

Declaration of Compliance With the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG)

The Board of Managing Directors and Supervisory Board of comdirect bank AG declare that the recommendations of the "Commission for the German Corporate Governance Code" published by the German Federal Ministry of Justice in the official section of the Federal Gazette have been and are still observed with the exception of the following recommendations. This refers to the German Corporate Governance Code in the version dated 13 May 2013 for the period from 27 March 2014 (date of the last Declaration of Compliance) until 29 September 2014 (day preceding publication of the new version of the Code). With regard to the Corporate Governance practice of comdirect bank AG since 30 September 2014 (date of the publication of the new version of the Code), the Declaration refers to the recommendations of the German Corporate Governance Code in the version dated 24 June 2014:

Pursuant to **Section 4.2.3 (2) clause 6** of the Code, compensation of members of the Board of Managing Directors is to be capped, both overall and for individual compensation components. The compensation system for the Board of Managing Directors of comdirect bank AG comprises both a fixed annual salary and variable compensation. The Supervisory Board determines the individual levels of variable compensation subsequent to the end of a financial year on the basis of agreed targets. This is subject to a cap equal to the fixed compensation as determined in accordance with the provisions of Germany's Remuneration Regulation for Institutions (InstitutsVergV). The individual variable compensation for the members of the Board of Managing Directors is split into two parts – a long-term incentive (LTI), which comprises 60% of total variable compensation for CEO and 40% for members of the Board of Managing Directors and is paid out at the earliest three and a half years after the end of the financial year, and a short-term incentive (STI) paid out within ten months of the end of the financial year. Entitlement to the LTI is only conferred upon expiry of the three-year waiting period. Entitlement to the STI is conferred immediately. Half of both the LTI and STI component is settled as a cash payout and the remaining half in the form of shares in Commerzbank AG after a six-month blocking period. Share price fluctuations during the blocking period do not affect the number of shares granted, but do alter the payout amount. There is no cap on this amount. The concept of the compensation system involves the members of the Board of Managing Directors being allocated shares as part of sustainable compensation, which means they are subject to risk due to share volatility. It would not be appropriate to limit the possibility of benefiting from a positive price development, in particular in view of the fact that there is no cap on price losses.

With regard to the compensation of the Board of Managing Directors, according to **Section 4.2.3 (2) clause 8** of the Code, retroactive changes to the performance targets or the comparison parameters for the variable compensation components should be excluded. When implementing legal regulations which stipulate that for extraordinary developments, the management or supervisory body should agree a possibility of limitation (cap) with regard to the variable compensation, the Supervisory Board of comdirect bank AG is authorised to adjust the targets and other parameters for the variable compensation components in the event of extraordinary developments in order to appropriately neutralise both positive and negative impacts on the attainment of targets.

In **Section 4.2.3 (3)**, the Code recommends that for pension schemes in favour of the Management Board, the Supervisory Board shall establish the level of provision aimed for in each case – also considering the length of time for which the individual has been a Management Board member – and take into account the resulting annual and long-term expense for the company. At comdirect bank AG, the pension system was changed to a defined contribution pension scheme in 2011. A specific benefit level is therefore no longer defined. Instead each member of the Board of Managing Directors is entitled to an annual pension element, the level of which is determined according to a fixed percentage of the basic annual salary of the individual member of the Board of Managing Directors. Once this percentage has been defined – and excluding other actuarial influences – the final amount of the pension entitlement attained by a member of the Board of Managing Directors thus depends solely on the length of time they have been a member of the Board. Using a fixed percentage of the respective basic annual salary gives the Supervisory Board an accurate picture as possible of the annual and long-term expense for the company. The actual annual expense for the company due to the recognition of provisions is dependent on actuarial influences. Refraining from defining the level of provision aimed for in conjunction with changing over to a defined contribution pension scheme is becoming increasingly common practice in business.

According to **Section 5.3.3** of the Code, the Supervisory Board should form a nomination committee, which is composed solely of representatives of the shareholders and which suggests suitable candidates to the Supervisory Board for its election proposals to the annual general meeting. The Supervisory Board of comdirect bank AG comprises a total of six members, four of whom are shareholder representatives. Forming an additional committee from its membership would in our opinion be an “excessive structuring” of the Board. The duties of a nomination committee in accordance with Section 25d, (11), of the German Banking Act (KWG) have therefore been assigned to the full Supervisory Board in accordance with a Supervisory Board resolution.

comdirect bank AG
Quickborn, 19 March 2015
The Board of Managing Directors The Supervisory Board