



# **Rules of procedure Board of Managing Directors**

5 November 2014



**Certified Translation from German**

**Article 1**

- (1) The Board of Managing Directors is responsible for independently managing the enterprise. In doing so, it is obliged to act in the Company's best interest and undertakes to increase the sustainable value of the Company. It develops the Company's strategy, discusses it with the Supervisory Board and ensures its implementation.
- (2) The Board of Managing Directors conducts the Company's business in accordance with the legal provisions, the Articles of Association, these rules of procedure and the relevant employment contracts. It cooperates in an atmosphere of trust with the other bodies of the Company and the employees' representatives in the interest of the Company.
- (3) The Board of Managing Directors determines the Bank's business areas and combines them into segments. In addition, it defines units with shared functions for corporate center duties and shared services duties. The Board of Managing Directors resolves upon the allocation of responsibility for business areas, segments and units with shared functions to the various members of the Board of Managing Directors. The Business Allocation Plan may not be approved against the vote of the chairman of the Board of Managing Directors. The Supervisory Board has to be informed immediately about the Business Allocation Plan and any amendment to it.

**Article 2**

- (1) The members of the Board of Managing Directors bear joint responsibility for the entire management of the Company's business. They work together in a spirit of collective responsibility and keep one another informed about all important business transactions and measures adopted in their areas of responsibility.
- (2) Notwithstanding the joint responsibility of all members of the Board of Managing Directors for the proper business organization of Commerzbank AG and the companies allocated to it for supervisory purposes (Commerzbank Group) and the joint responsibility for the conduct of the Company's business, each Board member is individually responsible for the areas assigned to him in connection with the resolutions of the Board of Managing Directors.

**Article 3**

Notwithstanding the provisions of Article 2, Segment Boards are established for the individual segments in the interest of efficient management and also to assist and ease the burden on the Board of Managing Directors in performing its duties. They are managed by the member of the Board of Managing Directors responsible for the respective segment. The further composition, responsibilities, duties and powers of the Segment Boards are determined by the corporate constitution to be resolved by the Board of Managing Directors.

**Article 4**

- (1) The responsibilities of the individual members of the Board of Managing Directors are determined by the Business Allocation Plan to be resolved pursuant to Article 1, paragraph 3.
- (2) Given grave doubts about a matter related to another business line, each member of the Board of Managing Directors is obliged to ensure that it is dealt with by the full Board of Managing Directors, if the doubts cannot be overcome through discussion with the other Board member or the chairman of the Board of Managing Directors.

- (3) The Board of Managing Directors shall be regularly informed about developments in the individual business areas, segments and units with shared functions by the Board members bearing the relevant responsibility. Insofar as the measures and business activities from the area of responsibility of one Board member also substantially affect the area of responsibility of another Board member, the Board members in charge of these areas must consult each other in advance.
- (4) Each Board member may require that the measures or business activities from the area of responsibility of another Board member which substantially affect his area of responsibility be resolved by the Board of Managing Directors. At all events, decisions about Group strategy, the composition of the business areas, the allocation of core resources to the segments and business areas, material organizational changes and the issue of fundamental guidelines require a resolution adopted by the Board of Managing Directors. In addition, the Board of Managing Directors shall determine which other topics need to be dealt with and, if necessary, resolved by the Board of Managing Directors.

#### **Article 5**

- (1) Coordination of segments and units with shared functions is incumbent upon the chairman of the Board of Managing Directors. He must endeavour to ensure that the conduct of the Bank's business is uniformly oriented to the objectives established by the resolutions of the Board of Managing Directors. He is entitled to demand at any time information from the members of the Board of Managing Directors on individual matters relating to the areas for which they bear responsibility and may decide that he must be informed in advance about certain transactions and certain types of transaction.
- (2) The chairman of the Board of Managing Directors represents the Board and the Company in the public sphere, especially in dealings with authorities, associations, business organizations and the media in matters which concern the Company as a whole or several business areas, segments or units with shared functions from the area of responsibility of different Board members.
- (3) The chairman of the Board of Managing Directors organizes the cooperation of the Board of Managing Directors with the Supervisory Board. He maintains regular contacts with the Supervisory Board; he is responsible for reporting duties towards the Supervisory Board being fulfilled and informs the chairman of the Supervisory Board promptly about transactions requiring the approval of the Supervisory Board. All the members of the Board of Managing Directors must support him in fulfilling the above duties.

#### **Article 6**

- (1) The chairman of the Board of Managing Directors convenes Board meetings, establishes the agenda and chairs the meetings of the Board of Managing Directors. He determines the sequence in which the items on the agenda shall be dealt with, as well as the type and sequence of voting. Should the chairman be unable to attend, the longest-serving member of the Board of Managing Directors present will deputize for him in preparing, convening and chairing Board meetings.
- (2) The Board of Managing Directors has a quorum if all its members have received invitations to the meeting and at least half of its members participate in adopting resolutions. Absent members of the Board of Managing Directors may participate in adopting resolutions by submitting their vote in writing, by fax, telephone or by some other customary means of telecommunication. Votes cast by telephone must be confirmed in written form. Votes submitted subsequently also count as participation in the adoption of resolutions. They are only admissible if the person chairing the meeting admits them and sets a deadline for their submission.

- (3) Resolutions may be adopted outside meetings either by circulating the documents or in another form (e.g. casting of votes by telephone or by other means of telecommunication). Insofar as a member of the Board of Managing Directors has not participated in adopting such resolutions, he must be informed at the latest at the next meeting about the resolutions adopted.
- (4) The Board of Managing Directors must do all in its power to ensure that its resolutions are adopted unanimously. Should unanimity not be achievable, it shall adopt resolutions with the simple majority of the members of the Board participating in the vote, insofar as other majorities are not prescribed by the Articles of Association or by law. In the case of a tie, the chairman of the Board of Managing Directors has the casting vote.
- (5) The Compliance Officer has the right to participate as a guest in meetings of the Board of Managing Directors, insofar as participation is necessary for the fulfilment of his duties.
- (6) Minutes shall be kept of the meetings of the Board of Managing Directors.

#### **Article 7**

- (1) Apart from transactions which by law or the Articles of Association have to be approved by the Supervisory Board, the following also require its approval:
  1. The acquisition and disposal of land and rights equivalent to real property as well as the erection, reconstruction and fitting-out of buildings, if the value of the individual transaction exceeds 1% of Commerzbank AG's liable capital.
  2. The leasing of land and buildings as well as the conclusion of leasing agreements, if the Bank's overall obligation under the relevant contract exceeds an annual 0.25% of Commerzbank AG's liable capital.
  3. The acquisition and disposal of interests in other companies as well as the formation and acquisition of other companies, if the value of the individual transaction exceeds 1% of Commerzbank AG's liable capital. Acquisitions and disposals concluded with companies of the Commerzbank Group do not require approval.
  4. Stipulation and alteration of the threshold values for the red phase of the restructuring indicators in the Recovery Plan of the Commerzbank Group.
  5. Significant transactions between Commerzbank or a company of the Commerzbank Group on the one hand and the members of the Board of Managing Directors or persons, companies or associations close to them on the other hand.
- (2) The Board of Managing Directors shall inform the Supervisory Board about:
  1. Transactions pursuant to paragraph 1, no. 3, sentence 2, as well as the spinning-off or transfer of substantial business areas to other companies of the Commerzbank Group.
  2. The risk situation of the Bank and the Commerzbank Group according to the applicable regulatory requirements from time to time.
  3. The Bank's remuneration systems according to the applicable regulatory requirements from time to time.

4. The appointment of members to the Central Advisory Committee, a change of the Compliance Officer and of the head of Internal Audit, as well as the appointment of other staff to the first management level.
  5. All substantial cuts in the budget of GM-CO.
  6. The serious defects determined by Internal Audit and the substantial defects which have not yet been remedied according to the applicable regulatory requirements from time to time.
- (3) Unless the approval of the Supervisory Board is required by law, the following holds true for the granting of loans:
1. The Board of Managing Directors shall inform the Supervisory Board about
    - › concentration risks (bulk risks) in accordance with the definition fixed by the Board of Managing Directors which is valid for the respective reporting period and
    - › exposures of the Commerzbank Group which have been decided upon by the Group credit committee in the reporting period
  2. In addition, the Board of Managing Directors shall inform about new problem loans totalling >€50m and existing exposures in the black book totalling >€200m.
- (4) The liable capital of Commerzbank AG on 31 December of the previous year, rounded down to full billion figures, shall be used for calculating the limits specified in paragraph 1 under nos. 1 to 3 and in paragraph 3.

### **Article 8**

- (1) In addition to transactions for which a resolution adopted by the Board of Managing Directors is required by the legal provisions, the transactions specified in Article 7, paragraphs 1 and 2 are also subject to a resolution by the Board of Managing Directors.
- (2) Taking into consideration the banking supervisory provisions, the Board of Managing Directors shall also resolve upon a structure of loan approval powers within the Commerzbank Group. In particular, the Board of Managing Directors may delegate loan decisions to a credit committee (CC) consisting of two representatives each from the front-office and the back-office units. The chairman of the committee shall be the highest-ranking participant representing the back-office side; the credit committee may not approve loans against his vote.
- (3) In all cases in which, pursuant to paragraph 2, sentence 2, the respective committee takes the decision, the documents intended for the committee shall be forwarded to all members of the Board of Managing Directors. Each member of the Board of Managing Directors has the right to demand that the transaction be dealt with by the Board of Managing Directors. Insofar as a committee has already approved the loan and the loan has already been granted, the granting of the loan has to be rescinded – if possible – immediately, if the Board of Managing Directors does not approve the decision of the credit committee.
- (4) For all loans requiring a resolution by the Board of Managing Directors, the latter's decision shall only be made after the credit committee has issued its recommendation. The decision of the Board of Managing Directors must be unanimous for large exposures of the Commerzbank Group and loans to managers and other related parties, otherwise the loan is considered to have been rejected.

- (5) For transactions requiring the approval of the Board of Managing Directors, it is sufficient in urgent cases – if legally possible – for three members of the Board of Managing Directors to take the decision. The Board of Managing Directors has to be informed at the latest at its next meeting about such transactions; loan decisions have to be dealt with previously by the credit committee.
- (6) Transactions requiring the approval of the Supervisory Board and which were already concluded before this approval had been granted must be rescinded – if legally possible – should the Supervisory Board not approve them.

#### **Article 9**

- (1) The members of the Board of Managing Directors require the approval of the Supervisory Board for taking on sideline activities, especially seats on supervisory, advisory and similar boards, as well as assuming an executive position at another company.
- (2) Each member of the Board of Managing Directors shall disclose conflicts of interest immediately to the Supervisory Board and inform the other members of the Board of Managing Directors.

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