



# Corporate Governance at Commerzbank

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A solid governance structure as basis for economic  
success



# Agenda

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# Corporate Governance



Chapter No. 1



# Collaboration between the Supervisory Board and the Board of Managing Directors in the German “Two-tier Board System”

## Two-tier Board System

A **structure of the Board of Directors** of a company used in certain European countries, such as Germany, **that comprises two tiers:**

- › a **Supervisory Board**, on which representatives of employees and shareholders are represented;
- › a **Management Board (Board of Managing Directors or Executive Board)** that is concerned with the day-to-day running of the business.

### Two-tier System

#### Executive Level

Management Board

#### Control Level

Supervisory Board

#### Ownership Level

Shareholders

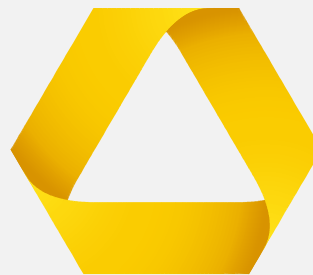
### One-tier System

Board (Chair & CEO)

Shareholders

## Supervisory Board

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



## Board of Managing Directors

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



# Supervisory Board - Composition



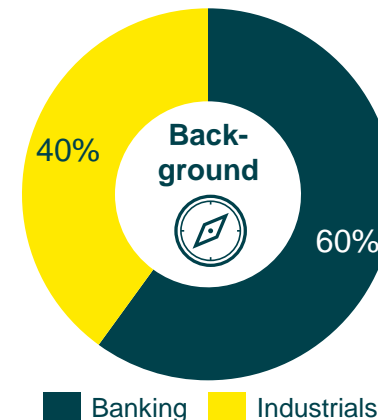
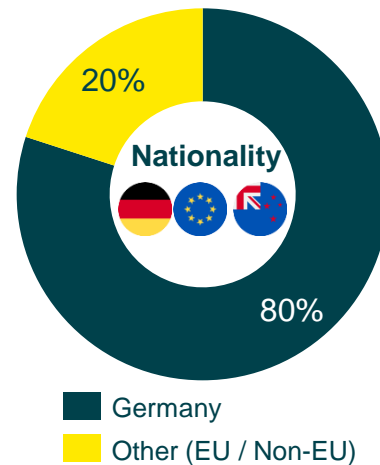
Chapter No. 2



# General information on the composition of the Supervisory Board

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

## Composition of the Supervisory Board<sup>1)</sup>



Average age of members of the Supervisory Board:

**59 years**



Average period of being a board member:

**2 years**

## Independence of the Supervisory Board

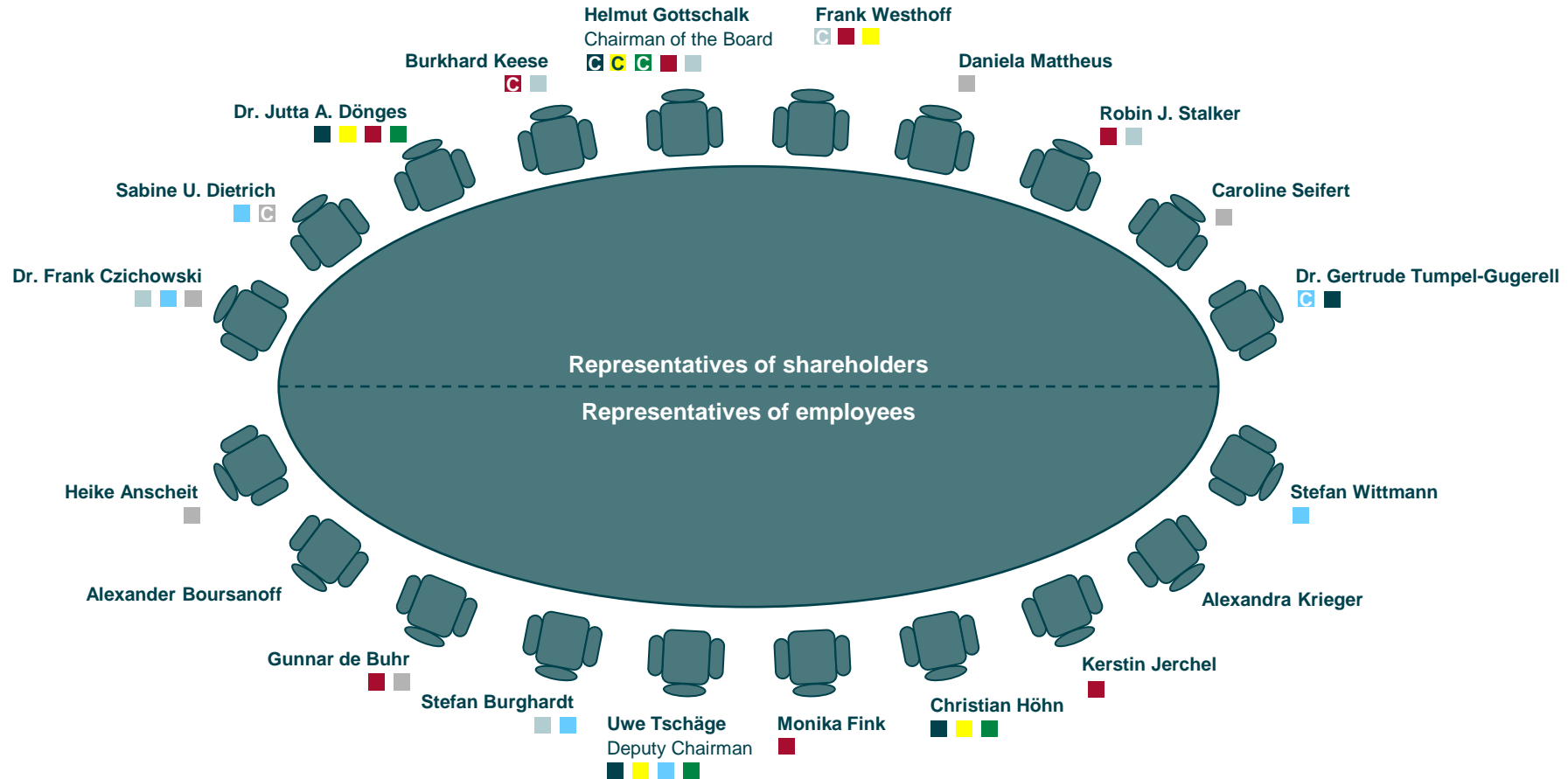


According to the **German Corporate Governance Code**, all representatives elected by the bank's shareholders have **no personal or business relationship with the bank**, its corporate bodies, a **controlling shareholder** or a **company affiliated with the controlling shareholder** that could lead to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

<sup>1)</sup> Overview only includes shareholder representatives



# Composition of the Supervisory Board



■ Presiding and Nomination Committee ■ Compensation Control Committee ■ Audit Committee ■ Risk Committee ■ Social Welfare Committee ■ Mediation Committee ■ Committee for Digitalisation and Technology  
 C indicates the Chairperson of the respective Committee



# Composition of the Supervisory Board (1/2)<sup>1)</sup>



**Helmut Gottschalk**  
Chairperson  
(until 2023)



**Dr. Frank Czichowski**  
(until 2023)



**Sabine U. Dietrich**  
(until 2023)



**Dr. Jutta A. Dönges**  
(until 2023)



**Burkhard Keese**  
(until 2023)



## Career highlights

› **DZ Bank AG**

› **KfW Bankengruppe**  
› **Intl. Capital Markets Association (ICMA)**

› **bp Europe SE**

› **Finanzagentur**  
› **SEB AB**  
› **Goldman Sachs**

› **Lloyds of London**  
› **Allianz Deutschland AG**  
› **KPMG**

## Executive experience

› Chairperson of DZ Bank AG  
› CEO of a cooperative bank

› Former Senior VP Treasury of KfW incl. other position at KfW  
› Former Board Member of ICMA

› Former Member of the Board of Managing Directors of bp Europe  
› Former Director Risk and Compliance at bp

› Member of the Executive Board of Finanzagentur  
› Executive positions at SEB & Goldman Sachs

› CFO at Lloyds of London  
› Former CFO of Allianz Deutschland AG

## Key competencies & experiences<sup>2)</sup>

› Experienced in responsible corporate governance due to long-standing career as CEO and supervisory board member as well as chairperson  
› Profound knowledge of German banking sector with focus on SME and private clients  
› Successful monitoring and implementation of extensive strategies

› In-depth knowledge of capital markets and financial management  
› Long and successful career in the management of a national development bank and supervisory bodies of international entities and organizations  
› Profound knowledge of international and sustainable finance

› Management experience in global companies, understanding of profitability and business models  
› International career in change management and global business transformation  
› Experience in risk management, compliance, governance

› Knowledge of financial system, business models, regulation, supervision, resolution  
› Experience in investment banking, esp. corporate and sustainable finance and capital markets, capital management, financial restructuring  
› Management experience and supervisory board work

› Experience in finance and auditing of large international and capital market-oriented financial companies  
› Career in international finance as CFO and advisor of globally operating companies  
› Knowledge in transforming and implementing digital and customer oriented business models

## Education

› Apprenticeship banking professional  
› Degree in Business Administration

› PhD at Free University of Berlin

› Studies of Engineering Sciences (Chartered Engineer) at Technical University Berlin

› PhD in Economics at Johann Wolfgang Goethe University Frankfurt am Main

› Degree in Economics  
› Chartered accountant  
› Chartered tax consultant

1) Overview only includes shareholder representatives

2) More detailed competence profiles can be found in the CVs on IRWebsite





# Composition of the Supervisory Board (2/2)



**Daniela Mattheus**

(until 2023)



**Caroline Seifert**

(until 2023)



**Robin J. Stalker**

(until 2023)



**Dr. Gertrude Tumpel-Gugerell**  
(until 2023)



**Frank Westhoff**

(until 2023)



## Career highlights

- › KPMG
- › Ernst & Young Deutschland

- › Deutsche Telekom
- › Reliance Jio

- › adidas AG
- › Arthur Young (now Ernst & Young)

- › European Central Bank

- › DZ Bank AG
- › Deutsche Bank AG

## Executive experience

- › Managing partner at European Center for Board Efficiency
- › Partner at EY Germany

- › VP positions at Deutsche Telekom
- › Chief Brand & Design Officer at RelianceJio

- › Former member of the Executive Board of Adidas, responsible for Finance and Labour Relations

- › Former member of the Executive Board of the European Central Bank
- › Member of several Supervisory Boards

- › Former CRO at DZ Bank AG
- › Regional Head of Corporate Clients

## Key competencies & experiences

- › Proven corporate governance and board expert due to longstanding career in corporate governance and board services at international audit firms
- › Knowledge about legal frameworks for international operating companies
- › Experience in analyzing corporate structures and business models

- › Expert in platform economics and digitalisation
- › Comprehensive experience in transformation management
- › Formative contributions to the development of technical innovations in telecommunication
- › International career as a manager in tech companies

- › Supervisory board experience due to current and previous memberships in supervisory boards of various global companies
- › Expertise in financial reporting, accounting, auditing, capital market communication
- › Intrinsic motivation for sustainable design of bank business models

- › Career in banking supervision and supranational institutions
- › Experience in banking regulation and regulatory frameworks
- › Experience in auditing financial institutions and long-term strategic planning
- › Management and supervisory board experience

- › Knowledge of the European banking market
- › Experience in finance and risk management of large banks
- › Supervisory board practice as member and chairperson of various companies
- › Career in banking with experience in customer service, risk and bank management

## Education

- › Law studies
- › 2<sup>nd</sup> state examination in law
- › Registered lawyer

- › Degree in administrative sciences
- › Financial manager

- › A.C.A. Chartered Accountant (Auditor) in New Zealand

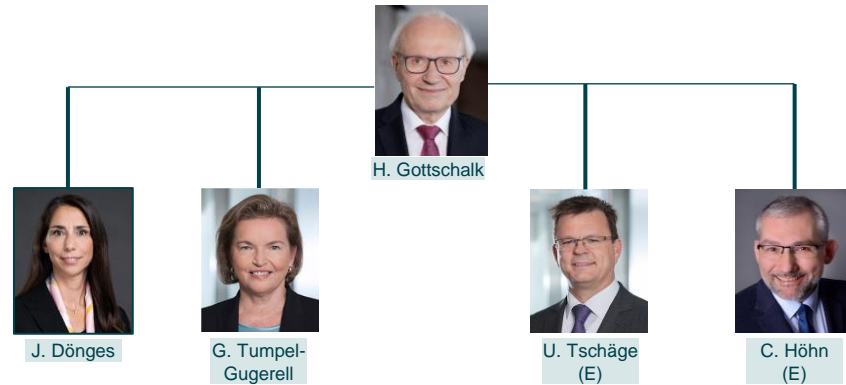
- › Doctorate in Social and Economic Sciences at University of Vienna

- › Apprenticeship banking professional
- › Studies in business administration



# Committees of the Supervisory Board – Members and Competencies

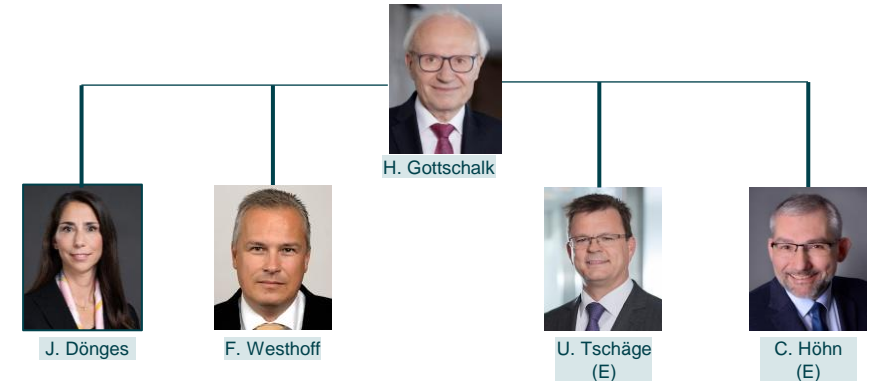
## Presiding and Nomination Committee



### Committees responsibilities

- › Recommending appropriate shareholder representative candidates to the Supervisory Board for it to propose at the General Meeting
- › Supporting the Supervisory Board in the elaboration of an objective to promote the representation of the under-represented gender
- › Responsible for concluding and altering employment contracts with the members of the Board of Managing Directors
- › Responsible for terminating the employment contracts of the members of the Board of Managing Directors

## Compensation Control Committee



### Committees responsibilities

- › Supporting the Supervisory Board in the appropriate structuring of the compensation systems of the Board of Managing Directors
- › Monitoring the appropriate structure of the compensation systems of the employees
- › Shall cooperate with the Risk Committee



# Committees of the Supervisory Board – Members and Competencies

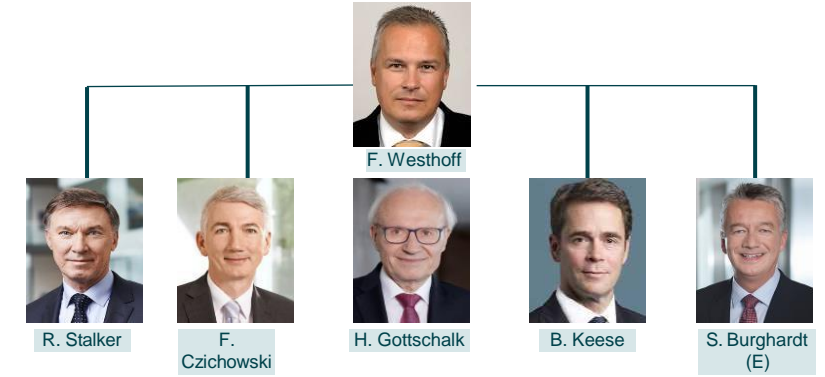
## Audit Committee



### Committees responsibilities

- › Supporting the Supervisory Board in the monitoring of:
  - › the accounting processes
  - › the effectiveness of the compliance and risk management
  - › the performance of the audits

## Risk Committee



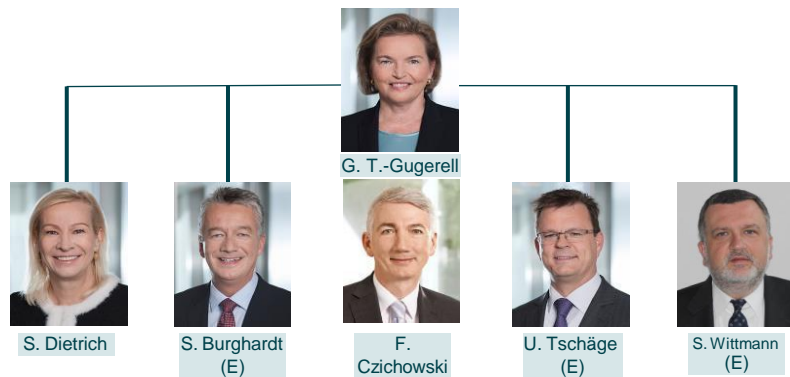
### Committees responsibilities

- › Monitoring of the bank's risk situation and management, devoting particular attention to the overall risk strategy, the sub-risk strategies and credit, market, liquidity, operational, reputational and compliance risks



# Committees of the Supervisory Board – Members and Competencies

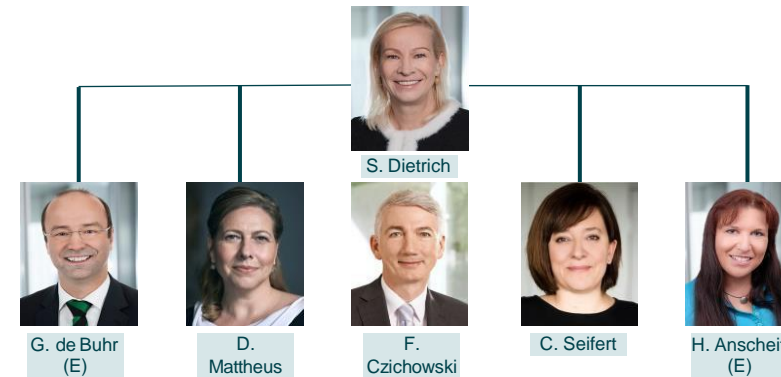
## Social Welfare Committee



### Committees responsibilities

- › Responsible for all personnel and social issues which are of general relevance for employees

## Digitalisation & Technology Competencies



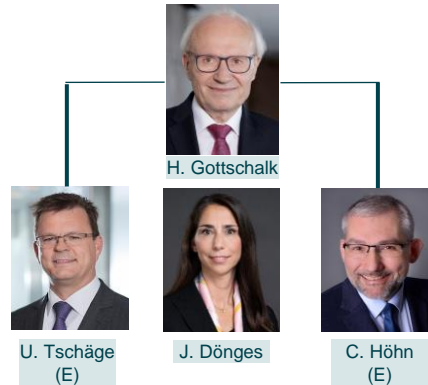
### Committees responsibilities

- › Supporting the Supervisory Board in advising and monitoring the bank's digitalisation progress and the associated IT and investment budget



# Committees of the Supervisory Board – Members and Responsibilities

## Mediation Committee



## Committees responsibilities

- › The functions and composition of the Mediation Committee are established by Section 27, paragraph 3 of the German Co-determination Act

## General tasks of all Board members

- › Foster a good Corporate Governance
- › Supervision of Executive decisions
- › Periodically review business strategy regarding progress and relevance
- › Represent the interests and expectations of all stakeholders
- › Review sustainability factors in the business model

## Numbers and Figures 2020

- › In total 14 plenary meetings
- › Average attendance rate of 99%
- › 5 strategy meetings
- › 3 new members joined (turnover of 15%)



# Remuneration of the Supervisory Board



Chapter No. 3



# Remuneration system of the Supervisory Board

## Basic remuneration



## Additional remuneration

### Basic remuneration

(in €)

Chairman of the Board	240,000
Deputy Chairman of the Board	160,000
Member of the Board	80,000

### Additional remuneration

(in €)

Chairman Audit / Risk Committee	60,000
Member Audit / Risk Committee	30,000
Chairman of all other Committees	40,000
Members of all other Committees	20,000

- The **additional remuneration for committee appointments** is **not linked or dependent on the long- or short-term performance** of Commerzbank.
- Additional remuneration is paid for a maximum of three committee appointments**, taking the figures for the three highest paid positions. In addition, **each member receives an attendance fee of €1,500** for each meeting or conference call of the Supervisory Board or one of its committees. The **attendance rate was ~99%** in 2020.
- The **aggregate amount of loans granted to the members of the Supervisory Board** was **€1,719 thousand** by year-end 2020 (year-end 2019: €1,468 thousand). **Commerzbank Group companies did not enter any contingent liabilities in favor of members of the Supervisory Board.**



# Board of Managing Directors - Composition



Chapter No. 4

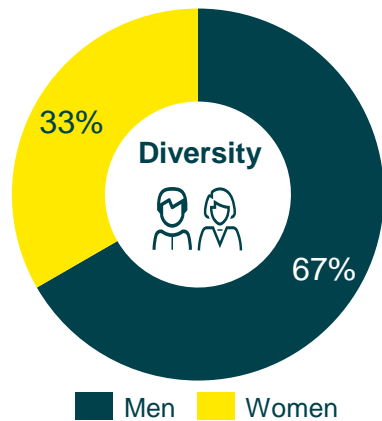




# General information on the composition of the Board of Managing Directors

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

## Composition of the Board of Managing Directors



Average age of members of the Board of Managing Directors:

**53 years**



Average period of being a board member:

**2 years**

## Female quota on the Board of Managing Directors



Commerzbank's target quota:

at least **1 woman**



Commerzbank's actual quota:

**2 women**



# Composition of the Board of Managing Directors

**Dr. Manfred Knof**  
CEO  
01.01.2021



**Dr. Bettina Orlopp**  
CFO  
01.11.2017



**Dr. Marcus Chromik**  
CRO  
01.01.2016



**Sabine Schmittroth**  
Board Member  
01.01.2020



**Michael Kotzbauer**  
Board Member  
01.01.2021



**Dr. Jörg Oliveri Schulz**  
COO  
01.10.2021



## Responsibilities

- Strategy, Transformation & Sustainability
- Audit
- Communications
- Legal
- Research

- Finance
- Tax
- Investor Relations
- Treasury

- Credit Risk Management
- Risk Control
- Big Data & Advanced Analytics
- Credit
- Cyber Risk & Information Sec.
- Compliance

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

- CC Development & Digitalisation
- Non-Financial Risk
- Mittelstandsbank
- International Corporates
- Institutionals
- Transaction Banking
- Capital Markets & Advisory
- Lending

- Digital Transformation
- Technology Foundations
- Banking & Markets Operations
- Operations Credit
- Organisation & Security
- Delivery Center
- Business Platform
- client.data
- CC Platforms

## Previous Commerzbank positions

- › Dr. Manfred Knof was directly appointed as Board Member when he joined the Executive Board

- › General Representative responsible for Compliance, Human Resources and Legal
- › Divisional Board Member Development & Strategy

- › Divisional Board Member Chief Credit Risk Officer
- › Divisional Board Member Chief Market Risk Officer

- › Divisional Board Member Private Customers
- › Executive Sales Management for Private Customers

- › Divisional Board Member Large Corporates South/East
- › Regional Board Member Asia
- › Divisional Board Member Mittelstandsbank

- › Dr. Jörg Oliveri del Castillo-Schulz was directly appointed as Board Member when he joined the Executive Board<sup>1)</sup>

## Former employers

- › Allianz SE
- › Deutsche Bank AG
- › Dresdner Bank AG

- › McKinsey & Company

- › Deutsche Postbank AG
- › McKinsey & Company
- › Munich University

- › Commerz Direktservice GmbH
- › Dresdner Bank AG

- › Michael Kotzbauer started his career 1990 at Commerzbank

- › IKB Deutsche Industriebank AG
- › Deutsche Bank AG

<sup>1)</sup> subject to final approval by the supervisory authorities



# Remuneration of the Board of Managing Directors



Chapter No. 5



# The target achievements of Board Members are set between 0% and 200% – the variable remuneration is limited to 150% of target amount

## Corporate Level (70% weight)

Illustrative

- › Weighted average of target achievement based on a group-based on a target-performance comparison.

Target	Corporate Level		
	n-2	n-1	n
0%	...	...	...
100%	...	...	...
200%	...	...	...

## Department Level (segment and/or shared functions; 30% weight)

Illustrative

- › Target achievement by the department (segment and/or shared functions) for the members of the Board of Managing Directors in question is responsible on quantitative and/or qualitative targets.

Target achievement	Segment Level		
	n-2	n-1	n
0%	...	...	...
100%	...	...	...
200%	...	...	...

## Individual Level (Multiple of 0.7-1.3)

Illustrative

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

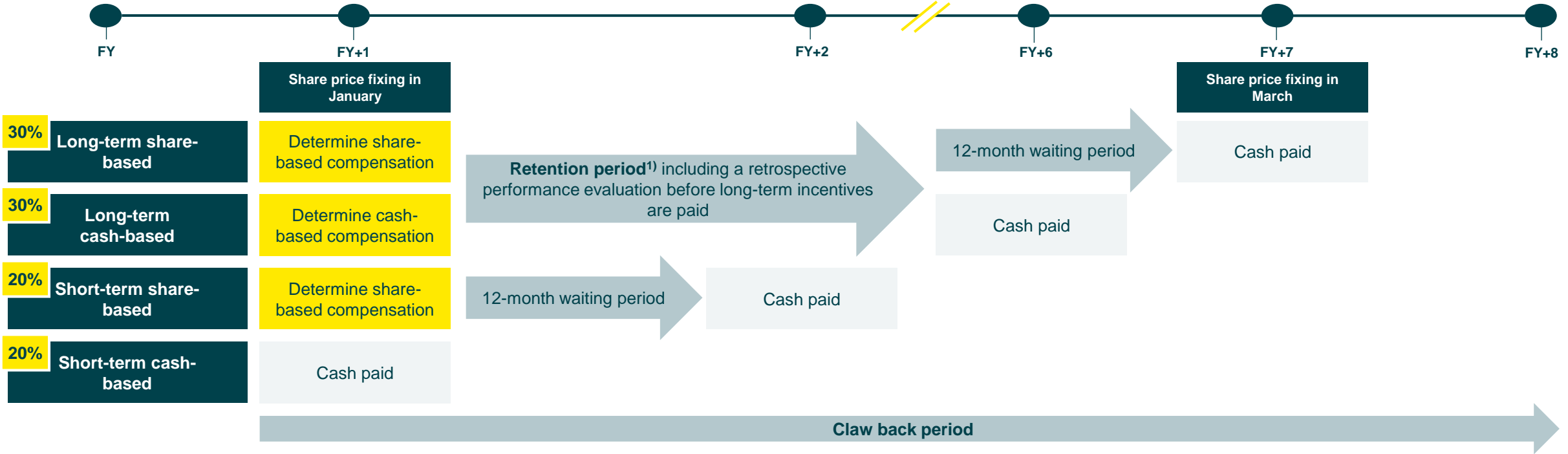
Target/Criteria	Individual Level		
	...	...	...
$x_1$	...	...	...
$x_2$	...	...	...
...	0%	←→	200%
Sum	0.7	1.0	1.3
Multiple			



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



# Commerzbank’s remuneration system includes a claw back clause and thus increases long-term participation of Board Members



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

- › 20% of variable compensation is payable in cash, an additional 20% is payable after a 12-month waiting period, again in cash but share-based.
- › The remaining 60% arises after the end of a five-year retention period and after the retrospective performance evaluation. Thereof, half is paid in cash and half after a 12-month waiting period, also in cash but share-based.

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



# Remuneration system of the Board of Managing Directors

## Appropriate design of Commerzbank's remuneration system

### Strategy

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

### Risk, capital and liquidity

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

### Target setting

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

## Remuneration system of the Board of Managing Directors

in €	fixed compensation	+	variable comp. <sup>1</sup>	=	target amount	Ratio variable / fix
Regular Board Members	990,000		660,000		1,650,000	0.67
CEO <sup>2)</sup>	1,924,247		1,282,832		3,207,079	0.67

1) Based on 100% target achievement

2) The supervisory board deviated from remuneration system at appointment of Dr. Manfred Knof



# Adjusted requirements for Board Members remuneration increases transparency

## 1 Remuneration Report

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

## 2 Remuneration System

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

## 3 Comparability

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



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



# For more information, please contact Commerzbank's IR team

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**Financial calendar****2021/2022**

04 November 2021



Q3 2021 results

17 February 2022



Q4 2021 press conference

12 May 2022



Q1 2022 results





# Disclaimer

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

In addition, this presentation contains financial and other information which has been derived from publicly available information disclosed by persons other than Commerzbank ("external data"). In particular, external data has been derived from industry and customer-related data and other calculations taken or derived from industry reports published by third parties, market research reports and commercial publications. Commercial publications generally state that the information they contain has originated from sources assumed to be reliable, but that the accuracy and completeness of such information is not guaranteed and that the calculations contained therein are based on a series of assumptions. The external data has not been independently verified by Commerzbank. Therefore, Commerzbank cannot assume any responsibility for the accuracy of the external data taken or derived from public sources.