



Corporate Responsibility & Sustainability

14th HSBC ESG Conference 2019

Frankfurt, 5 & 6 February 2019

We meet the global challenges as a responsible partner powered by the vision of becoming Germany's most sustainable commercial bank

Climate Change

The earth system is changing faster as a result of human impact on the planet's biology, chemistry, and physics. New physical and transitional risks arise that need to be measured and managed.

World Population

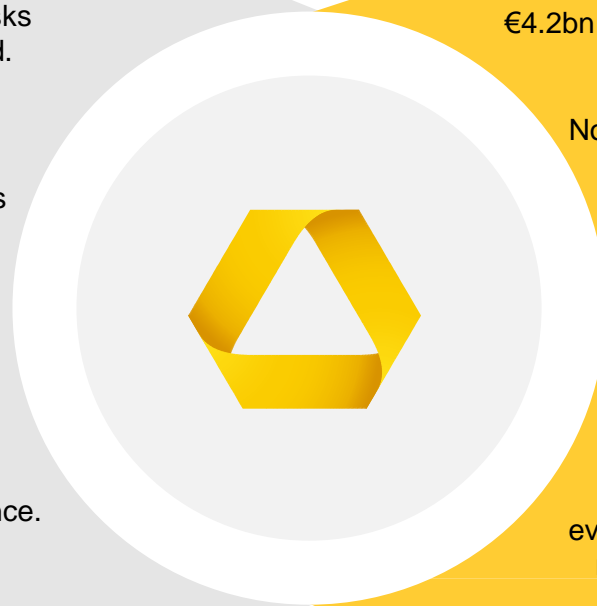
Global population doubled in the last 50 years and will grow further. The "global middle class" grows fast and leads to new patterns of global demand.

Scarce Resources

Limited resources and growing demand leads to rising pressure on natural resources. R&D in new technologies gains new importance.

Human Rights

Transparent supply chains increase social pressure to manage human rights aspects responsibly. Regulation is being strengthened.



Banking the Energy Transition

With more than 25 years experience in this field, we are a leading financier of renewable energies – €4.2bn current portfolio of renewable energy finance¹⁾.

Climate Financing Policy

No more financing of new coal mines & coal-fired power plants – case-by-case assessment of other projects, e.g. coal-related infrastructure.

Regulation of Arms Trade Finance

As the first German commercial bank, we introduced our own compulsory policy for the armaments sector in 2008.

Reputational Risk Management

Our independent risk management assesses every transaction bearing environmental or social risks – no matter the amount of the transaction.

Internal Climate Strategy

Our goal: Reducing greenhouse gas emissions by 70 percent until 2020 in relation to base year 2007.

Agenda

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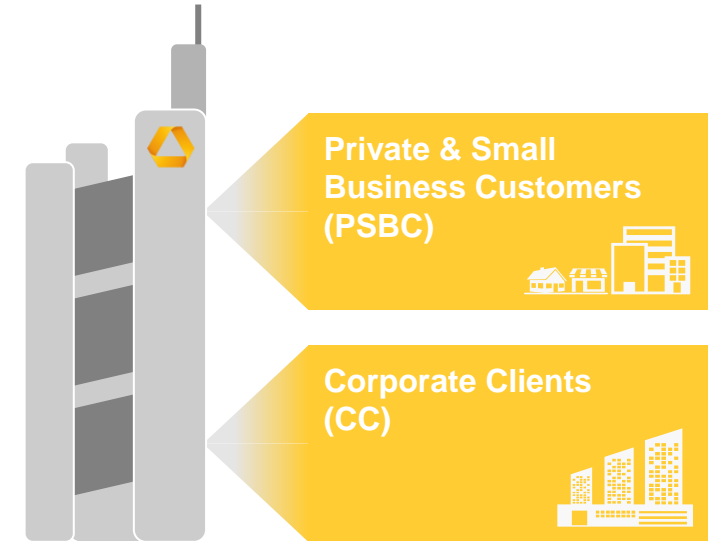
Commerzbank Group at a glance

Commerzbank is a leading international commercial bank with a client-focussed portfolio of financial services in two segments

International presence of Commerzbank Group

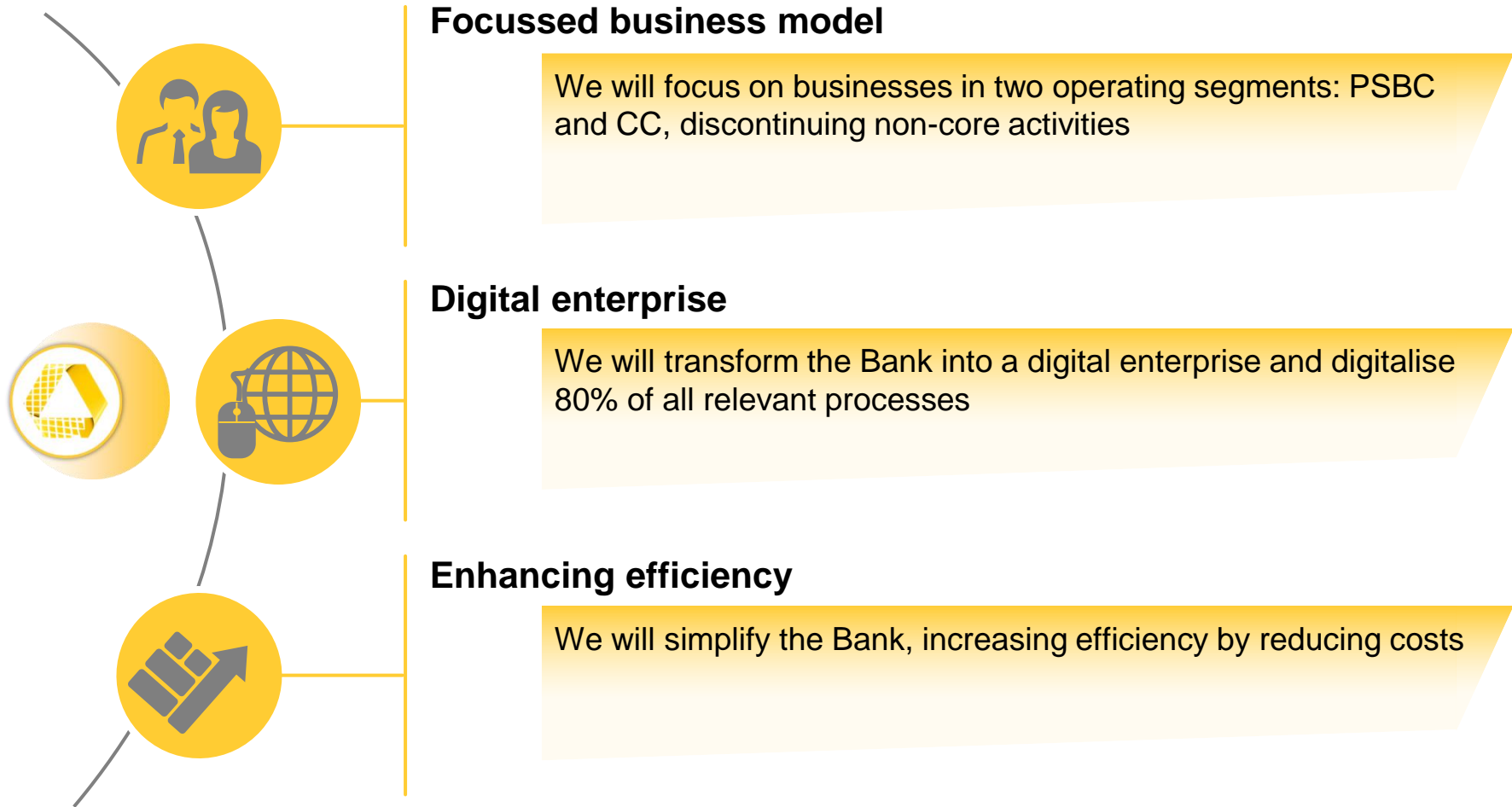


Commerzbank Group Structure






comdirect	82.3%
mBank	69.4%
COMMERZ REAL Commerzbank Gruppe	100%
COMMERZ VENTURES Commerzbank Group	100%
main INCUBATOR	100%

Commerzbank 4.0 – a strategic program based on three corner-stones to deal with challenges and succeed in future

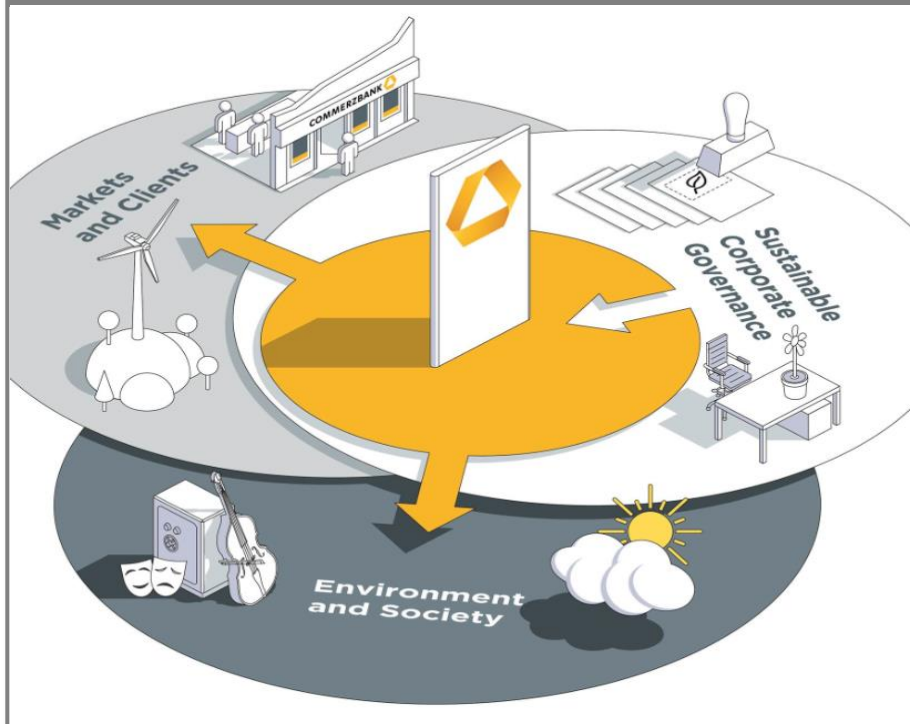


Overall, our transformation is making good progress and key execution indicators are in line with plan

		Target 2020	Current status	In line with plan?
Growth	 PSBC			
	Net new customers (m cumulated)	2.0	1.0 (since 10/2016)	<input checked="" type="checkbox"/>
	Assets under Control (GER) (€bn eop ¹)	>400	392 (9M 2018)	<input checked="" type="checkbox"/>
	Net new customers (k cumulated)	10.0	8.5 (since 01/2016)	<input checked="" type="checkbox"/>
Digitalisation	 CC			
	Loan Volume Corporates (€bn)	>85	81 (Avg. Q3 2018)	<input checked="" type="checkbox"/>
	 Group			
	Digitalisation ratio	80%	58% (9M 2018)	<input checked="" type="checkbox"/>
	Digital IT investments	50%	51% (9M 2018)	<input checked="" type="checkbox"/>

We meet the global challenges as a responsible partner for sustainable economic and social development

Strategic approach in three different fields of actions



Environment & Society

- › We are working to reduce our ecological footprint
- › We engage in a dialogue with our stakeholders and support sustainable development in the financial market
- › We are actively committed to creating a future-ready society

Markets & Clients

- › We face up the global challenges and offer our customers suitable products and services
- › We ensure Commerzbank's long-term profitability by assessing risks comprehensively
- › We are satisfied with our performance only if our customers and clients are satisfied with us

Sustainable Corporate Governance

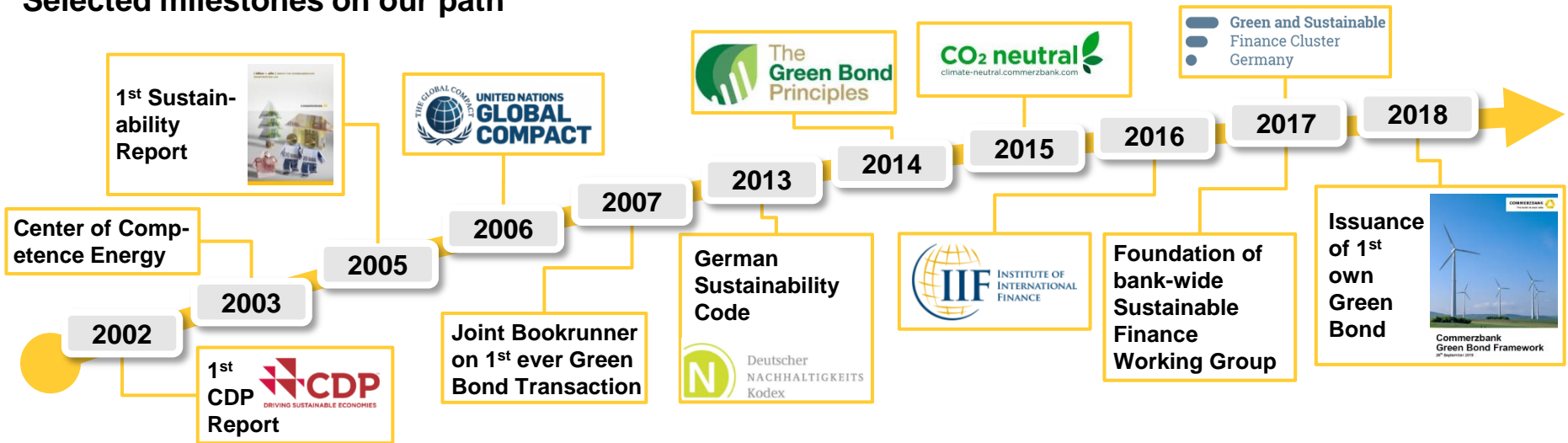
- › We foster responsibility and transparency as elements of our corporate culture and act exclusively in accordance with the law
- › We assume responsibility for our actions, our products and services, and their impact
- › We are a supportive and attractive employer for our employees and future talents



Commerzbank has the vision to become Germany's most sustainable commercial bank

We have a long-term track record and commitment to sustainability underlined in above average ESG ratings

Selected milestones on our path



Commerzbank's Sustainability Ratings¹⁾

 A	 B	 Prime (C) Sector Average: D+	 Outperformer (75 / 100 points)	 Low Risk Environment: 1 Social: 1 Governance: 3
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Commerzbank is ranked as 2nd most sustainable German corporation and as the 10th most sustainable bank globally

Most Sustainable German Corporations

(Source: Corporate Knights – Global 100 Most Sustainable Corporations in the World Index)

SIEMENS

Rank 32

COMMERZBANK 

Rank 67

OSRAM

Rank 77



Rank 84



Rank 99

Most Sustainable Banks Worldwide

(Source: Corporate Knights – Global 100 Most Sustainable Corporations in the World Index)



Rank 8



Rank 9



BNP PARIBAS

Rank 24



Rank 35



Rank 40



Rank 47



Rank 51



Rank 59



Rank 63

COMMERZBANK 

Rank 67



Rank 71



Rank 74



Rank 76



Rank 80

Sustainability is integrated into the bank's core operational business

Lending Guidelines

- › We **integrate ESG criteria** based on sustainable and ethical decision-making criteria **into lending and risk strategies**
- › Introduction of **two cross-sector** and **eight sector-specific ESG lending policies**
- › In 2008, Commerzbank developed as one of the first German major banks a **compulsory guideline on the armaments sector**
- › Evaluation of business relationships and transactions in **Reputational Risk Mgmt.** (~5,900 individual cases in 2018)

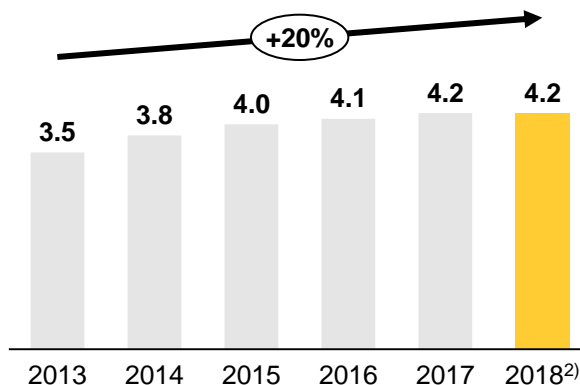
Commerzbank's ESG Lending Guidelines

Cross-sector guidelines	
Human Rights	Indigenous Peoples
Sector-specific guidelines	
Agriculture & Forestry	Armaments
Cotton & Textiles	Coal Power / Energy
Food Staples	Mining
Oil & Gas	Ship Breaking

Renewable Energy Finance

- › Commerzbank has been active in the area of **Project Finance of Renewable Energy** for more than 25 years – the bank's **Hamburg-based Center of Competence Energy (CoC E)** was founded in 2003
- › Renewable Energy Project Finance includes proven technologies **wind (on- and offshore) and solar**
- › Our core market is Germany: **Commerzbank finances ~15% of all German wind power generation capacities¹⁾**

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



Debt Capital Markets

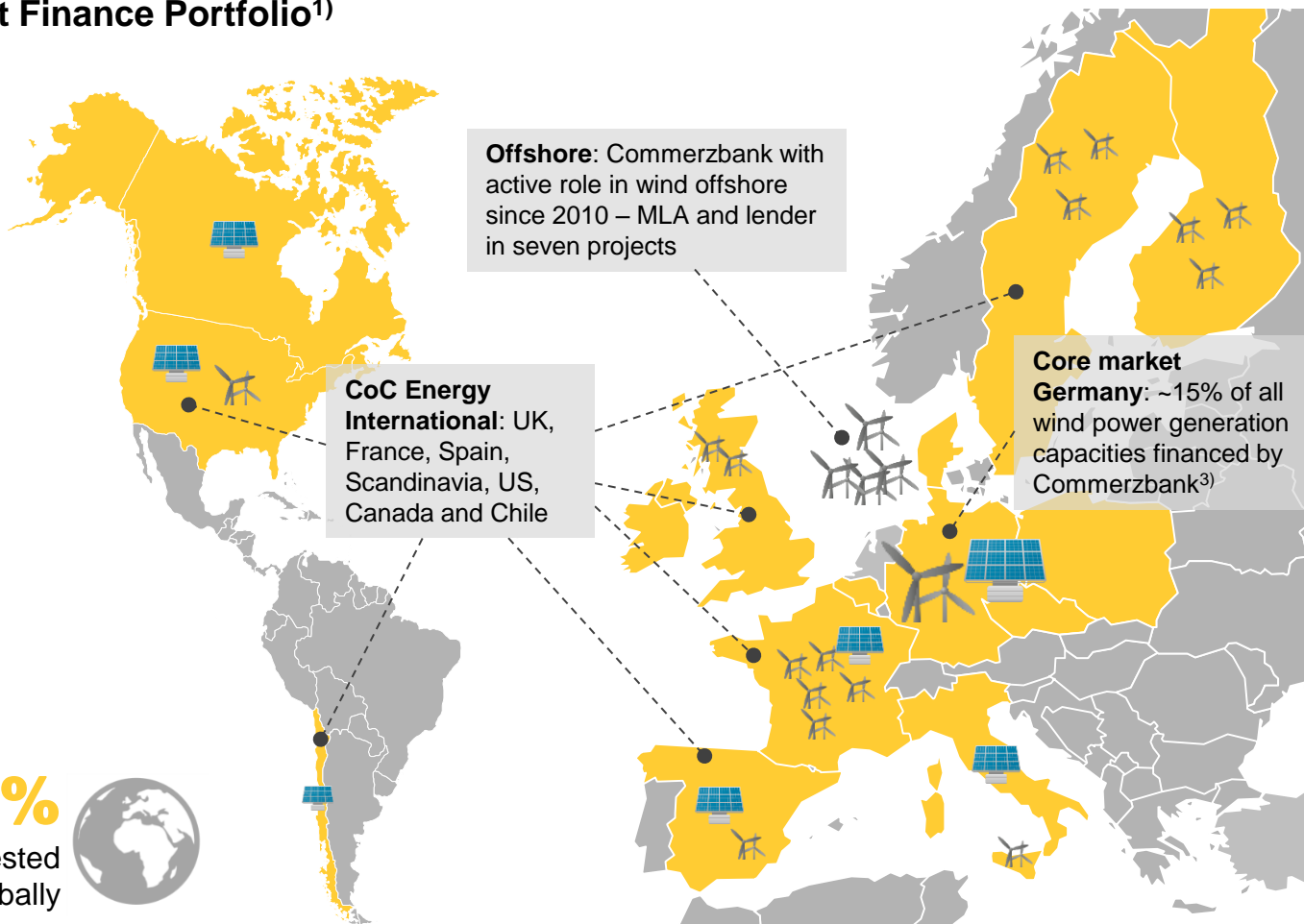
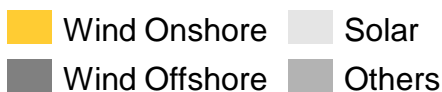
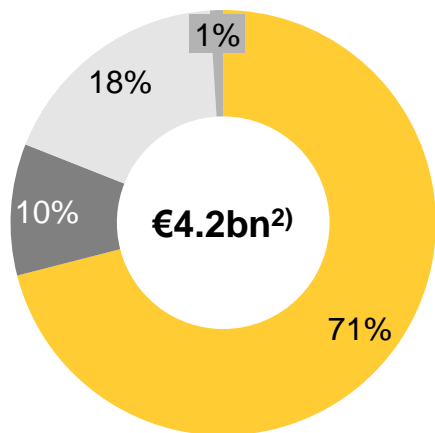
- › Commerzbank's DCM Bonds Solutions team is specialised on **advisory services for Sustainable and Green Bonds transactions**
- › We have **lead managed more than 40 Sustainable Bond transactions**
- › **Bookrunner on the first Green Bond ever** (CAB of EIB 2007) and **joint bookrunner on many inaugural transactions** (EIB, Kommunalkredit, BBVA, IBK, KBC)
- › Involved in several unique transactions, e.g. Bank of China – **1st Chinese Green Bond**

Selection of lead-managed transactions

Environment & Society

Commerzbank is a leading bank for Renewable Energy Project Finance and provides non-resource project financings globally

Renewable Energy Project Finance Portfolio¹⁾



In 2018, Commerzbank issued its inaugural Green Bond to finance Renewable Energy loans

Commerzbank Green Bond Framework



Use of Proceeds

Project Evaluation

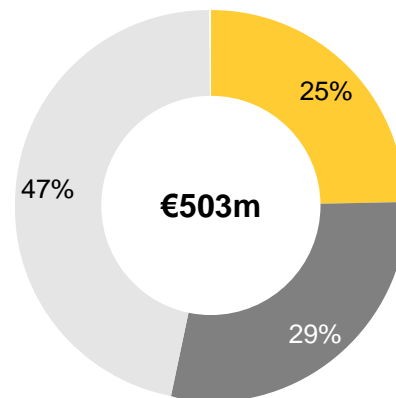
Management of Proceeds

Reporting

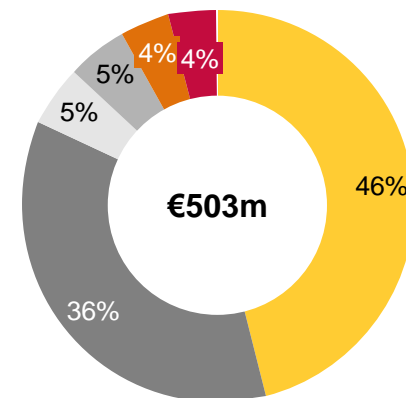
External Review



Overview of assigned assets¹⁾



Wind Onshore Solar
Wind Offshore



Germany France Italy
USA Spain Chile

Highlights

- › On 16th October 2018, Commerzbank issued its inaugural Green 5y €500m Non-Preferred Senior bond
- › Robust green bond framework in accordance with the Green Bond Principles 2018 – SPO²⁾ was provided by Sustainalytics
- › €503m eligible wind and solar assets from vintages 2016-2018 assigned to the Green Bond
- › With a total installed capacity of 461.8 MW, the loans underpinning the Green Bond help to avoid estimated CO₂ emissions of ~755,242 ton p.a. contributing to five Sustainable Development Goals

Commerzbank's rationale for issuing a Green Bond – external and internal reasoning for a Green Bond issuance

Growing political and social discussion since 2017

- › Task Force on Climate-related Financial Disclosures
- › EU Action Plan on Financing Sustainable Growth
- › Regulations concerning Sustainable Finance
- › Green Finance demand from investors and stakeholders



Commerzbank's reaction

- › Establishment of a Sustainable Finance Working Group
- › Multiple meetings with Board of Directors on ESG and Sustainable Finance issues
- › Evaluating further implementations of Sustainable Finance in cooperation with the Board of Directors

Rationale for issuing a Green Bond

Commerzbank's reasoning

- › Issuance further strengthens the integration of sustainability among the overall banking business
- › Taking sustainability into operational and strategic Director's Board

Positive impact on Renewable Energy Finance (CoC E):

- › Refinancing and marketing of existing green assets
- › Incentive to create further green assets supporting the objective to finance additional €2.5bn in Renewable Energy Finance until 2020
- › Increasing Commerzbank's market position and decreasing reliance on refinancing of green loans by development banks like KfW & EIB

Positive impact on DCM Bonds:

- › Growing advisory expertise by expanding the DCM business
- › Increasing credibility by issuing an own Green Bond

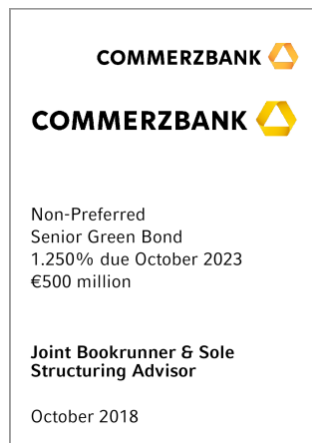
Investor Relations reasoning

- › Integration of sustainability into Commerzbank's equity and credit story on the capital market
- › Investor Targeting: expanding the bank's investors base by green investors
- › Diversification of the bank's funding mix
- › Marketing of existing green assets and business activities in CoC Energy and DCM Bonds
- › Building of internal know-how in IR and Treasury units
- › Increasing our reputation as a sustainable commercial bank
- › Growing appreciation of Commerzbank as green fixed income issuer in green hubs (BeNeLux, France, Nordics)

Transaction summary and distribution of investors of Commerzbank's inaugural Green Bond

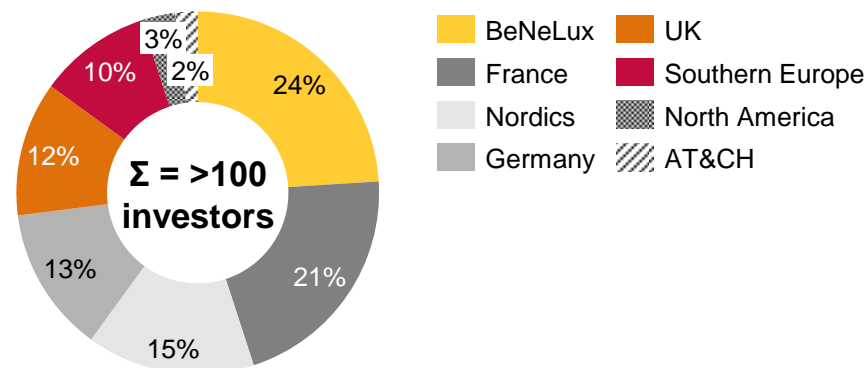
Transaction summary

- Targeting an intraday execution, books opened on Tuesday morning at 09:00 CET with a **price guidance of IPT's mid-swaps + 105/110bps**
- The momentum was strong and the orderbook showed constant growth
- At 10:10 CET the desired amount of €500m was already reached
- Books closed at 12:30 CET with a **final demand at reoffer above €1.1bn**
- Finally, the transaction was successfully priced at a **reoffer price of 99.486%** and a **reoffer spread of mid-swaps plus 95**



Distribution of investors

- The **demand of green investors accounted for more than €500m**
- The Green Bond received exceptional international attention, **87% of the allocation** were from countries **outside of Germany** – **60% were from green bond centers BeNeLux, France and Scandinavia**
- Real money investors had the highest share with 90% – in particular, asset managers made up the bulk with 81%

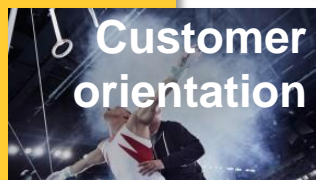


 **First successful Green Bond Issuance – strong momentum and constant growth of the orderbook due to an exceptional international attention, especially from European green hubs**

Our shared corporate culture is embodied as ComWerte in five values



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



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



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



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

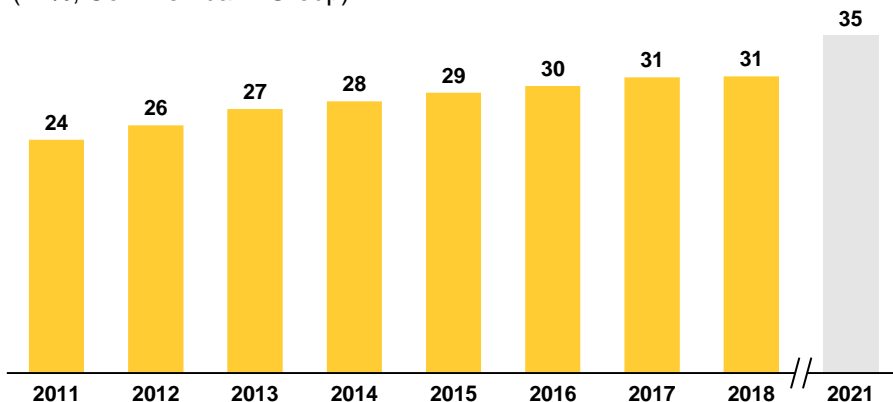


- › Commerzbank knows that its **strength is rooted in team spirit at every level** – the bank could not generate any of its products without the **involvement of many helping hands**
- › Although the customer often only sees the final result, **a successful outcome depends on the interaction of all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

As a highly socially committed employer, Diversity and Inclusion are important keystones in the foundation of our Corporate Culture

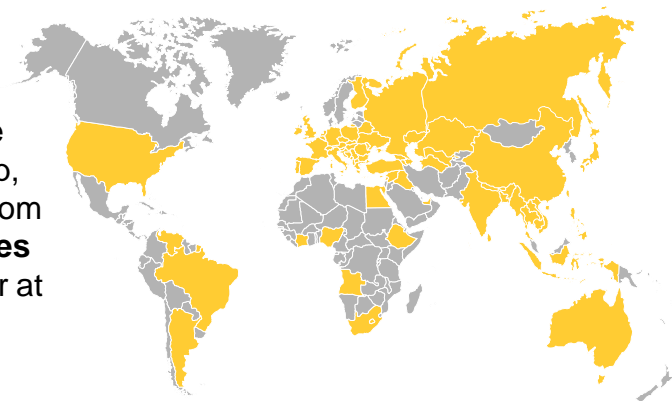
Women in management positions

(in %, Commerzbank Group)



Cultural variety makes us strong

Across the whole group, employees from **119 countries** work together at **50 sites**



5.5% of our German employees are people with disabilities fully integrated into the staff



225 women and **7** men using the “Keep in touch” program during parental leave



>10.000 employees and pensioners registered in the Diversity Portal



320 childcare places in Germany. Childcare support in London and New York, too



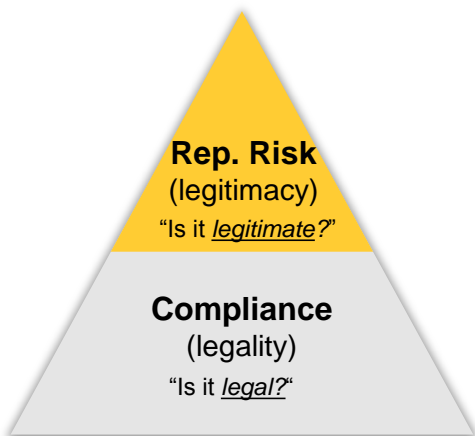
300 domestic employees using our support system for taking care of family members



~1.400 participants attended over **60** events on diversity

Markets & Clients

We incorporate environmental and social risks based on sustainable and ethical decision-making criteria into our overall risk strategy



Evaluation / Decision at Rep. Risk Management

- Explicit integration of sustainability criteria (= ecological, social and ethical) into banks business
- in 2018: Verification of ~5,900 individual cases



Group-wide early warning system

- Internal sensitization of employees, i.e. using roadshows, lectures, the quarterly RepRiskRadar, and the direct reporting to CFO

Head	Region	Country	Notes
1	Europe	Germany	Food production with 100,000 head of cattle...
2	USA	Transportation	Transportation of hazardous materials...
3	USA	Transportation	Transportation of hazardous materials...
4	USA	Transportation	Transportation of hazardous materials...
5	USA	Transportation	Transportation of hazardous materials...
6	USA	Transportation	Transportation of hazardous materials...
7	USA	Transportation	Transportation of hazardous materials...
8	USA	Transportation	Transportation of hazardous materials...
9	USA	Transportation	Transportation of hazardous materials...
10	USA	Transportation	Transportation of hazardous materials...

Selection of sensitive areas



Internal guidelines & positions

Cross-sector guidelines	
Human Rights	Indigenous Peoples
Sector-specific guidelines	
Agriculture & Forestry	Armaments
Cotton & Textiles	Coal Power / Energy
Food Staples	Mining
Oil & Gas	Ship Breaking

Comprehensive and binding internal guidelines enable responsible and sustainable risk management

Armaments Policy

- In 2008, Commerzbank as one of the first German major banks developed a compulsory guideline for the armaments sector, which was signed off by the Board of Managing Directors and implemented company-wide.
- The four basic principles of the **Guideline Governing Armaments Transactions** at Commerzbank Group are:

1 No financing of the supply of weapons or armaments to **conflict zones or areas of tension**

2 **No controversial weapons** (e.g. cluster bombs)

3 Only **governmental end-recipients**

4 All **applicable laws and regulations** must be met

Coal Policy

- In August 2016, Commerzbank implemented an extensive regulation regarding coal industry financing.
- The objectives of the **Guideline Governing Coal-Related Transactions** at Commerzbank are:

1 No financing of **new coal mines or construction of new coal-fired power plants**

2 No financing of **coal extraction through Mountaintop Removal Mining**

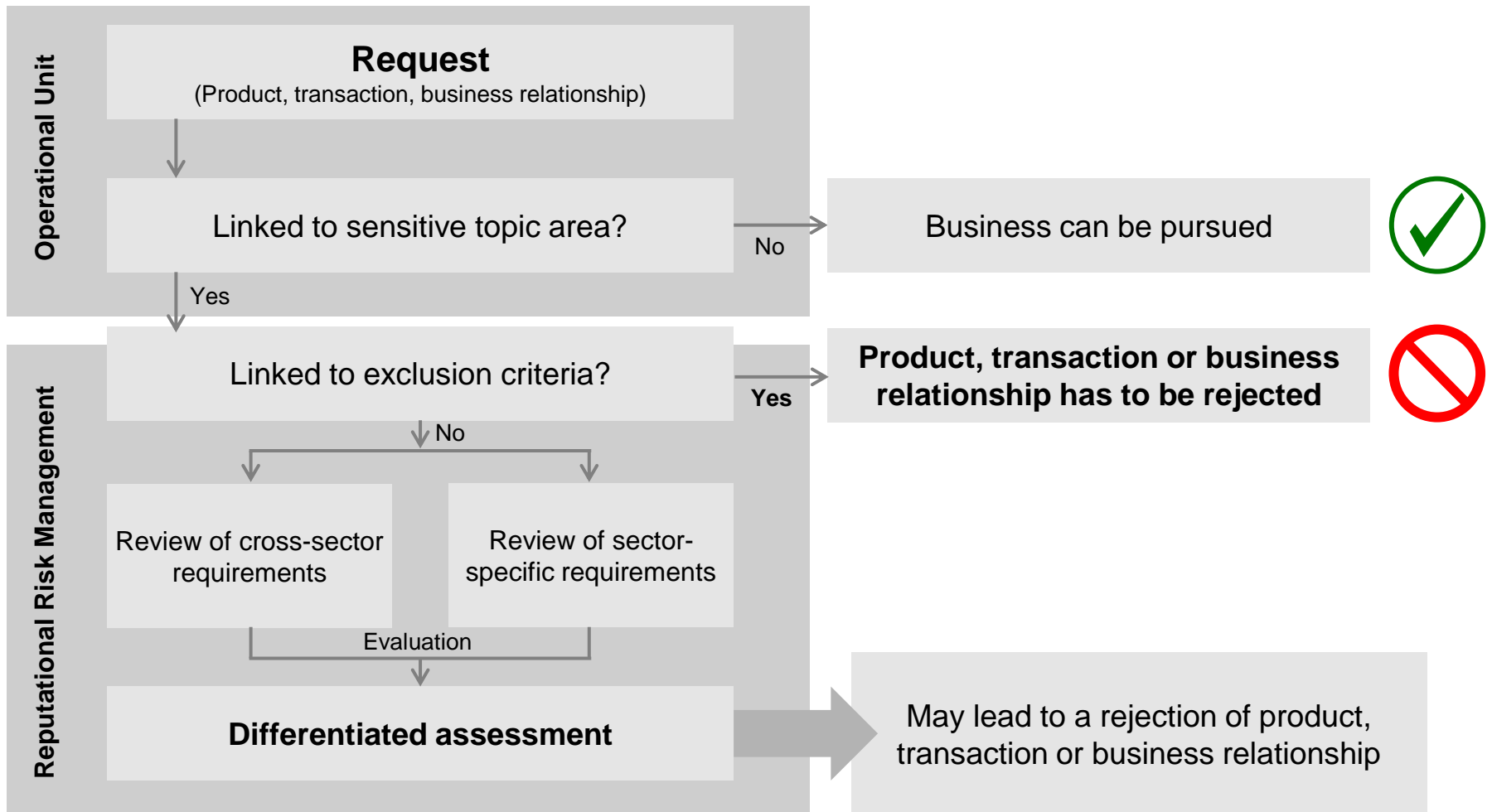
3 Continuous **monitoring of energy supplier** as clients of Commerzbank

4 Case by case assessment of **financing coal-related infrastructure projects**



Commerzbank has introduced two cross-sector and eight sector-specific policies on environmental and social risks

Environmental and social risk management process at Commerzbank



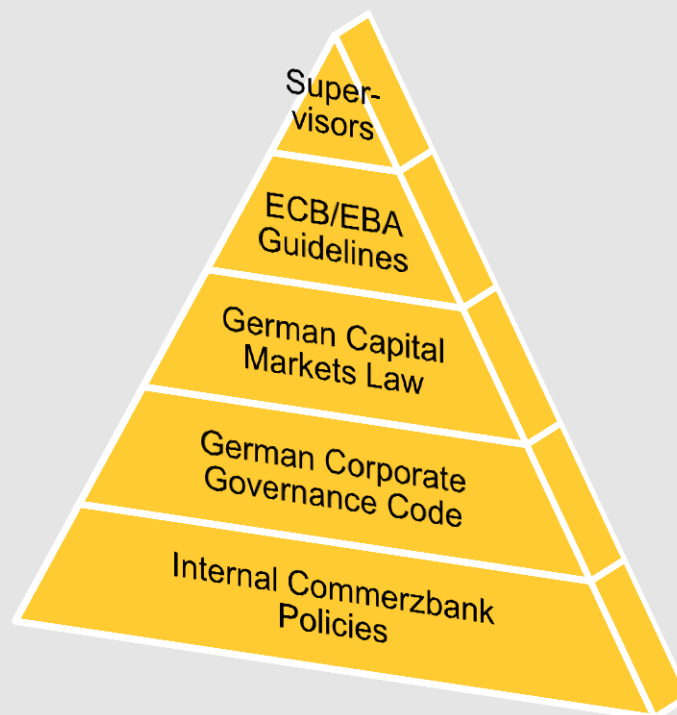
Corporate Governance

Commerzbank's approach to achieve a solid Corporate Governance

The bank's Corporate Governance approach

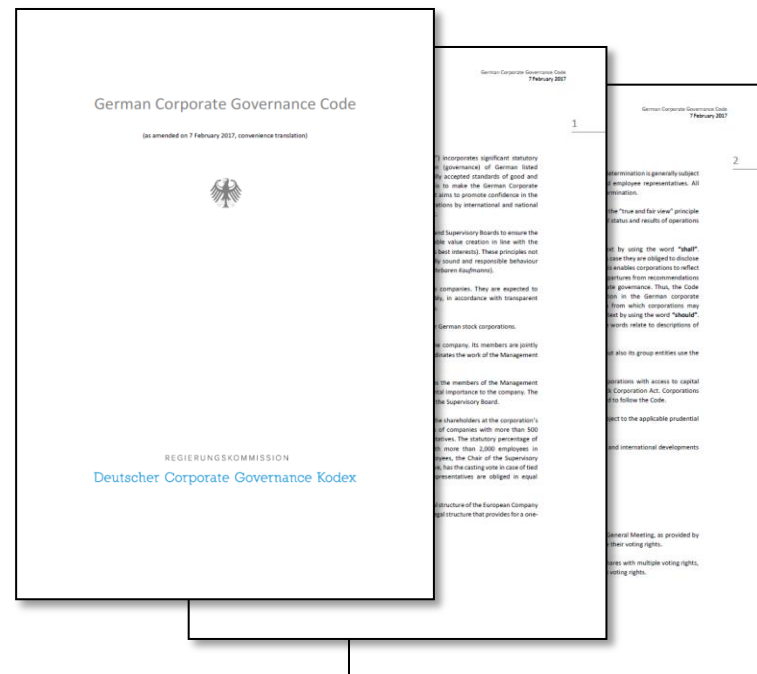
- › The bank's approach to a solid Corporate Governance is **anchored in a responsible and transparent management** aiming for a sustainable value creation.
- › Consideration is given to **diversity in the composition of the Board of Managing Directors** and in the **election of Supervisory Board members**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

Constituents of the bank's Governance Frameworks



The German Corporate Governance Code as basis for Commerzbank's Governance Framework

- The German Corporate Governance Code¹⁾ comprises essential statutory regulations for the management and supervision of German listed companies with the objective to enhance the transparency and comprehensibility of the German Corporate Governance system.
- The Code includes nationally and internationally acknowledged standards to achieve good and responsible Corporate Governance.
- It aims to promote confidence in management and supervision by all stakeholders.
- The Code highlights the obligation of Management and Supervisory Boards to ensure the continuance of the firm and its sustainable value creation in line with the principles of the social market economy.
- The principles of the Code not only require compliance with the law, but also ethically sound and responsible behaviour.



Responsible Corporate Governance is a key part of Commerzbank's self-image. We are unquestionably committed to the principles of good Corporate Governance. The bank provides an annual declaration of compliance, explaining whether we have complied with the Code.

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

Two-tier Board System

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

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

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.



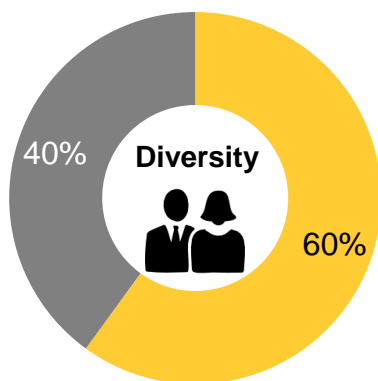
Board of Managing Directors

- › 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.

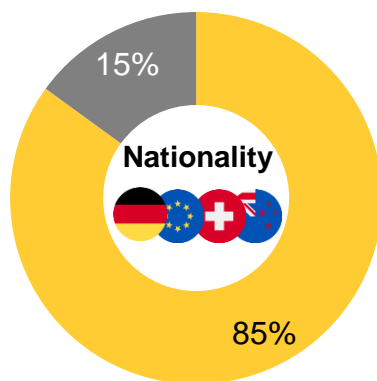
General information on the composition of the Supervisory Board

➤ 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.**

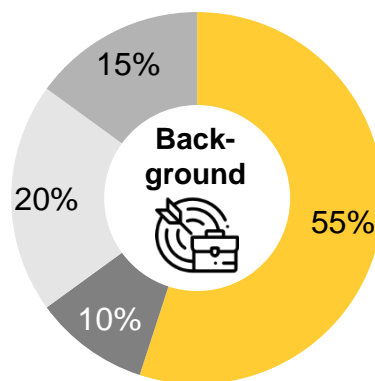
Composition of the Supervisory Board



Men Women



Germany
Other (EU / Non-EU)



Banking Industrials
Financial Services Trade Unions



Average age of members of the Supervisory Board:

55 years



Average period of being a board member:

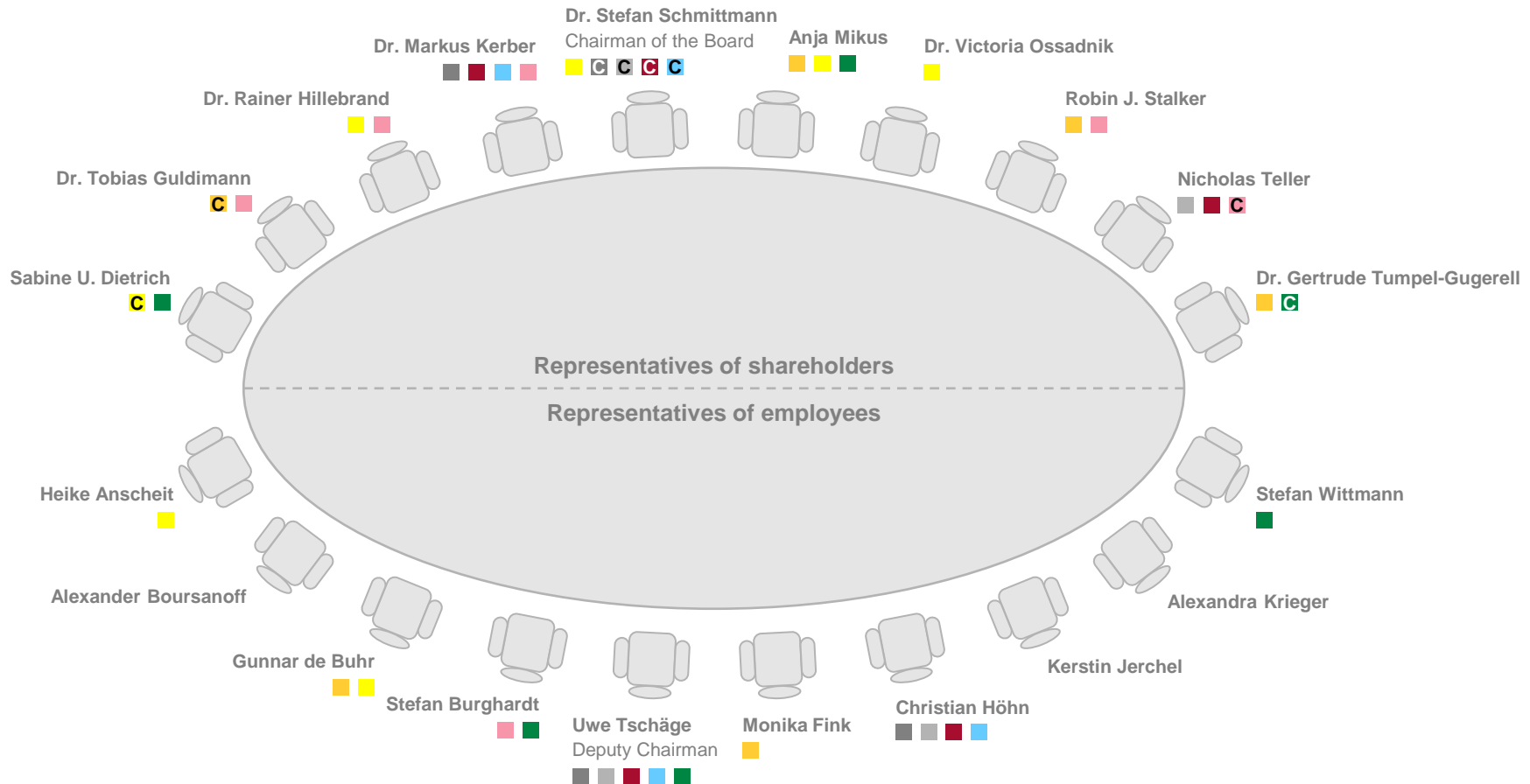
3 years

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.

Composition of the Supervisory Board



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

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.

Committees of the Supervisory Board – Committee for Digitalisation and Technology

To ensure that it can perform its duties efficiently, the Supervisory Board has formed eight committees from its members.

To actively monitor the digital transformation of the bank in accordance with its strategy “Commerzbank 4.0”, the Board has set up the Committee for Digitalisation and Technology.

The **Committee for Digitalisation and Technology** shall consist of at least five Supervisory Board members.

As part of the Bank’s transformation into a digital technology company, the Committee for Digitalisation and Technology shall accompany the changes of the business model, the development of digital products and processes and the associated changes to the organizational structure.

The Committee for Digitalisation and Technology receives regular reports from the Board of Managing Directors on relevant technological developments and the implementation of technical innovations as well as their effects.

The Committee for Digitalisation and Technology supports the Supervisory Board in advising and monitoring the Bank’s digitalisation progress and the associated IT and investment budget.

The Committee for Digitalisation and Technology receives regular reports on cyber risks and the associated information security of the Bank.



Composition of the Committee for Digitalisation and Technology¹⁾



**Sabine U.
Dietrich**
Chairperson



**Dr. Victoria
Ossadnik**



**Dr. Stefan
Schmitt-
mann**



**Anja
Mikus**



**Dr. Rainer
Hillebrand**



Career highlights

bp Europa SE

› E.ON Energie
Deutschland GmbH
› Microsoft Dtl. GmbH

› Commerzbank AG
› Bayerische Hypo- &
Vereinsbank AG

› Arabesque GmbH
› Union Investment
› Allianz Pimco AM

› Otto Group

Executive experience

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

› Current CEO of E.ON
Energie Deutschland
› Former Vice President
Data & AI Microsoft
Corporation

› Former CRO²⁾ of
Commerzbank
› Former Member of the
Management Board of
HypoVereinsbank

› CEO/CIO³⁾ of German
Nuclear Waste
Disposal Fund (Public
Endowment)

› Current Deputy Chair-
man of the Board of
Managing Directors of
the Otto Group

International business experience

› Various executive and
non-executive positions
at bp in UK, India,
Vietnam and Belgium

› Global VP roles in
Microsoft Corporation
and Oracle Corp.

› Various non-executive
mandates on super-
visory boards and
similar bodies for
European banking and
business enterprises

› Former CIO³⁾ of
Arabesque Asset
Management London

› International project
management
experience

Digitalisation / banking / finance knowledge

› Establishing bp's 1st
web presence in DACH
› Transformation of bp
Group Env. Liabilities
into Life Cycle Mgmt.
› Former Global VP
Remediation Mgmt.

› Deep IT, AI and data
knowledge with 18 yrs
global management
experience at CSC,
Oracle and Microsoft

› Specific knowledge of
banking organisations,
structures, processes
and risk management

› Experiences in asset
management, financial
planning and balance
sheet reporting

› Digitalisation and
transformation of Otto
Group from mail-order
to a digital business

Education

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

› PhD in physics at
Munich University

› Doctorate in economics
and studies of eco-
nomics at University of
St. Gallen

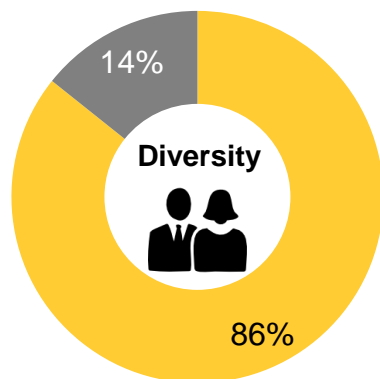
› Master of business
administration at
Göttingen University

› Doctorate in economics
and social sciences at
University of German
Federal Armed Forces

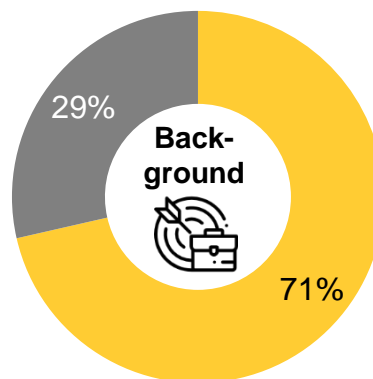
General information on the composition of the Board of Managing Directors

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

Composition of the Board of Managing Directors¹⁾



Men Women



Banking
Others (Consulting, Automotive)



Average age of members of the Board of Managing Directors:

53 years



Average period of being a board member:

6 years

Female quota on the Board of Managing Directors



Commerzbank's target
quota:

at least **1 woman**



Commerzbank's actual
quota:

1 woman

Composition of the Board of Managing Directors (1/2)



Martin Zielke
CEO
05.11.2010



Frank Annuscheit
Board Member
01.01.2008



Dr. Marcus Chromik
CRO
01.01.2016



Stephan Engels
CFO
01.04.2012



Responsibilities

Audit

Communications

Frank Annuscheit will leave the Board on 28th February 2019 – his successor as COO is Jörg Hessenmüller

Credit Risk Management

Intensive Care

Market Risk Management

Risk Controlling & Capital Mgmt.

Asset & Capital Recovery

Big Data & Advanced Analytics

Finance

Investor Relations

Tax

Treasury

mBank

Previous Commerzbank positions

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

- › Group Chief Operating Officer
- › Chief Information Officer

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

- › *Stephan Engels was directly appointed as CFO when he joined the Executive Board*

Former employers

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

- › european transaction bank AG
- › Deutsche Bank AG
- › KPMG
- › Andersen Consulting

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

- › Daimler AG
- › DaimlerChrysler Services AG
- › DaimlerChrysler Bank AG
- › debis AG & debis AirFinance
- › Daimler Benz AG

Composition of the Board of Managing Directors (2/2)



**Jörg
Hessenmüller**

COO
15.01.2019



**Michael
Mandel**

Board Member
23.05.2016



**Dr. Bettina
Orlopp**

Board Member
01.11.2017¹⁾



**Michael
Reuther**

Board Member
01.10.2006



Responsibilities

Banking Operations

Delivery Center

Information Technology

Markets Operations

Organisation & Security

Digital Transformation & Strategy

Private Customers

Small Business Customers

comdirect bank

Commerz Real

Compliance

Human Resources

Legal

Mittelstandsbank

Corporate Finance

Corporates International

Credit Portfolio Management

FICC²⁾

Research

CC Development & Digitalisation

Trade Finance & Cash Mgmt.

Previous Commerzbank positions

- › Divisional Board Member Development & Strategy
- › CFO mBank S.A.
- › Head of Investment Banking Finance

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

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

- › Executive Board Member Corporates & Markets
- › Executive Board Member responsible for Treasury and Non-Core Assets

Former employers

- › mBank S.A.
- › Dresdner Bank AG

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

- › McKinsey & Company

- › Deutsche Bank AG



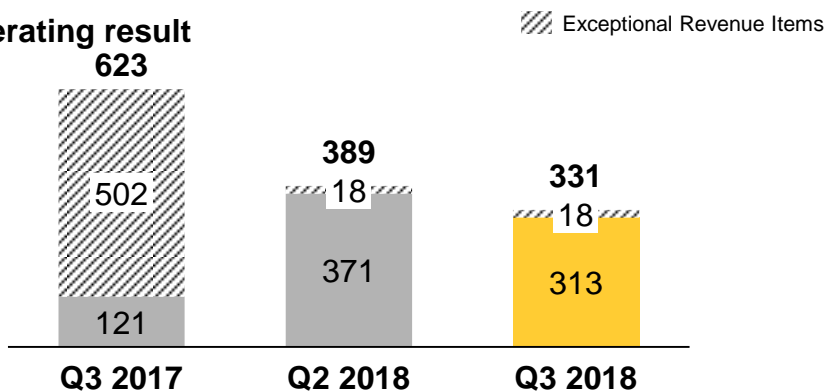
Appendix

Commerzbank 9M 2018 Results

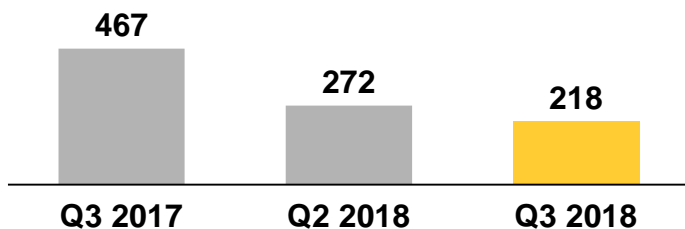
Key financial figures at a glance

Group Financial Results

Operating result (€m)



Net result¹⁾ (€m)

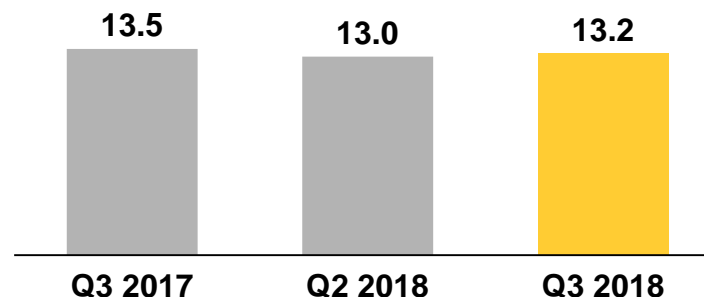


1) Consolidated result attributable to Commerzbank shareholders

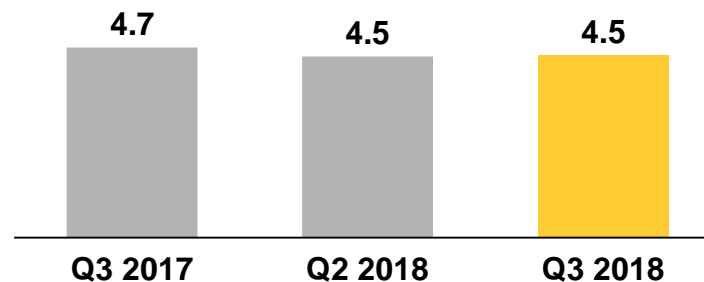
2) Includes net result of 9M 2018 reduced by dividend accrual; Q3 2017 before introduction of IFRS 9 which resulted in a reduction of the CET1 ratio by ~0.8%

Group Capital

B3 CET1 ratio fully phased-in²⁾ (% end of period)



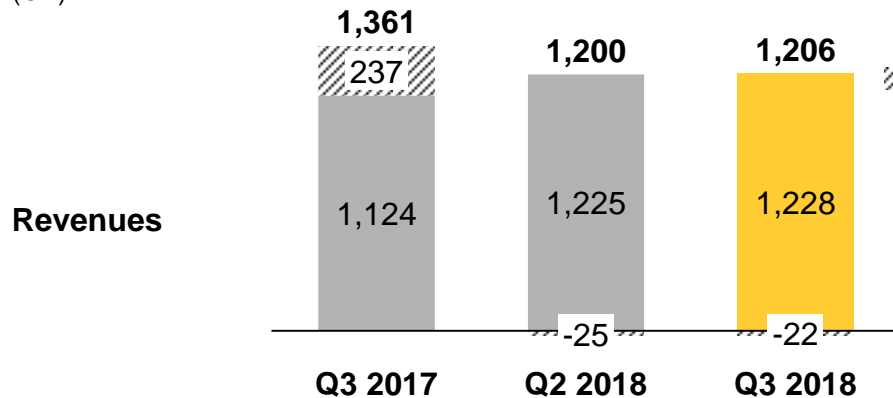
Leverage ratio fully phased-in (% end of period)



Revenues and operating results of Commerzbank divisions

Private and Small Business Customers

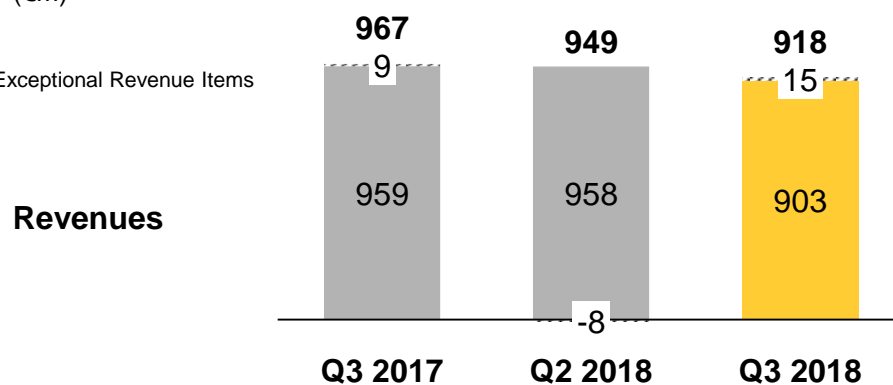
(€m)



Operating Result

Corporate Clients

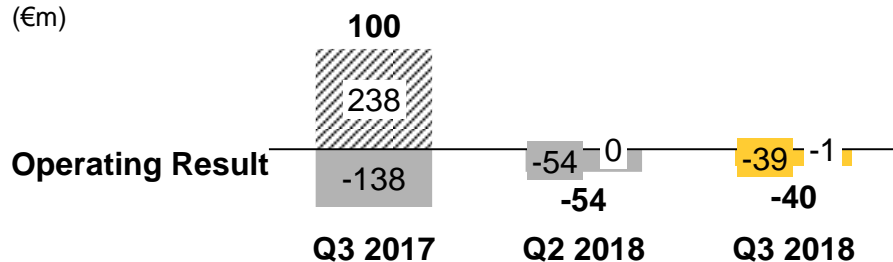
(€m)



Operating Result

Others & Consolidation

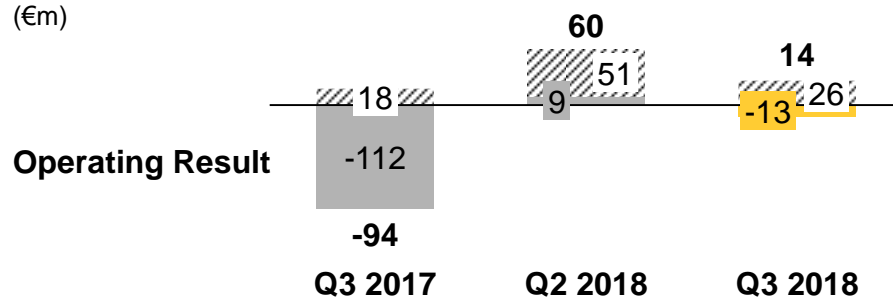
(€m)



Operating Result

Asset & Capital Recovery

(€m)

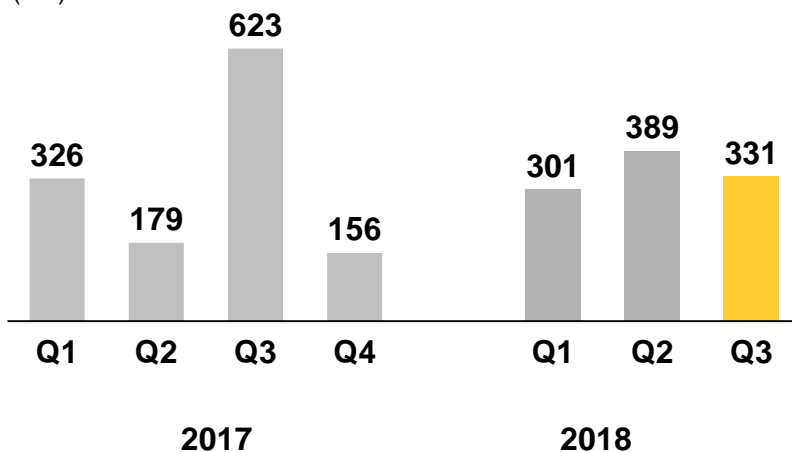


Operating Result

9M operating result reflects steady progress

Group operating result

(€m)



Group P&L

in €m	Q3 2017	Q2 2018	Q3 2018	9M 2017	9M 2018
Revenues	2,505	2,221	2,193	6,955	6,727
Exceptional items	502	18	18	617	37
Revenues excl. exceptional items	2,003	2,203	2,175	6,338	6,690
<i>o/w Net interest income</i>	1,061	1,179	1,218	3,129	3,468
<i>o/w Net commission income</i>	738	765	767	2,404	2,329
<i>o/w Net fair value result</i>	186	218	135	749	696
<i>o/w Other income</i>	17	41	56	56	197
Risk result (2017: LLP)	-168	-84	-134	-530	-295
Operating expenses	1,714	1,748	1,728	5,297	5,412
Operating result	623	389	331	1,128	1,020
Impairments on goodwill and other intangible assets	-	-	-	-	-
Restructuring expenses	-	-	-	807	-
Taxes on income	134	94	89	202	187
Minority interests	21	23	24	67	81
Net result ¹	467	272	218	53	751
CIR (%)	68.4	78.7	78.8	76.2	80.5
Net RoTE (%)	7.3	4.3	3.5	0.3	4.0
Operating return on CET1 (%)	10.6	6.9	5.7	6.4	6.0

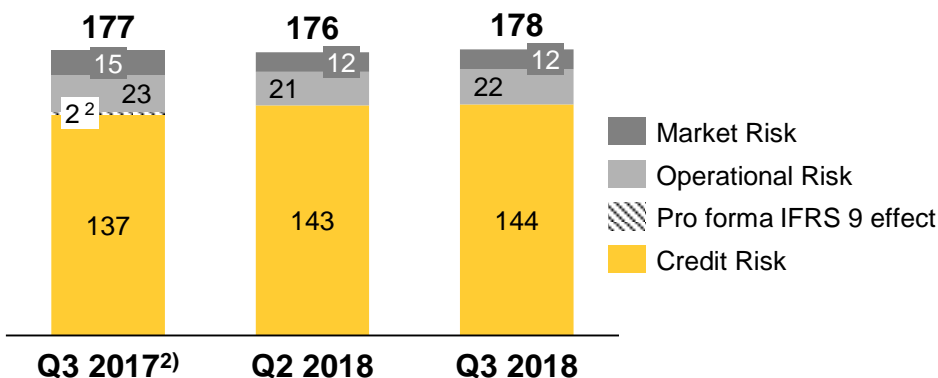
Highlights

- › 9M underlying revenues €352m (5.6%) higher with Q3 18 €172m above Q3 17, stable vs. Q2 18
- › Increase in underlying NII by €156m vs. Q3 17 mainly from growth in PSBC and lower interest expenses from capital markets issuances – partially offset by lower NFV
- › 9M net result benefitted from a tax ratio of 18% – a normalised IFRS tax ratio is expected for the FY

Capital ratio¹⁾ of 13.2% with increased RWA balanced by capital build

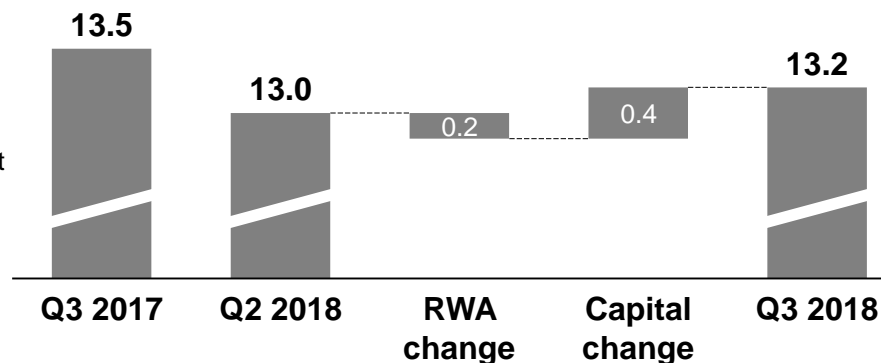
RWA development by RWA classification

(€bn eop)



Transition of CET1 ratio

(%)



Highlights Q-o-Q

- › Increase of Credit Risk RWA mainly driven by increased lending in core segments – FX effects from stronger USD and PLN were offset by reductions from legacy portfolios
- › Strengthened capital due to retained earnings as well as other reserves and reduced regulatory capital deductions
- › Capital incorporates 9M €0.15 per share for dividends

Objectives and expectations for 2018

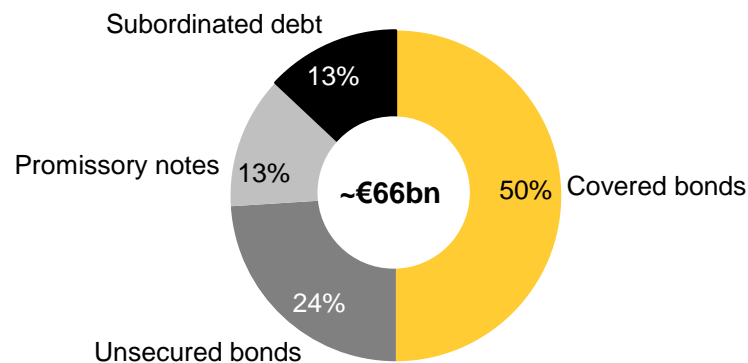
FY 2018 – Outlook

- We focus on further growth and the execution of our strategy Commerzbank 4.0
- We expect higher underlying revenues on Group level with PSBC exceeding and CC below 2017
- We will manage our cost base at ~€7.1bn
- We expect a Risk Result under the IFRS 9 regime of less than €500m
- We aim to pay a dividend of €0.20 per share for the financial year 2018

Capital markets funding activities 9M 2018

Funding structure¹⁾

(as of 30 September 2018)



Group Funding activities²⁾

9M 2018 – Notional €8.2bn

Unsecured bonds ³⁾ €3.9bn		Covered bonds €4.3bn	
Benchmark	Private Placements	Benchmark	Private Placements
€3.3bn	€0.6bn	€4.1bn	€0.2bn

Highlights

- › Total funding volume for 2018 expected to be below €10bn
- › €8.2bn issued in 9M 2018 (average term over 7 years), with focus on longer tenors, thereof:
 - Benchmark Pfandbriefe with maturities 5, 7 and 10 years with an aggregated volume of €3.75bn
 - Inaugural Preferred Senior Dual tranche €1.25bn 5years and €0.5bn 10years
Non-Preferred Senior €0.5bn 10 years and Tier 2 AUD 225m 10 years, SGD 400m 10nc5 years transactions
 - mBank with CHF 180m and €0.5bn 4 years Senior Unsecured and mBank Hipoteczny with €300m 7 years covered bond

Rating overview Commerzbank

As of 8 November 2018

	S&P Global	MOODY'S INVESTORS SERVICE	FitchRatings	SCOPE Scope Ratings
Bank Ratings	S&P	Moody's	Fitch	Scope
Counterparty Rating/ Assessment ¹⁾	A	A1/ A1 (cr)	A- (dcr)	-
Deposit Rating ²⁾	A- negative	A1 stable	A-	-
Issuer Credit Rating (long-term debt)	A- negative	A1 stable	BBB+ stable	A stable
Stand-alone Rating (financial strength)	bbb+	baa2	bbb+	-
Short-term debt	A-2	P-1	F2	S-1
Product Ratings (unsecured issuances)				
Preferred senior unsecured debt	A- negative	A1 stable	A-	A stable
Non-preferred senior unsecured debt	BBB	Baa1	BBB+ stable	A- stable
Subordinated debt (Tier 2)	BBB-	Baa3	BBB	BBB stable

Rating events in Q3 2018

- › Moody's upgraded counterparty risk rating, deposit rating and preferred senior unsecured debt rating to "A1" and subordinated debt rating to "Baa3" triggered by an uplift of the stand-alone Rating by 1 notch to "baa2"
- › Methodical change: issuer credit rating positioned at preferred senior unsecured rating level and increased therefore by 3 notches to "A1"

Commerzbank's Commitment to global Sustainability Goals

United Nations Global Compact (UNGC)

The UN Global Compact was concluded in 2000 to make globalization more social and environmental - more than 8,000 businesses in more than 160 countries have signed the Global Compact so far



United Nations
Global Compact

Voluntary principles that commit signatories to:

- › The alignment of business operations and strategy with ten universally accepted principles in the areas of human rights, fair labor conditions, environmental protection, and anti-corruption
- › Push sustainability deep into the corporate identity
- › Report annually on their efforts
- › Engage locally where they have presence

Commerzbank has signed the Global Compact in 2006:

- › Global Compact principles are integrated in the banks environmental and social risk framework and processes
- › Commerzbank annually reports its communication on progress
- › Active member of the German Global Compact Network and member of the peer learning group on human rights

”

By signing the Global Compact of the United Nations in 2006, we have made a commitment to act sustainably for the benefit of our clients, shareholders, employees and business partners.

Martin Zielke, CEO

Sustainable Development Goals

The Sustainable Development Goals are political objectives of the United Nations aiming sustainable economic, social and environmental development



The Sustainable Development Goals were adopted at the 2015 UN World Summit on Sustainable Development:

- › The Sustainable Development Goals consist of 17 main objectives and 169 sub-goals to promote action on human rights, planet Earth, prosperity, peace and partnership

Commerzbank ...

- › ... is committed to contribute to reaching the sustainable development goals
- › ... shows its current contribution to the SDG
- › ... was guided by the sustainable development goals in developing its own sustainability program



Paris Climate Agreement as a catalyst for climate action

The climate agreement of Paris is the first international legally binding climate agreement and was concluded in December 2015 of 195 countries at the Paris Climate Summit

The agreement sets out a global action plan to put the world on track to avoid dangerous climate change by limiting global warming to well below 2°C. It is flexible and takes into account the needs and capacities of each country.

Focused on:

- › **Mitigation:** reducing emissions
- › **Adaptation:** support for adaptation to developing countries
- › **Transparency** and global review process



Commerzbank ...

- › ... offers new products for clients regarding mitigation (e.g. C.L.E.A.N.) and adaptation
- › ... is active member of international, European and national Sustainable Finance Working Groups
- › ... supports transparency initiatives such as TCFD
- › ... is partner of German Ministries and was part of the German business delegations at the climate summits in Paris 2015 and Bonn 2017
- › ... builds capacities internally (e.g. workshops) and externally (e.g. host of discussion panels on Sustainable Finance)

The bank informs its stakeholders regularly and transparently about sustainability issues in various formats

Overview of various communication elements regarding sustainability issues

Sustainability magazine

- › Semi-annual reporting since 2005
- › Transparent, open and future-orientated report including the banks sustainability initiatives



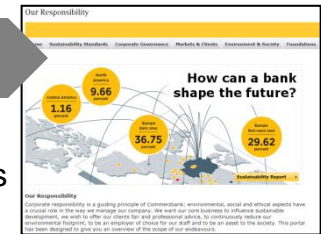
Sustainability portal

- › Comprehensive portal including all sustainability initiatives and policies



sustainability.commerzbank.com

climate-neutral.commerzbank.com



CO₂ neutral
climate-neutral.commerzbank.com

Corporate Responsibility Report

- › Published in Group Annual Report
- › Focuses on sustainability, climate change, integrity, civil society
- › Henceforth: Non-financial Report



Factsheet & Newsletter

- › Sustainability Factsheet and Newsletter reported quarterly



sustainability@commerzbank.com



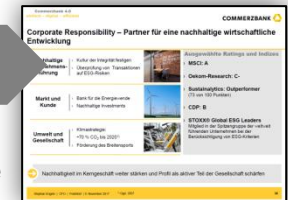
GRI¹⁾ results / Progress report about UN Global Compact

- › Progress report on UN Global Compact implementation and DNK declaration of conformity²⁾



Capital markets disclosure

- › Sustainability ratings as a part of quarterly Investor Relations disclosure



Committees of the Supervisory Board

Committees of the Supervisory Board – General information (1/2)

Committee	Description of activities
Audit Committee	<ul style="list-style-type: none">› Supporting the Supervisory Board in the monitoring of:<ul style="list-style-type: none">› the accounting process› the effectiveness of the compliance and risk management› the performance of the audits
Committee for Digitalisation & Technology	<ul style="list-style-type: none">› Supporting the Supervisory Board in advising and monitoring the bank's digitalisation progress and the associated IT and investment budget
Compensation Control Committee	<ul style="list-style-type: none">› Supporting the Supervisory Board in the appropriate structuring of the compensation systems of the Board of Managing Directors› Monitoring the appropriate structure of the compensation systems of the employees› Shall cooperate with the Risk Committee
Mediation Committee	<ul style="list-style-type: none">› The functions and composition of the Mediation Committee are established by Section 27, paragraph 3 of the German Co-determination Act

Committees of the Supervisory Board – General information (2/2)

Committee	Description of activities
Nomination Committee	<ul style="list-style-type: none">› Recommending appropriate shareholder representative candidates to the Supervisory Board for it to propose at the General Meeting› Supporting the Supervisory Board in the elaboration of an objective to promote the representation of the under-represented gender
Presiding Committee	<ul style="list-style-type: none">› Responsible for concluding and altering employment contracts with the members of the Board of Managing Directors› Responsible for terminating the employment contracts of the members of the Board of Managing Directors
Risk Committee	<ul style="list-style-type: none">› Monitoring of the bank's risk situation and management, devoting particular attention to the overall risk strategy, the sub-risk strategies and credit, market, liquidity, operational, reputational and compliance risks
Social Welfare Committee	<ul style="list-style-type: none">› Responsible for all personnel and social issues which are of general relevance for employees

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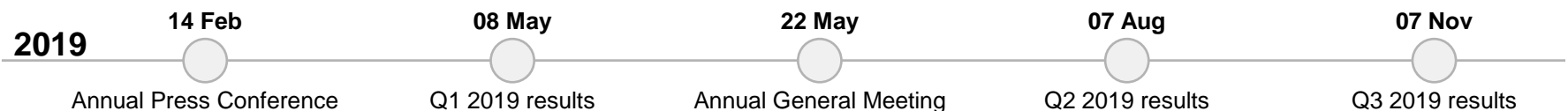
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Financial calendar



Disclaimer

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