q1/2017)	–	–	–	115
STI 2016 in virtual shares (up to Q1/2018)	206	–	219	–
STI 2017 in cash	–	186	–	170
STI 2018 in cash	54	–	54	–
Long-term variable remuneration²	–	–	87	169
LTI 2014 in cash (up to 31.12.2017)	–	–	–	169
LTI 2013 in virtual shares (up to Q1/2018)	–	–	87	–
Total	1,078	1,007	1,239	1,326

Allocation €1,000	Michael Mandel Private and Small- Business Customers (since 23 May 2016)		Dr. Bettina Orlopp Group Compliance, Group Human Resources, Group Legal (since 1 November 2017)		Michael Reuther Corporate Clients	
	2018	2017	2018	2017	2018	2017
Basic salary	750	750	750	125	750	750
Fringe benefits ¹	114	102	92	20	141	130
Sub-total	864	852	842	145	891	880
Short-term variable remuneration	193	170	54	30	226	251
STI 2015 in virtual shares (up to Q1/2017)	–	–	–	–	–	123
STI 2016 in virtual shares (up to Q1/2018)	133	–	–	–	178	–
STI 2017 in cash	–	170	–	30	–	128
STI 2018 in cash	60	–	54	–	48	–
Long-term variable remuneration²	–	–	–	–	95	174
LTI 2014 in cash (up to 31.12.2017)	–	–	–	–	–	174
LTI 2013 in virtual shares (up to Q1/2018)	–	–	–	–	95	–
Total	1,057	1,022	896	175	1,212	1,305

¹ Non-monetary remuneration awarded, tax due on non-monetary remuneration and employer contributions to the BVV occupational retirement fund are shown under fringe benefits.

² Allocations from long-term variable remuneration for the performance years from 2015 onwards will only be made from 2021.

The following table shows the remuneration awarded, which comprises fixed remuneration (basic salary and fringe benefits) and variable remuneration at the target amount set, the short-term and long-term portions of variable remuneration and the minimum and maximum amounts of total variable remuneration for each individual member of the Board of Managing Directors.

Unlike the model table of the German Corporate Governance Code for remuneration awarded, the variable remuneration allocated is not shown as the target amount, i.e. the amount if target achievement is 100% or a comparable figure for an average probability scenario. Instead, the total target achievement amounts determined by the Supervisory Board are shown for each member of the Board of Managing Directors. The table reflects the actual target achievement of the members of the Board of Managing Directors and is therefore of greater informational value in respect of the variable remuneration for the past financial year than a hypothetical value that assumes target achievement of 100%.

Of the total target achievement amount and the minimum and maximum values shown, 40% relates to short-term variable remuneration (STI). Of the total target achievement and the minimum and maximum values shown, 60% relates to long-term variable remuneration (LTI). In both cases, half of the remuneration is share-based.

At its meeting on 13 February 2019, the Supervisory Board determined the total target achievement amounts applicable to variable remuneration for the individual members of the Board of Managing Directors for 2018. The total target achievement amount is not necessarily the same as the amount that may later actually be paid out. For instance, the Supervisory Board may reduce the portion relating to the LTI during the retrospective performance evaluation if hindsight indicates that this was not originally calibrated correctly. Also, half of the variable remuneration is share-based. Any changes in the Commerzbank share price compared to the conversion price therefore alter the amounts paid out.

23 Corporate governance report and declaration on corporate governance pursuant to Art. 315d in conjunction with Art. 289f of the German Commercial Code (HGB)

29 Remuneration Report

43 Details pursuant to Art. 315 HGB

48 Non-Financial Report

Awarded remuneration		Fixed remuneration		Variable remuneration						Total remuneration allocated ¹	
				Short-term		Long-term		Total target amount	min		max ³
€1,000		Basic salary	Fringe benefits ²	STI in cash	STI in virtual shares	LTI in cash	LTI in virtual shares				
Martin Zielke	2018			1,313	213	88	88	132	132	440	0
	2017	1,313	129	287	287	430	430	1,433	0	2,443	2,875
Frank Annuscheit	2018	750	134	54	54	81	81	270	0	1,500	1,154
	2017	750	92	158	158	237	237	790	0	1,500	1,632
Dr. Marcus Chromik	2018	750	68	54	54	81	81	270	0	1,500	1,088
	2017	750	71	186	186	279	279	930	0	1,500	1,751
Stephan Engels	2018	750	129	54	54	81	81	270	0	1,500	1,149
	2017	750	122	170	170	255	255	850	0	1,500	1,722
Michael Mandel	2018	750	114	60	60	90	90	300	0	1,500	1,164
	2017	750	102	170	170	255	255	850	0	1,500	1,702
Dr. Bettina Orlopp	2018	750	92	54	54	81	81	270	0	1,500	1,112
	2017 ⁴	125	20	30	30	44	44	148	0	250	293
Michael Reuther	2018	750	141	48	48	72	72	240	0	1,500	1,131
	2017	750	130	128	128	192	192	640	0	1,500	1,520
Total	2018	5,813	891	412	412	618	618	2,060	0	11,443	8,764
	2017	5,188	666	1,129	1,129	1,692	1,692	5,641	0	10,193	11,495

¹ Total remuneration does not include pension expense. This is shown in the section on pension provision.

² Non-monetary remuneration awarded, tax due on non-monetary remuneration and employer contributions to the BVV occupational retirement fund are shown under fringe benefits.

³ Maximum amount in the relevant year, i.e. excluding any rise in the share price for share-based remuneration.

⁴ Dr. Bettina Orlopp has been a member of the Board of Managing Directors since 1 November 2017.

Details of remuneration of the Board of Managing Directors pursuant to German Accounting Standard no. 17 (DRS 17)

The remuneration of the Board of Managing Directors is shown below in accordance with the rules of DRS 17. The amounts shown differ from those reported above based on the German Corporate Governance Code. This is because reporting under DRS 17 involves special rules. The main differences that lead to different figures are the following:

- Under DRS 17, the LTI components of the remuneration system may only be stated after the retrospective performance assessment has been completed and the five-year retention period has expired. They are therefore not included in the DRS 17 table, in contrast to the remuneration awards table, which is based on the rules of the German Corporate Governance Code.
- The value of the share-based STI components has to be shown in the DRS 17 table using the share price on the day the Supervisory Board determined the total target achievement amounts. Therefore, the performance of the Commerzbank share from the start of the year to the day the amount was determined is

included in the value shown. In contrast, in the remuneration awards table, which is based on the German Corporate Governance Code, this component is shown at 20% of the total target achievement amount. This is the value before conversion into a quantity of virtual shares and, thus, it does not include share price performance; therefore, the figure is generally different.

Consequently, total remuneration under DRS 17 cannot be compared with the remuneration awarded shown in the table based on the German Corporate Governance Code. The disclosure does not reflect variable remuneration set by the Supervisory Board for the year under review, nor is it an amount paid out. The disclosure is, however, required for accounting reasons.

Under DRS 17, payments only have to be disclosed if they have been granted on a legally binding basis. For both the cash components and the share-based components of the LTI under the remuneration system this is only the case once the retrospective performance evaluation has been carried out and the five-year retention period has expired. The retrospective performance evaluation for the LTI in respect of 2018 will thus not be carried out by the Supervisory Board until the end of 2023.

The cash components and share-based components of the LTI under the remuneration system are therefore not included in the table.

However, for the purposes of DRS 17, the STI components are deemed to be granted when they are determined by the Supervisory Board after the end of the financial year in question. The cash component of the STI is shown at 20% of the total target achievement amount. This corresponds to the payout sum. The share-based STI component is linked to the performance of the Commerzbank share. Under DRS 17, share-based payments have to be disclosed at the time the grant becomes legally binding, i.e.

when they are set by the Supervisory Board. As payout of the share-based STI components only takes place once the 12-month waiting period has expired and is dependent on the performance of the Commerzbank share, the table shows only theoretical values for these components, not the sums to be paid out. The payout sums are calculated by multiplying the number of STI virtual shares shown by the conversion price at the end of the waiting period.

Under the remuneration system, no actual shares are awarded; instead, a cash payment is made on the basis of virtual shares, i.e. based on Commerzbank's share price performance.

€1,000	Fixed components			Performance-related components				Total remuneration under DRS 17 ²
	Basic salary	Fringe benefits ³	with short-term incentive			with long-term incentive ¹		
			STI in cash ⁴	STI in virtual shares ⁵		LTI 2014 in cash ⁶		
					Number of virtual shares in units			
Martin Zielke	2018	1,313	213	88	73	11,742	–	1,687
	2017	1,313	129	287	299	23,400	78	2,106
Frank Annuscheit	2018	750	134	54	45	7,210	–	983
	2017	750	92	158	165	12,898	80	1,245
Dr. Marcus Chromik	2018	750	68	54	45	7,210	–	917
	2017 ⁷	750	71	186	194	15,184	–	1,201
Stephan Engels	2018	750	129	54	45	7,210	–	978
	2017	750	122	170	177	13,878	74	1,293
Michael Mandel	2018	750	114	60	50	8,011	–	974
	2017 ⁸	750	102	170	177	13,878	–	1,199
Dr. Bettina Orlopp	2018	750	92	54	45	7,210	–	941
	2017 ⁹	125	20	30	31	2,422	–	206
Michael Reuther	2018	750	141	48	40	6,409	–	979
	2017	750	130	128	133	10,449	76	1,217
Total	2018	5,813	891	412	343	55,002	–	7,459
	2017¹⁰	5,188	666	1,129	1,176	92,109	308	8,467

¹ The performance-related components with long-term incentive effect are only granted once the Supervisory Board has completed the retrospective performance evaluation after expiry of the five-year retention period. For 2018, that will be in 2024.

² The amounts disclosed as total remuneration in accordance with DRS 17 for the 2018 financial year include only those components in respect of which the members of the Board of Managing Directors already have a legally binding entitlement. As such, the amounts disclosed as total remuneration in accordance with DRS 17 do not include the LTI components for financial year 2018, as there is no such entitlement until after the retrospective performance evaluation and expiry of the five-year retention period.

³ Non-monetary remuneration awarded, tax due on non-monetary remuneration and employer contributions to the BVV occupational retirement fund are shown under fringe benefits.

⁴ Payable in 2019 following determination of the total target achievement amount for 2018.

⁵ Payable one year after payment of the STI in cash. The amounts shown represent the values at the time that the variable remuneration was determined in February 2019. The payout is dependent on the future performance of the Commerzbank share price. The number of virtual shares is calculated using the proportion of the total target achievement amount and the average Commerzbank share price during November and December 2018.

⁶ Under DRS 17, the LTI-EVA cash component still due for 2014 after the end of the four-year period from 2014 to 2017 and approval of the annual financial statements for 2017 has to be reported for the previous year. The cash element of the 2014 LTI share components and the share elements of both of these LTI components were already disclosed in the Annual Report 2014 and, therefore, do not need to be reported again under DRS 17.

⁷ Dr. Marcus Chromik has been a member of the Board of Managing Directors since 1 January 2016.

⁸ Michael Mandel has been a member of the Board of Managing Directors since 23 May 2016.

⁹ Dr. Bettina Orlopp has been a member of the Board of Managing Directors since 1 November 2017.

¹⁰ The amounts in 2017 for the 2014 LTI in cash and total remuneration according to DRS 17 are lower than reported in the 2017 remuneration report because the 2014 LTI for Martin Blessing in cash in the amount of €136 thousand and for Markus Beumer in the amount of €74 thousand are no longer included in the totals for 2017.

Further mandatory disclosures in accordance with IFRS 2

Owing to the three-year period that underlies the remuneration system and is used to calculate target achievement, pro-rated expenses for share-based remuneration in future financial years were disclosed in the last financial year in compliance with IFRS 2. The expenses disclosed below for 2018 do not, therefore, reflect either the amounts to be disclosed under DRS 17 or actual expectations or payouts.

The share-based remuneration recorded as expenses under IFRS 2 for the 2018 financial year totalled €342 thousand, of which €289 thousand was for Dr. Bettina Orlopp, €97 thousand for Martin Zielke, €63 thousand for Michael Mandel, €58 thousand for Stephan Engels, €53 thousand for Dr. Marcus Chromik, €–173 thousand for Frank Annuscheit and €–45 thousand for Michael Reuther. The negative figures for Frank Annuscheit and Michael Reuther are due to the fact that provisions were set aside in the previous two years for pro-rated variable remuneration for financial years 2018 and 2019. As Michael Reuther will acquire no new entitlements to variable remuneration as of 1 October 2019 – with the exception of LTIs in progress – and future entitlements of Frank Annuscheit to variable remuneration – with the exception of LTIs in progress – have to be shown in the balance sheet under the item “Termination benefits” as of 1 March 2019, the provisions that had been set aside for share-based remuneration were released on a pro-rata basis.

In 2017, the share-based remuneration recorded as expenses under IFRS 2 totalled €3,503 thousand, of which €856 thousand was for Martin Zielke, €601 thousand for Dr. Marcus Chromik, €577 thousand for Michael Mandel, €485 thousand for Stephan Engels, €455 thousand for Frank Annuscheit, €370 thousand for Michael Reuther and €159 thousand for Dr. Bettina Orlopp.

Loans to members of the Board of Managing Directors

Members of the Board of Managing Directors have been granted loans with terms ranging from on demand up to a due date of 2051 and at interest rates ranging between 0.7% and 2.8% and, in certain cases, up to 9.5% on amounts overdrawn. The loans, mainly real estate financing, are secured at normal market terms, if necessary through land charges or rights of lien.

As at the reporting date, the aggregate amount of loans granted to members of the Board of Managing Directors was €3,494 thousand; in the previous year, the figure was €3,129 thousand. Repayments of €308 thousand were made in 2018. With the exception of rental guarantees, Commerzbank Group companies did not enter into any contingent liabilities in favour of members of the Board of Managing Directors in the year under review.

Amendment of the remuneration system of the Board of Managing Directors as at 1 January 2019

On 7 November 2018, the Supervisory Board of Commerzbank Aktiengesellschaft amended the remuneration system. It did this in order to meet the requirements set out in the revised version of the Remuneration Ordinance for Institutions of 4 August 2017. It also decided to convert some of the variable remuneration components into fixed remuneration components. The changes entered into force on 1 January 2019 and have been contractually agreed with all members of the Board of Managing Directors. The following aspects are particularly noteworthy:

- The remuneration system contains a clawback provision, which stipulates that variable remuneration already paid out can be reclaimed for a period of up to seven years from the date of payment and variable remuneration not yet paid out may be voided. The provision takes effect in the circumstances set out in section 20 paragraph 6 in conjunction with Art. 18 (5) sentence 3 nos. 1 and 2 of the Remuneration Ordinance for Institutions. This provision enters into force, for example, in the event of a member of the Board of Managing Directors committing a serious breach of duty or being responsible for substantial losses.
- All of the regulatory parameters required to determine whether a total amount of variable remuneration may be made available are subject to an overall assessment.
- In the case of newly appointed members of the Board of Managing Directors, the retention period will in future be extended by two years to seven years for the first year of appointment and by one year to six years for the second year of appointment.
- The retrospective performance evaluation for the LTI will no longer be based on defined criteria with materiality thresholds, but on a full review of the original decision on the determination of the variable remuneration.
- Dividend payments distributed during the retention period will no longer be offset by the virtual shares granted.

Furthermore, the Supervisory Board has decided that some of the variable remuneration components will be converted into fixed remuneration components. The Supervisory Board increased the fixed basic annual salary of the ordinary members of the Board of Managing Directors from €750 thousand to €990 thousand and reduced the target amount for variable remuneration from €1 million to €660 thousand. The total target remuneration (fixed basic annual salary and target amount for variable remuneration) is thus €100 thousand lower than the previous amount. The fixed basic annual salary of the Chairman of the Board of Managing Directors was increased from €1,312,500 to €1,674,247 and the target

amount of variable remuneration was reduced from €1,628,640 to €1,116,165. The total target remuneration of the Chairman of the Board of Managing Directors is thus €150,728 lower than the previous figure.

Supervisory Board

Principles of the remuneration system and remuneration for financial year 2018

The remuneration of the Supervisory Board is regulated in Art. 15 of the Articles of Association; the current version was approved by the Annual General Meeting on 20 April 2016.

Under the remuneration system, members of the Supervisory Board receive basic remuneration of €80 thousand for each financial year. The Chairman receives triple and the Deputy Chairman double this amount.

Members also receive an additional €30 thousand annually for sitting on either the Audit Committee or the Risk Committee. Members also receive an additional €20 thousand annually for sitting on any other committee of the Supervisory Board that meets at least once in the calendar year. The committee chairman receives double these amounts. Additional remuneration is paid for a maximum of three committee appointments, taking the figures for the three highest paid positions. Members of the Supervi-

sory Board who only belonged to the Board or one of its committees for part of a financial year receive reduced remuneration for that year calculated pro rata temporis. In addition, each member of the Supervisory Board receives an attendance fee of €1.5 thousand for each meeting or conference call of the Supervisory Board or one of its committees. Where several meetings or conference calls take place on a single day, only one attendance fee is paid. The basic remuneration, remuneration for serving on committees and attendance fees are payable at the end of the financial year.

Commerzbank Aktiengesellschaft reimburses any expenses incurred by members of the Supervisory Board in the performance of their duties and any VAT due on remuneration or expenses. The Chairman of the Supervisory Board is provided with appropriate human and material resources and, in particular, is reimbursed for travel costs incurred as part of the duties of representation and costs for requisite security measures arising from his position.

Members of the Supervisory Board thus received total net remuneration for the 2018 financial year of € 3,174.0 thousand (previous year: €2,936.3 thousand). Of this figure, the basic remuneration amounted to €1,842.2 thousand (previous year: €1,839.8 thousand) and remuneration for committee memberships to €910.3 thousand (previous year: €765.0 thousand). Attendance fees were €421.5 thousand (previous year: €331.5 thousand).

The remuneration is divided between the individual members of the Supervisory Board as follows:

23 Corporate governance report and declaration on corporate governance pursuant to Art. 315d in conjunction with Art. 289f of the German Commercial Code (HGB)

29 Remuneration Report

43 Details pursuant to Art. 315 HGB

48 Non-Financial Report

€1,000		Basic remuneration	Remuneration for serving on committees	Attendance fee	Total
Dr. Stefan Schmittmann (since 8 May 2018)	2018	155.3	77.7	15.0	248.0
	2017	–	–	–	–
Klaus-Peter Müller (until 8 May 2018)	2018	85.3	42.7	9.0	137.0
	2017	240.0	120.0	19.5	379.5
Uwe Tschäge	2018	160.0	60.0	22.5	242.5
	2017	160.0	60.0	15.0	235.0
Hans-Hermann Altenschmidt (until 8 May 2018)	2018	28.4	24.9	15.0	68.3
	2017	80.0	70.0	22.5	172.5
Heike Anscheit	2018	80.0	12.9	13.5	106.4
	2017	80.0	–	12.0	92.0
Alexander Boursanoff (since 8 May 2018)	2018	51.8	–	10.5	62.3
	2017	–	–	–	–
Gunnar de Buhr	2018	80.0	50.0	24.0	154.0
	2017	80.0	49.9	21.0	150.9
Stefan Burghardt	2018	80.0	50.0	19.5	149.5
	2017	80.0	46.8	18.0	144.8
Sabine Ursula Dietrich	2018	80.0	45.9	15.0	140.9
	2017	80.0	20.0	13.5	113.5
Monika Fink (since 8 May 2018)	2018	51.8	19.4	15.0	86.2
	2017	–	–	–	–
Karl-Heinz Flöther (until 8 May 2018)	2018	28.4	10.7	10.5	49.6
	2017	80.0	30.0	19.5	129.5
Dr. Tobias Guldimann (since 3 Mai 2017)	2018	80.0	68.9	27.0	175.9
	2017	52.7	15.8	10.5	79.0
Dr. Rainer Hillebrand (since 8 May 2018)	2018	51.8	32.3	10.5	94.6
	2017	–	–	–	–
Christian Höhn (since 8 May 2018)	2018	51.8	38.8	13.5	104.1
	2017	–	–	–	–
Stefan Jennes (1 February 2017 until 8 May 2018)	2018	28.4	–	4.5	32.9
	2017	73.3	–	12.0	85.3
Kerstin Jerchel (since 8 May 2018)	2018	51.8	–	10.5	62.3
	2017	–	–	–	–
Dr. Markus Kerber	2018	80.0	70.0	25.5	175.5
	2017	80.0	70.0	21.0	171.0
Alexandra Krieger	2018	80.0	–	13.5	93.5
	2017	80.0	–	12.0	92.0
Oliver Leiberich (until 8 May 2018)	2018	28.4	–	4.5	32.9
	2017	80.0	–	12.0	92.0
Dr. Stefan Lippe (until 8 May 2018)	2018	28.4	10.7	7.5	46.6
	2017	80.0	30.0	13.5	123.5
Beate Mensch (until 8 May 2018)	2018	28.4	–	3.0	31.4
	2017	80.0	–	12.0	92.0
Anja Mikus	2018	80.0	62.9	25.5	168.4
	2017	80.0	50.0	22.5	152.5
Dr. Roger Müller (until 3 May 2017)	2018	–	–	–	–
	2017	27.1	–	3.0	30.1
Dr. Victoria Ossadnik (since 8 May 2018)	2018	51.8	12.9	10.5	75.2
	2017	–	–	–	–
Dr. Helmut Perlet (until 8 May 2018)	2018	28.4	32.0	10.5	70.9
	2017	80.0	90.0	21.0	191.0
Mark Roach (until 8 May 2018)	2018	28.4	–	4.5	32.9
	2017	80.0	–	10.5	90.5
Margit Schoffer (until 31 January 2017)	2018	–	–	–	–
	2017	6.7	2.5	1.5	10.7
Robin J. Stalker (since 8 May 2018)	2018	51.8	38.8	18.0	108.6
	2017	–	–	–	–
Nicholas Teller	2018	80.0	80.0	25.5	185.5
	2017	80.0	80.0	19.5	179.5
Dr. Gertrude Tumpel-Gugerell	2018	80.0	55.9	25.5	161.4
	2017	80.0	30.0	19.5	129.5
Stefan Wittmann (since 8 May 2018)	2018	51.8	12.9	12.0	76.7
	2017	–	–	–	–
Total	2018	1,842.2	910.3	421.5	3,174.0
	2017	1,839.8	765.0	331.5	2,936.3

Members of the Supervisory Board once again provided no advisory, intermediary or other personal services in 2018. Accordingly, no additional remuneration was paid.

Loans to members of the Supervisory Board

Members of the Supervisory Board have been granted loans with terms ranging from on demand up to a due date of 2042 and at interest rates ranging between 1.0% and 4.7%, and on amounts overdrawn in certain cases up to 9.5%. The loans, mainly real estate financing, are secured at normal market terms, if necessary through land charges or rights of lien.

As at the reporting date, the aggregate amount of loans granted to members of the Supervisory Board was €1,578 thousand; in the previous year, the figure was €3,560 thousand. Repayments of €34 thousand were made in 2018. This further decline in loans was mainly due to changes in the members serving on the Supervisory Board. Commerzbank Group companies did not enter into any contingent liabilities in favour of members of the Supervisory Board in the year under review.

Other details

D&O liability insurance

A Directors and Officers (D&O) liability insurance policy is in place for members of the Board of Managing Directors and the Supervisory Board. The excess for members of the Supervisory Board and the Board of Managing Directors is set at 10% of the claim up to a maximum of 150% of the fixed annual remuneration for all insurance claims made within a single year.

Purchase and sale of Bank shares

Art. 19 of Regulation (EU) No. 596/2014 on market abuse requires disclosure and notification of transactions by managers of listed companies and persons closely associated with them. Own transactions by such persons in shares or bonds issued by Commerzbank Aktiengesellschaft or in derivatives or other financial instruments based thereon must be disclosed if they exceed an aggregate volume of €5 thousand within a calendar year. This duty of disclosure applies to members of the Board of Managing Directors and the Supervisory Board.

The transactions reported to Commerzbank Aktiengesellschaft in 2018 are listed below:

Transaction date	Disclosing party	Relation	Position	Purchase/Sale	Units	Price €	Transaction volume €
15.5.2018	Martin Zielke		Member of BMD	Purchase	4,300	10.9982	47,292.26
15.5.2018	Frank Annuscheit		Member of BMD	Purchase	4,600	10.9982	50,591.72
15.5.2018	Stephan Engels		Member of BMD	Purchase	4,000	10.9982	43,992.80
15.5.2018	Michael Reuther		Member of BMD	Purchase	4,600	10.9982	50,591.72