
> Report of the Supervisory Board

> Cooperation between the Board of Managing Directors and the Supervisory Board

The Supervisory Board worked in close partnership with the Board of Managing Directors of comdirect bank AG in financial year 2005, providing regular advice and monitoring the management of the company. We have comprehensively carried out all of the duties specified by the legal framework conditions, the bank's Articles of Association and the German Corporate Governance Code.

The Board of Managing Directors presented detailed information regarding individual measures under the comvalue growth programme, which aims to systematically exploit the opportunities available to comdirect bank in the direct banking market. Such measures were agreed with us. We also discussed the progress of the programme with the Board of Managing Directors at regular intervals. We were directly involved in all company decisions of vital importance, including all measures which may significantly affect comdirect bank's situation regarding assets and liabilities, financial position or earnings.

The Board of Managing Directors provided us with regular written and oral reports on the situation and development of comdirect bank AG and its subsidiary, comdirect private finance AG. We requested full and timely reports on all major business transactions, fundamental issues of business policy, management and corporate planning. As part of our monitoring and control function, all documents submitted to us have been checked for plausibility and questions on material issues have been followed up with the relevant comdirect bank contact persons, particularly the Board of Managing Directors.

In addition, the Chairman of the Supervisory Board was continuously given detailed information on all events that were of significant importance for the assessment of the situation and development as well as for the management of the company. He maintained frequent contact with the CEO and conferred with him on the strategy, business development and risk management of comdirect bank. He has had sight of all minutes of the meetings of the Board of Managing Directors and arranged for important matters to be addressed by the Supervisory Board committees.

> Main focus in 2005

The Supervisory Board met at five regularly convened meetings in financial year 2005: on 4 March, 4 May (before and after the annual general meeting held on the same day), 4 August and 7 November 2005.

In view of the crucial importance of the growth programme adopted in the previous year, the Supervisory Board reviewed progress on several occasions and discussed specific measures with the Board of Managing Directors. Our checks were aimed at ensuring that the funds provided for the growth programme were being used in a target-oriented manner.

In addition to information on the growth programme, other opportunities for growth in the direct banking market were discussed on an ongoing basis. In this regard, the Supervisory Board closely examined the acquisition of a customer portfolio from American Express Bank GmbH and the strategic and financial impact of the transaction in 2005 and subsequent financial years. The acquisition was approved by the Presiding Committee.

The Supervisory Board also discussed the risk management and risk situation of the bank in several meetings. The main areas were the credit risk strategy in line with the minimum requirements for the lending business of financial institutions (MaK) and the further development of the bank's risk management to implement requirements under Basel II.

The Long Term Incentive Programme (LTIP) drawn up by the Board of Managing Directors was approved by the Supervisory Board on the recommendation of the Presiding Committee. The “performance shares” (see page 42) will be issued to the Board of Managing Directors and other executives in the comdirect bank group. As a compensation component with long-term incentive and risk elements, the Long Term Incentive Programme replaces the stock option programme at comdirect bank under which subscription rights were last awarded in financial year 2004. The Compensation report includes a detailed description of the LTIP (page 41 onwards) as do the Notes on pages 116f.

In one instance, the Supervisory Board reached a decision by means of a written circular. This related to amendments to the Articles of Association, which were necessary due to a change in share capital and conditional capital following the exercise of stock options.

> Efficiency of Supervisory Board activities

The Supervisory Board carried out a review of the efficiency of its activities by means of an extensive questionnaire. All members of the Supervisory Board took part in the review. At its meeting on 6 March 2006, the Chairman of the Supervisory Board reported on the findings of the self evaluation process. The measures instigated after the first review carried out two years ago have since been implemented and have impacted positively on cooperation with the Board of Managing Directors. The division of labour between the full Supervisory Board and the committees was judged to be appropriate. There were only a few suggestions on individual topics which were discussed at the same meeting. As a result, it can be stated that corporate governance at comdirect bank is already highly efficient.

As part of the efficiency audit, the Supervisory Board also noted that, in accordance with Section 5.4.2 Clause 1 of the German Corporate Governance Code, there is a greater number of independent members on the Supervisory Board. Further details are provided in the joint Corporate

Governance report by the Board of Managing Directors and the Supervisory Board (see page 37).

The Supervisory Board also agreed to include the matter of efficiency on the agenda at annual intervals. In addition to the self evaluations taking place every two years, further suggestions to increase efficiency should be discussed in the intervening years starting with the accounts meeting in 2007.

The Corporate Governance Officer provided his first comprehensive report to the Supervisory Board and prepared the Declaration of Compliance from the Board of Managing Directors and the Supervisory Board in accordance with Art. 161 of the German Stock Corporation Act (AktG). This was approved at our meeting on 6 March 2006.

There were no conflicts of interest among Supervisory Board Members as defined by Section 5.5 of the German Corporate Governance Code again in financial year 2005. The Supervisory Board commissioned the auditors elected by the annual general meeting on 4 May 2005, BDO Deutsche Warentreuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Hamburg, to conduct the audit for financial year 2005. We have obtained a certificate of independence from the auditors. There are no business, financial, personal or other relations between the auditors and their executive bodies on the one hand and comdirect bank and its boards on the other, which could give rise to doubts with regard to their independence.

> Activities of the committees

As in the previous year, we referred some matters to be dealt with by us to committees in order to improve the efficiency of Supervisory Board activities and how complex matters are dealt with. At its meeting on 4 March 2005, the Audit Committee of the Supervisory Board dealt with the preliminary examination of the financial statements and dependency report as well as the independence of the commissioned auditors for the company and group accounts. The Presiding Committee also met once during the reporting period. At its meeting on 4 August 2005, members discussed in detail the proposed introduction and structure of the Long Term Incentive Programme (LTIP). The

meeting found that the new programme represents a suitable compensation component with long-term incentive effect and risk elements. In addition, the Presiding Committee reached three decisions by means of a written ballot. These concerned the variable compensation payment of members of the Board of Managing Directors for 2004 and the acquisition of the customer portfolio from American Express Bank GmbH. A detailed report of activities of the committees was provided at the Supervisory Board meetings. The Supervisory Board has not formed any committees other than the Presiding Committee and Audit Committee.

➤ Approval of the financial statements and dependency report

The financial statements of comdirect bank AG (according to HGB and IFRS/IAS), the management report of comdirect bank AG (according to HGB) and the consolidated financial statements and the combined management report (according to IFRS/IAS), including the book-keeping for financial year 2005, have been examined by the auditors and issued with an unqualified certification. The financial statements documentation and the auditors' reports were made available to the members of the Supervisory Board in good time. The auditors who signed the financial statements took part in today's meeting of the Audit Committee and the subsequent meeting of the Supervisory Board dealing with the approval of the annual accounts. They reported on the key findings of the audit and answered questions. The result of the audit was thoroughly discussed with the Audit Committee. The Audit Committee then proposed to the Supervisory Board that the financial statements be approved. The Supervisory Board has acknowledged the results of the audit. Within the scope of the legal provisions, it has examined the financial statements and management report, the consolidated financial statements and group management report and the proposal of the Board of Managing Directors for appropriation of the distributable profit and raised no objections. At today's meeting, the

Supervisory Board approved the financial statements and the consolidated financial statements presented by the Board of Managing Directors. Accordingly, the financial statements are to be regarded as adopted. The Supervisory Board endorses the proposal for appropriation of the distributable profit. Furthermore, the report of the Board of Managing Directors on the bank's relationship with affiliated companies was also submitted to the Supervisory Board together with the associated auditors' report. The Supervisory Board examined the report of the Board of Managing Directors and found it to concur with its own findings and those of the auditors' examination.

After completing the examination, the auditors raised no objections to the report of the Board of Managing Directors and gave it the following unqualified certificate: "After conducting our audit in accordance with professional standards, we confirm that

1. the actual details of the report are accurate,
2. the fees paid by the company for the legal transactions detailed in the report were not disproportionately high."

After completing the examination, the Supervisory Board finds no cause for objection to the concluding statement by the Board of Managing Directors concerning the relationship with affiliated companies.

As part of the audit, the auditors also assess whether the Board of Managing Directors has implemented a monitoring system and has fulfilled the legal requirements concerning the early detection of risks that are likely to threaten the existence of the company. The auditors have confirmed that the risks described in the management report are presented accurately and that the measures taken by the Board of Managing Directors according to Section 91 (2) of the German Stock Corporation Act (AktG) are conducive to the early detection of developments that are likely to threaten the continued existence of the company.

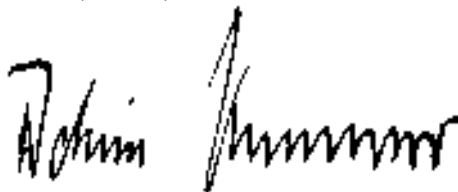
> Supervisory Board – changes

Dr. Achim Kassow, member of the Board of Managing Directors of Commerzbank AG responsible for Retail Banking and Asset Management, was appointed to the Supervisory Board of comdirect bank AG by the annual general meeting on 4 May 2005 for the remaining period of office in this cycle until the annual general meeting in 2009. He was elected Chairman of the Supervisory Board by the members of the Supervisory Board at the subsequent meeting. He replaces Martin Blessing, who stepped down as a result of new responsibilities on the Board of Managing Directors of the Commerzbank Group. Dr. Achim Kassow also assumed the Chairmanship of the Presiding Committee as well as the Audit Committee on a temporary basis. On 1 February 2006, Dr. Eric Strutz became Chairman of the Audit Committee. Rainer Beaujean, Chairman of the Board of Managing Directors at T-Online International AG, left the Supervisory Board on 31 August 2005 due to the acquisition of T-Online's 21.32 percent stake in comdirect bank AG by Commerzbank AG. We would like to thank Martin Blessing and Rainer Beaujean for their services to comdirect bank and its shareholders.

> Thanks for excellent performance

We would like to thank all the members of the Board of Managing Directors and all employees of comdirect bank for their excellent performance throughout 2005. Their entrepreneurial skills have ensured that comdirect bank has again considerably enhanced its competitive position in financial year 2005. We would also like to thank the staff council for their committed and constructive cooperation at all times.

Frankfurt, 6 March 2006
The Supervisory Board

A handwritten signature in black ink, appearing to read 'Achim Kassow', written in a cursive style.

Dr. Achim Kassow
Chairman