> Annual report 2012

Exploiting our potential

.comdirect

> Key figures of comdirect group

		2012	2011	Change in %
Customers, assets under custody and key products		**31.12.**	**31.12.**	
comdirect group*				
Customers	number	2,755,257	2,630,525	*4.7*
Custody accounts	number	1,702,021	1,683,301	*1.1*
Total assets under custody	in € million	48,854	41,587	*17.5*
– of which: portfolio volume	in € million	37,134	30,882	*20.2*
– of which: deposit volume	in € million	11,720	10,705	*9.5*
business-to-customer (B2C) business line				
Customers	number	1,716,783	1,632,467	*5.2*
Custody accounts	number	806,417	783,616	*2.9*
Current accounts	number	901,419	774,518	*16.4*
Tagesgeld PLUS ("call money plus") accounts	number	1,344,940	1,235,770	*8.8*
Total assets under custody	in € million	27,909	24,896	*12.1*
– of which: portfolio volume	in € million	16,286	14,324	*13.7*
– of which: deposit volume	in € million	11,623	10,571	*10.0*
Credit volume	in € million	173	189	*–8.5*
business-to-business (B2B) business line				
Customers	number	1,038,474	998,058	*4.0*
Custody accounts	number	895,604	899,685	*–0.5*
Total assets under custody	in € million	20,945	16,692	*25.5*
– of which: portfolio volume	in € million	20,848	16,558	*25.9*
– of which: deposit volume	in € million	97	134	*–27.6*
Orders and order volume		**2012**	**2011**	
Executed orders	number	17,988,010	18,677,910	*–3.7*
– of which: B2C	number	8,472,017	9,151,389	*–7.4*
– of which: B2B	number	9,515,993	9,526,521	*–0.1*
Average order activity per custody account (B2C)	number	8.8	11.9	*–26.1*
Order volume per executed order (B2C)	in €	4,759	5,308	*–10.3*
Earnings ratios		**2012**	**2011**	
Net commission income	in € thousand	166,416	182,585	*–8.9*
Net interest income before provisions	in € thousand	151,801	150,847	*0.6*
Administrative expenses	in € thousand	236,702	232,074	*2.0*
Pre-tax profit	in € thousand	92,286	108,076	*–14.6*
Net profit	in € thousand	73,358	111,763	*–34.4*
Earnings per share	in €	0.52	0.79	*–34.2*
Return on equity before tax 1)	in %	17.3	21.2	–
Cost/income ratio	in %	71.0	68.0	–
Balance sheet key figures		**31.12.**	**31.12.**	
Balance sheet total	in € million	12,446	11,378	*9.4*
Equity	in € million	586	547	*7.1*
Equity ratio 2)	in %	4.3	4.7	–
Regulatory indicators under Basel II 3)		**31.12.**	**31.12.**	
Risk weighted assets 4)	in € million	635	514	*23.5*
Eligible amount for operational risks	in € million	15	29	*–48.3*
Core capital	in € million	386	356	*8.4*
Own funds for solvency purposes	in € million	380	351	*8.3*
Own funds ratio 5)	in %	46.1	40.1	–
Employees' figures		**31.12.**	**31.12.**	
Employees	number	1,176	1,148	*2.4*
Employees full-time basis	number	1,050.2	1,024.8	*2.5*

*) B2C: comdirect bank AG; B2B: ebase GmbH

1) Pre-tax profit/average equity (excluding revaluation reserve) in the reporting period

2) Equity (excluding revaluation reserve)/balance sheet total

3) These figures are calculated on the basis of internal calculations; publication is voluntary and based on national implementation conversion and the figures are not reported to the Supervisory Authority

4) Risk weighted assets in accordance with Section 10c of the German Banking Act (KWG) (intragroup receivables are zero weighted)

5) Own funds for solvency purposes/(risk weighted assets + 12.5 x eligible amounts for operational risks)

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Banking within easy reach at all times: comdirect's mobile app is suitable for all mobile phone operating systems.

»We invest in high performance products, platforms and services, as well as in the brand. That's how we exploit our growth potential.«

Page 4
CEO Dr. Thorsten Reitmeyer on the successes of 2012 and the perspectives for the bank.

Page 35
Assets under custody increased by 17.5% in 2012. Significant gains recorded in deposits and portfolio volume.

+17.5

Page 40
Contactless payments, savings function for change, SMS info service: comdirect's Visa card offers a unique combination of functions.

comdirect's employees are the key factor for its high customer satisfaction levels.

comdirect and growth: they go together perfectly. Once again, 2012 stands for a significant increase in accounts, portfolio assets and deposit volumes. The needs of the modern customer will also continue to dictate the direction in the future. We invest in banking that offers the maximum in convenience and security. In excellent Customer Services and personal coaching for better financial investments. In top performance for traders. And in raising awareness of our brand. This will also remain our performance promise for customers in the future. And our growth promise for shareholders.

€92.3m

comdirect shareholders benefit once again from a good result

Profit target achieved in operating terms. comdirect has demonstrated the stability of its business model in a challenging market environment. Although we invested more in growth in 2012 and net commission income was significantly down on the record level in 2011, with steady net interest income we achieved our profit target with €92.3m.

Dividend. We want our shareholders to participate appropriately in comdirect's good performance. We will be proposing a dividend of €0.44 per share to the annual general meeting in Hamburg on 16 May 2013. This produces a strong dividend yield of 5.6% for 2012.

We do more – in banking, brokerage and advice

More convenient payments. Our fee-free Visa card with payWave function and SMS info service makes paying by credit card more convenient and secure. As a result of weekly debiting, we also grant our customers a short-term credit facility. In online shopping, the giropay system simplifies the payment process.

Faster trading. comdirect's mobile app means customers always have their custody accounts within easy reach. On the website, active traders additionally benefit from real-time prices, which are available free of charge and automatically displayed in the new domestic order mask. The CFD platform facilitates even faster trading direct from the improved real-time charts.

Better advisory services. Building finance advice is now set to be even more personal as a result of the video function piloted in 2012. In future, customers will not just be able to see the product offerings on their adviser's screen, but will be able to see their adviser in person via video link.

Standardised management. With the ebase Managed Depot custody account, our B2B partners can offer their customers standardised fund asset management with five different investment strategies – without the management burden or liability risks.

125k

Our growth continues: in customers, accounts, custody accounts and assets

More customers. We gained almost 125 thousand customers in 2012, thereby consolidating our position as one of the leading direct banks in Germany. Alongside more active marketing and very successful customers-attract-customers campaigns, we reaped the rewards of our product initiatives centred on the current account and card in particular.

More accounts and custody accounts. Our fee-free current account with satisfaction guarantee remains the engine of growth for our banking offering. Our new account services convinced not only new customers, but many existing customers as well, with the result that the 16% rise in the number of accounts was much higher than the increase in the number of customers. At the same time, the popularity of the current account was reflected in call money accounts and custody accounts, which benefited from the cross-selling effect.

More assets under custody. In addition to growth in customers, the sharp rise in prices in the equity markets impacted positively on the portfolio holdings of our customers. The deposit volumes in our current and call money accounts also increased.

comdirect remains "Beste Bank" with high customer satisfaction score

Best bank 2012. comdirect successfully defended its title of "Beste Bank" in Germany. Independent testers from S.W.I. Finance scrutinised the product offering and terms and conditions, as well as complaints management, advice and customer services on behalf of finance magazine "€uro". With an average ranking of 1.4, comdirect won the "Beste Direktbank" category, and moreover outperformed all of the branch banks included in the test.

Best online broker. In addition, the sister magazine "€uro am Sonntag" named comdirect best online broker. Among other factors, the analysis looked at the securities offering, standard terms and conditions, security, information and analysis tools, as well as the order functionalities of a total of 14 online banks.

Satisfied customers. 86% of our customers would recommend us to friends or family – 5 percentage points more than in the previous year. And we encourage them to do so: around a quarter of our new customers in 2012 were gained through our "customers-attract-customers" programme. And once someone becomes a comdirect customer, they generally want to remain one. 85% of our customers intend to remain loyal to us in the next two years as well, as shown by our latest customer loyalty survey.

»Our customers define what we offer. Understanding their central needs and enabling them to make better financial decisions – that's comdirect's path.«

Dear Shareholders,

2012 was a good year for the banking sector, at least as far as the comdirect group is concerned. With pre-tax profit of around €92m, we achieved our ambitious target in operating terms and ultimately delivered a strong result of €0.52 per share. We are therefore once again able to offer our shareholders an attractive dividend and are proposing €0.44 per share.

comdirect has maintained its course, even though the tailwind of the previous year – in the form of a favourable trading environment – changed direction to become a stiff headwind. Firstly, market interest rates that were close to zero not only made life difficult for savers, but also adversely affected our margins in the deposit business. Net interest income declined accordingly over the course of the year; however, adjustments to our terms and conditions and lag effects from 2011 resulted in our net interest income matching the previous year's level. Secondly, the capital markets stabilised notably after the European Central Bank announced that it would buy the government bonds of crisis-hit countries on an unlimited basis if necessary. In principle this is to be welcomed, but the reduced volatility in the stock markets offered fewer opportunities for traders, and net commission income decreased in line with the downturn in the number of orders.

On the one hand, the fact that comdirect was able to generate another strong result in this environment bears testament to the stability of its business model, which is based on the interlinking of brokerage, banking and advice as well as on the combination of private customers and institutional business. On the other, the positive effects of our investment in growth over the past few years, which have led to a significantly broader customer and asset base, are also increasingly visible. Despite the extremely poor market conditions, the deposit volume increased by around 10%, and price effects coupled with net investments by customers produced a rise of a good 20% in the portfolio volume in securities business. The number of customers in both business lines was up on the previous year. At comdirect bank, the figure climbed to 1.72 million and has thus more than doubled in six years, while ebase gained new partners and their end customers in the insurance segment in particular.

In the past year, we again maintained the balance between short-term profitability and long-term investment in growth. Our stronger focus on securing earnings in the first half of the year created additional scope for intensified marketing initiatives in the second half. Our current account with satisfaction guarantee remains the engine of growth, and the features it offers make it an ideal core product, even for those customers previously not interested in using a direct bank.

Satisfaction guaranteed is not an empty advertising promise, but a commitment that is honoured every day, and not just with respect to the current account. The smartphone app for all operating systems has further enhanced our banking offering. The same is true of the Visa card, which comes with a combination of functions that is unique in the German market. In brokerage, we have further developed the CFD platform with an innovative chart tool, while the successfully piloted advice via video-telephony establishes a level of personal contact with customers previously only possible in a branch. And all of our customers benefit from the additional enhancements to our website and service offering, which are now easier to understand. As well as the “Beste Bank” and “Online Broker des Jahres” awards, the high level of customer satisfaction shows that comdirect's performance and service is convincing in all fields of competence.

We will use a wide range of product and marketing initiatives to leverage our growth potential in the next few years. comdirect will invest in raising brand awareness and moreover make access to the bank even easier, enhance the performance of its products, make the trading platform faster and more convenient, the terms and conditions even more attractive and Customer Services and advice even more personal. We also live up to our claim to offer investors optimally tailored banking and brokerage products when it comes to our institutional customers. With customisable accounts and custody accounts, as well as standardised solutions for asset management, ebase simplifies the management of assets under custody for its partners, or even carries out all aspects of this task on their behalf – as with the new ebase Managed Depot custody account.

In all of this, we listen to the best corporate consultants you could wish for: our customers. Ultimately, they define what we offer. Convenience, proximity, transparency, modern products, fair terms and conditions, speed, mobility and good advice: Both now and in the future, comdirect's path is to understand the central needs of modern investors and enable them to make better financial decisions. In the current interest rate environment, investing in securities will take centre stage. We will play our part in strengthening the significance of such investments for financial asset accumulation.

Our own security, comdirect's stock, should also remain a good long-term financial decision for our shareholders. Through the bank's performance, we create the basis for comdirect shares to perform well in the capital market.

Sincerely yours,

Dr. Thorsten Reitmeyer

»We want
to be the better
decision. For
customers and
for shareholders.«

Dr. Thorsten Reitmeyer, born 1969, has been CEO (Chief Executive Officer) of comdirect bank AG since 1 December 2010. As CEO, he is responsible for IT, Marketing & Sales, Product Management & Treasury, Internal Audit as well as Corporate Communications.

»comdirect is both. Focused on growth. Focused on performance.«

»All investors can make their own decisions. When they have the right bank.«

Dr. Christian Diekmann, born 1965, has been CFO (Chief Financial Officer) of comdirect bank AG since 1 May 2009. In addition to Finance, Controlling & Risk Management, he is responsible for Business Development, Human Resources, Compliance & Money Laundering Prevention as well as business partners/ebase (B2B).

Martina Palte, born 1968, has been a member of the Board of Managing Directors (Chief Operating Officer, COO) of comdirect bank AG since 1 July 2012. She is responsible for Advisory Services, Customer Services, Organisation & Consulting as well as Legal Services & Data Protection.

> 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 in financial year 2012, providing regular advice and monitoring the management of the company. We have comprehensively performed all of the duties incumbent upon the Supervisory Board under the legal framework conditions and regulations, the bank's Articles of Association, the Rules of Procedure of the Supervisory Board and the German Corporate Governance Code (GCGC).

Furthermore, the Chairman of the Supervisory Board was 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, including in regular meetings with the full Board of Managing Directors. He maintained frequent contact with the CEO and in particular, conferred with him with respect to the strategy, business development and risk management of comdirect bank. In addition, the Chairman arranged for important matters to be addressed by the Supervisory Board committees.

Main focus of advice and monitoring activities in 2012

The Supervisory Board met at four regularly convened meetings in financial year 2012 on 14 March, before the annual general meeting on 9 May, on 23 August and 22 November 2012. As a result of the need for consultation at short notice, two additional extraordinary meetings were held on 22 February and 27 March 2012.

As in previous years, progress reports on the status of implementation of the "complus" programme remained a central topic. Here, we obtained extensive information on the further development of the range of products and services offered by comdirect bank AG. The Board of Managing Directors kept us continually informed with regard to the various projects carried out in 2012, such as the expansion of mobile banking and redesigned Visa card. Another focus was the strategic further development of ebase and the B2B business line and the extension of its range of products and services for asset management for example. In addition, together with the Board of Managing Directors, we continued our discussions on the future strategy following the scheduled completion of "complus" in 2013.

As part of our deliberations, we obtained information on the bank's development on the basis of the medium-term planning and also looked at the agenda for the following year. Moreover, the Supervisory Board regularly examined the risk status of the bank, with the focus here on discussion of the overall risk strategy in line with the minimum requirements for risk management (MaRisk). Other issues dealt with by the Supervisory Board additionally included the draft agenda for the annual general meeting on 9 May 2012 and the proposals to the annual general meeting.

Furthermore, the comdirect bank's Board of Managing Directors kept us informed about the performance of key indicators and their impact on the bank's earnings situation, financial situation and assets. In this context, we also monitored the market and competitive environment of comdirect bank. The change in the Board of Managing Directors was another subject discussed (see page 13).

In addition to the ordinary meetings, the Supervisory Board adopted resolutions based on the recommendations of the Presiding Committee in two extraordinary meetings and in discussions by means of conference calls. These related to

- the stipulation of the variable compensation component for the members of the Board of Managing Directors for financial year 2011,
- the approval of the rescission of the appointment and employment of Carsten Strauß as a member of the Board of Managing Directors.

Moreover, the Supervisory Board used the written circulation procedure to endorse the updating of the Declaration of Compliance with the German Corporate Governance Code, as well as a change in the allocation of duties and deputy arrangements for the Board of Managing Directors of comdirect bank AG as of 1 November 2012. Based on the recommendation of the Presiding Committee, the Supervisory Board specified the criteria for assessing the variable compensation component for the Board of Managing Directors for financial year 2013 and approved the appointment of Ulrich Hegge as an executive manager.

Activities of the committees

In order to improve the efficiency of Supervisory Board activities and to deal with complex issues, some matters were referred to the Presiding Committee or Audit Committee for a decision or for the purpose of preparing resolutions.

The Audit Committee of the Supervisory Board met four times in the reporting year on 14 March, after the annual general meeting of the bank on 9 May, on 23 August and 22 November. The meetings were also attended by at least one representative from the auditors commissioned for the year-end audit and review of the interim financial statements respectively. At the meeting on 14 March 2012, 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 auditors of the annual and consolidated financial statements. In addition, the report from the auditors conducting the review of the interim financial statements was discussed at the other meetings.

At all meetings, the Audit Committee of the Supervisory Board discussed in depth the status and further development of risk management and the risk status of the bank and its subsidiary. The focus was also on the investment of deposits with other companies in the Commerzbank Group and other counterparties. The underlying investment strategy and the plans regarding the continued intensive use of the Commerzbank Group for money market and capital market transactions were regularly discussed by the Audit Committee.

The Audit Committee received the Compliance Officer's report and was informed about the overall audit report from Internal Audit for the financial year. The Chairman of the Audit Committee obtained comprehensive information from the Head of Internal Audit prior to the meeting. There were no major findings in the reporting year. At the meeting of the Audit Committee on 9 May 2012, the Chairman was authorised to sign the contract commissioning the auditors, PwC, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, Hamburg branch, selected by the annual general meeting on the same date, to audit the annual and consolidated financial statements, including the management reports as of 31 December 2012. During the year, the Audit Committee obtained information on tax issues, and in August and November on the activities of Internal Audit.

Furthermore, in November it approved the commissioning of PwC, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, Hamburg branch, with tax advisory services for financial year 2013. We have obtained a certificate of independence from the auditors. No business, financial, personal or other relationships exist between the auditors and their executive bodies and audit managers on the one hand and comdirect bank and its Board members on the other, which could give rise to doubts with regard to their independence.

In addition, the Audit Committee of the Supervisory Board dealt with the results of the annual custody account/Securities Trading Act audit, deposit insurance scheme audit and foreign trade audit as well as the main areas of the audit of the annual financial statements 2012.

The Audit Committee also used the written circulation procedure to adopt resolutions regarding the commissioning of PwC, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, to prepare a legal opinion on tax issues.

The Presiding Committee of the Supervisory Board adopted resolutions in 2012 by means of the written circulation procedure and detailed conference calls as well as in extraordinary meetings on 22 February, 27 March, 9 May and 22 November. The topics discussed included the recommendation to the Supervisory Board to determine the variable compensation component for the members of the Board of Managing Directors for financial year 2011 and consideration of the Compensation & Benefit Policies for the compensation systems for the Board of Managing

Directors of comdirect bank AG. Other resolutions related to the recommendations to the full Supervisory Board regarding changes in the Board of Managing Directors and specification of the criteria to be used to assess the variable compensation component for the Board of Managing Directors for financial year 2013. The Presiding Committee also approved the acceptance of seats on other boards by members of the Board of Managing Directors, as well as the reallocation of loans granted to the Commerzbank Group.

The activities of the committees were reported on in detail to the full Supervisory Board. The Supervisory Board has not formed any committees other than the Presiding Committee and the Audit Committee.

Efficiency of Supervisory Board activities

The Supervisory Board reviews the efficiency of its activities on an annual basis. Following the extensive efficiency review conducted in March 2011, we discussed the current status in our meeting on 14 March 2012. The activities of the Supervisory Board and its committees were once again unanimously judged to be efficient. No conflicts of interest were reported with regard to a member of the Supervisory Board. The Corporate Governance Officer reported comprehensively in writing to the Supervisory Board.

In the meeting on 23 August 2012 we adopted a resolution regarding the independence of members of the Supervisory Board and the target objective for the composition of the Supervisory Board in line with the recommendation of the GCGC; details are given in the Corporate Governance report that forms part of the Corporate Governance statement, which can be viewed and downloaded from the website at www.comdirect.de/ir under the heading Corporate Governance.

Approval of the annual financial statements and dependency report

The annual financial statements of comdirect bank (in accordance with the German Commercial Code, HGB), the management report of comdirect bank (in accordance with the German Commercial Code, HGB) and the consolidated financial statements and group management report (in accordance with IFRS), including the underlying bookkeeping for financial year 2012, have been examined and audited by the auditors, who issued an unqualified audit certification. The above documentation, the audit reports and the proposal of the Board of Managing Directors for the appropriation of the distributable profit were promptly made available to the members of the Supervisory Board.

The German public accountants who sign the annual financial statements took part in the meeting of the Audit Committee on 21 March 2013 and the subsequent meeting of the Supervisory Board dealing with the approval of the annual accounts, amongst others. They reported on the key findings of the audit and answered questions. The result of the audit was discussed thoroughly with the Audit Committee. The Audit Committee then proposed to the Supervisory Board that the annual 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 annual financial statements and management report, the consolidated financial statements and group management report and the proposal of the Board of Managing Directors for the appropriation of the distributable profit and raised no objections. In its meeting on 21 March 2013, the Supervisory Board approved the annual financial statements and consolidated financial statements prepared by the Board of Managing Directors. Accordingly, the annual financial statements are regarded as adopted. The Supervisory Board endorses the proposal for the appropriation of the distributable profit.

Furthermore, the report of the Board of Managing Directors on the bank’s relationship with affiliated companies was submitted to the Supervisory Board together with the associated auditors’ report. After completing the audit, the auditors raised no objection to the report of the Board of Managing Directors and issued the following unqualified certification: After conducting our audit in accordance with the professional standards, we confirm that the actual details of the report are accurate and the fees paid by the company for the legal transactions detailed in the report were not disproportionately high, nor were any disadvantages compensated.

The Supervisory Board examined the report of the Board of Managing Directors and approves the report as well as the auditors' findings of the audit.

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

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 in accordance with Section 91 (2) of the German Stock Corporation Act (AktG) are conducive to early detection of developments that are likely to threaten the continued existence of the company. Furthermore, the auditor confirmed the effectiveness of the accounting-related internal control system with a positive assessment.

Changes in the Board of Managing Directors

Carsten Strauß resigned from office with effect from the end of 30 June 2012. The Supervisory Board approved his resignation on the recommendation of the Presiding Committee and appointed Martina Palte as a member of the Board of Managing Directors for a period of three years with effect from 1 July 2012. In addition to extensive professional expertise, Martina Palte has many years of experience in the financial sector. Most of the divisions headed by Carsten Strauß were taken over by Ms Palte. These include Customer Services, Process Management, Organisation and Advisory Services. Dr. Diekmann assumed responsibility for Human Resources, while Dr. Reitmeyer is in charge of IT. We would like to thank Carsten Strauß for his many years of commitment and valuable achievements for comdirect bank, its employees and its shareholders.

Changes in the Supervisory Board

Karin Katerbau resigned from the Supervisory Board with effect from 15 April 2012. Sabine Schmittroth was appointed by the annual general meeting as a supplementary member on 9 May 2012. Ms Schmittroth was elected as a member of the Audit Committee in the Supervisory Board meeting on the same date. We would like to take this opportunity to thank Karin Katerbau for her commitment to the Supervisory Board of comdirect bank.

Thanks for excellent performance

We would like to thank the members of the Board of Managing Directors and all of the employees of comdirect bank for an excellent performance once again in financial year 2012. We would like to thank the staff council for their constructive cooperation at all times.

Frankfurt, 21 March 2013

The Supervisory Board

> Corporate responsibility

Principles of good governance

Management and control at comdirect bank are based on generally accepted high standards and, apart from a few exceptions which are disclosed in the Declaration of Compliance, comply with the respective valid and applicable legal framework conditions and regulations as well as the requirements of the German Corporate Governance Code (GCGC). comdirect provides comprehensive information relating to governance on its website (www.comdirect.de/ir).

The guiding principles are

- cooperation based on trust between the Board of Managing Directors, which manages the company, and the Supervisory Board, which advises and monitors the Board of Managing Directors and exercises its control function efficiently and independently,

- a focus on company interest at all times,

- responsible and effective risk management,

- observance of and compliance with legal requirements and supervisory regulations and

- timely and transparent communication both internally and outside the company.

The comdirect group consistently aligns itself with the interests of its stakeholders. In addition to the shareholders, these include, in particular, the company's customers and employees as well as the entire social environment in which the comdirect group operates. The group accordingly organises its business activities in such a way as to maintain the balance between economic, ecological and ethical requirements.

Compliance

The success of the company depends largely on the trust that customers, shareholders, employees and business partners have in the comdirect group. Among other factors, this trust is based on compliance with legal, supervisory, contractual and internal regulations, as well as the observance of customary market standards and codes of conduct in all business activities (Compliance). The sustainability, effectiveness and independence of the compliance function at comdirect bank (Compliance Office) as well as the responsibilities, rights and obligations of this office are regulated in the compliance policy.

In 2012, comdirect separated its Compliance office from the Legal Services & Data Protection department in organisational terms. The core responsibilities of the Compliance Office include, amongst others, the prevention of money laundering, insider trading and market manipulation. Tip-offs relating to financial crimes are also reported to the Compliance Office. In addition, comdirect bank has set up a web-based whistle blower system enabling customers, employees and third parties to report tip-offs regarding financial crimes.

To prevent outside interests influencing our brokerage services , we expect our employees to be diligent and honest, to act in a professional manner and in accordance with the law, to comply with market standards and in particular to take account of the interests of customers. Our employees are obliged to observe these standards and rules of conduct and receive regular training on Compliance issues.

Social responsibility

Our social commitment centres on the Numeracy Foundation ("Stiftung Rechnen"), which was founded and initiated by comdirect. Established in 2009, the Foundation aims to promote numeracy in Germany under the motto "Get more out of life having fun with maths". As a central point of contact, the Foundation networks promoters of mathematics and number skills from the worlds of science, business, politics and society and initiates projects that draw attention to numeracy and help give it a positive image. In 2012, these included the two numeracy competitions "Mathematik ohne Grenzen" (maths without borders) and "Mathe macht das Tor" (score a goal with maths), the "Mathe4Life" (Maths4Life) corporate volunteering project, the "Mathe.Forscher" (maths researchers) schools research project and the "Tüfteln und Knobeln" (maths puzzles and riddles) interactive maths exhibition.

comdirect views itself as a partner of the Numeracy Foundation. Accordingly, not only did comdirect bank – together with Börse Stuttgart AG – provide the basic assets for the Foundation, but it also supports expansion of the Foundation's activities by having executive comdirect employees on the Management Board and Board of Trustees. comdirect also operates the office for the Foundation.

Making numbers fun

Staff from comdirect bank are involved in the "Mathe4Life" (maths for life) corporate volunteering project, and along with other partner companies, go into schools as mathematics speakers. By showing the students mathematical tasks from their day-to-day working lives, they create a better understanding of the importance of maths in professional life.

Stiftung Rechnen

The Numeracy Foundation ran the "Mathe macht das Tor" (score a goal with maths) competition for the second time in 2012. The nationwide competition saw 34,000 school children in grades five to nine at all types of school take part. The winning team in each grade won a maths lesson and two sports lessons with a professional footballer. Since 2010, the Foundation has also been supporting the international "Mathematik ohne Grenzen" (maths without borders) competition for schools, which has been held annually for school students in grades nine to eleven for more than twenty years. A junior competition for fifth and sixth grade was launched in 2009. Around 56,000 school students in Germany took part in 2011/2012. The competition is organised on a voluntary basis by the heads of schools and teachers in the participating regions.

In the "Mathe.Forscher" (maths researchers) programme, children and young people work with their teachers to research mathematical phenomena in the world around them. In cross-curricular learning projects, the young researchers combine maths with history, art, sport and music. The project, which was launched in conjunction with the "Deutsche Kinder- und Jugendstiftung" (German Children and Youth Foundation), won an award from the "Germany – Land of Ideas" initiative in 2012 for "making a lasting contribution to Germany's future viability".

The Numeracy Foundation is also a partner and sponsor of the interactive exhibition "Tüfteln und Knobeln" (maths puzzles and riddles), which is touring shopping centres operated by ECE Projektmanagement throughout Germany and Europe until 2015. The exhibition was designed by the Mathematikum in Gießen, in conjunction with the Phänomenta in Flensburg.

Responsible personnel management

The performance of comdirect is based above all on the expertise and commitment of our employees. Consequently, we offer training and continued professional development, fair and appropriate compensation in line with performance (see Personnel report on page 29) and ensure a healthy working environment.

The expertise and skills of our managers are particularly important for the team's positive development. We provide seminars, coaching, workshops, development meetings and the com*fly* systematic team feedback process to support them in their responsibilities and facilitate their continued development. We provide additional support for women through cooperation with mentoring programmes, diversity training and women's networks at universities.

Another important topic for us is the work/life balance. In addition to working, many comdirect employees are looking after children or elderly relatives. For comdirect it is important to help our employees with this issue, for example by offering flexible working hours. We also support our staff with the Employee Assistance Programme (EAP), which gives employees and their families round the clock access to confidential and individual telephone advice on both personal and work-related issues on an anonymous basis.

Well-being is promoted through the bank's com*fit* programme, which also includes fitness, relaxation and nutrition courses.

5.7

5.7 million bank customers have already discovered
that their smartphone is closer than a bank branch.

We offer these smart bank customers our apps for mobile banking.
Like we do for the 21.5 million smartphone owners yet to make this discovery. Whether it's a bank transfer or fund investment, both comdirect apps enable customers to manage their personal finances anytime, anywhere, using any mobile device. Just one example of how comdirect is investing in mobile banking and brokerage.

»The new mobile app means we're always close at hand in our customers' pockets – regardless of whether they're Apple lovers, Nokia fans or Android admirers.«

Marion Hansen is a test leader and has put the new comdirect mobile app through its paces. Over a period of several months, she and four colleagues worked through a refined test plan, calling up every mobile page accessible via the app, checking the menu navigation, transferring money and placing securities orders. This meant that the product launched was truly ready for the market. Yet development continues on an ongoing basis. "We use the feedback from our many users to optimise the app," explains Hansen.

A bank with mobile customers needs to keep moving too. As a customer loyalty survey by comdirect shows, more than one in two customers already owns a smartphone and as many as 37% carry out at least some of their banking transactions on the go, with one in four of this group using an app to do so. The potential is huge and comdirect is making great strides to exploit it. Within two months of the launch of the mobile app, which gives users of any smartphone system access to banking and brokerage functions, 17-times more mobile transfers had been carried out than before.

Current account customers in particular are above-average app users, with one in five using them to manage payments in and out of their accounts. Between September and November 2012, the number of mobile securities orders doubled. "We identified the trend towards mobile banking by tablet or smartphone at an early stage and are playing an active part in shaping this development," says Helge Fobbe, Head of Web Management at comdirect.

Website remains main source of information

In addition to convenient ways to access the website, the quality of the content is a decisive factor. Most customers continue to visit the traditional website for information on specific products in particular. Short and easy to understand texts, simple navigation and explanatory videos guide the customer safely through the product universe. "Investors can immediately see the benefits that a product offers them," comments Helge Fobbe. "As a direct bank, we believe it is very important to provide transparent information on money and finance, and a convincing website is an integral part of this."

Hildegard Meister from Customer Services and Marion Hansen, IT Test Leader

But it's not just the technical access to comdirect that's easy. Customers carrying out transfers and trading securities anytime, anywhere, need a Customer Services department that's just as flexible as they are. For many customers, it's normal to be able to reach comdirect 24 hours a day, 7 days a week. "We often get calls between two and six in the morning," reports Head of Customer Services Henning Ratjen. Alternatively, customers can also opt to have the bank call them at a time of their choosing. comdirect introduced the call-back button for this on its website in 2012. In addition to conventional customer support by telephone, comdirect customers can now also ask their questions via Facebook or Twitter, and are guaranteed a swift response. According to a survey by the Web Excellence Forum (WebXF), after just a few months of using social media, comdirect is already one of the most active and fast-responding companies.

Best Customer Services gets even better

The social platforms also serve as a feedback tool. Whether it's the new website navigation or the revised CFD platform, many customers report on their experiences and make suggestions for improvements. In addition, we regularly ask our callers if they are happy with our service and evaluate the information on a systematic basis. "The fact that we were named the best (€uro) and most popular (n-tv) bank in 2012, is due above all to the good scores achieved by our Customer Services," explains Ratjen. This is also reflected in the customer loyalty survey, which showed that 93% of customers who had contacted a Customer Services adviser over the last year were happy with the service.

However, there is still further potential for breaking down barriers. For instance, Customer Services advisers could provide customers with more personalised assistance for problems or questions in the future by viewing the corresponding screen content together with the customer via an online connection. Complex issues such as questions on securities settlement could be clarified quickly and technical problems rectified immediately. "Co-browsing", as it is called, is already used in our building finance advice service to jointly search for the best offering and is very popular with customers.

In great demand: comdirect apps

The new mobile app includes many of the functions also available via the website. Customers can carry out banking transactions, manage model portfolios and trade securities via various stock exchanges or in LiveTrading. Trades take a matter of seconds, and other functions include risk limitation – for example by setting up a stop limit that adjusts in line with the current movement in the price. Comprehensive market data can also be called up via the mobile Informer and users can customise its home page.

The apps offer genuine additional features for mobile banking: the ATM search function, for instance, quickly and reliably finds ATMs in the Cash Group which comdirect customers can use to withdraw cash free of charge. In addition, the banking app for iPhone and iPad enables customers to conveniently photograph the transfer data from money transfer slips. Another practical tool is the integrated budgeting book which automatically allocates transactions and spending to categories defined by the customer. This allows mobile banking customers to keep an eye on their finances at all times.

Group management report

> Business model, strategy and management system

Profile of comdirect

In terms of the number of custody accounts and securities transactions executed, the comdirect group is the market leader in online securities business for modern investors and one of the leading direct banks. Our range of products and services is aimed at enabling all customers to make better financial decisions, not only with regard to financial and securities investments but also for payment transactions and financing.

We offer our current 1.7 million direct banking customers high-performance and secure products for banking and brokerage, including an extensive information offering, 24-hour Customer Services and independent advice.

Furthermore, there are the more than 1 million end customers of our B2B partners – insurance companies, banks, financial intermediaries, asset managers and investment companies. Through our subsidiary ebase, we offer these customers comprehensive product solutions for financial investments.

Group legal structure and major locations

As the parent company of the comdirect group, comdirect bank AG is directly responsible for direct business with private customers (business-to-customer, B2C business line). Its subsidiary ebase GmbH (European Bank for Fund Services) is in charge of business with institutional partners and their end customers (business-to-business, B2B business line). The registered office of comdirect bank AG is in Quickborn near Hamburg and the registered office of ebase GmbH is in Ascheim near Munich.

Online business at the comdirect group is carried out primarily via the websites, but also through other access channels such as mobile banking and software banking. The bank offers round the clock Customer Services for contact with customers by email, telephone, fax or letter. Advisory services are predominantly provided by telephone, via co-browsing or by video-telephony as part of a pilot project. In addition, we offer face-to-face advice for building finance at the four locations in Berlin, Frankfurt/Main, Hamburg and Munich.

Management and control

The comdirect group is managed by the Board of Managing Directors of comdirect bank AG, which currently comprises three members. Martina Palte was appointed as a member of the Board of Managing Directors of comdirect bank AG with effect from 1 July 2012. She succeeds Carsten Strauß, who resigned from office on 30 June 2012. As a fully qualified banker and business economics graduate, she started her professional career in the private customer business of Commerzbank and has been with comdirect bank since 2000. After posts in Customer Services and Risk Management, she was most recently Head of Internal Audit.

Responsibilities of the members of the Board of Managing Directors (at the end of 2012)

Dr. Thorsten Reitmeyer Chief Executive Officer	Information Technology Marketing & Sales Product Management & Treasury Internal Audit Corporate Communications
Dr. Christian Diekmann	Business Development business partners/ebase (B2B) Compliance & Money Laundering Prevention Finance, Controlling & Risk Management Human Resources
Martina Palte	Advisory Services Customer Services Organisation & Consulting Legal Services & Data Protection

The Supervisory Board works closely with the Board of Managing Directors and monitors and provides advice to the Board of Managing Directors on a regular basis on all material issues relating to the management of the company. Personnel changes on the Supervisory Board and its committees are outlined in the Report of the Supervisory Board.

The main features of the compensation system for the Board of Managing Directors and the Supervisory Board as well as the breakdown by individual members are shown on pages 75 to 81.

Corporate Governance statement

Management and control of the comdirect group comply with generally accepted high standards. These are summarised in the Corporate Governance statement pursuant to Section 289a of the German Commercial Code (HGB). This statement includes the Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG) as well as the Corporate Governance report in accordance with Section 3.10 of the German Corporate Governance Code which contains information on our compliance standards.

The Corporate Governance statement can be viewed and downloaded from the website at www.comdirect.de/ir.

Previous versions of published documents can also be viewed on the website.

Inclusion in the Commerzbank Group

comdirect bank is quoted on the Prime Standard (Regulated Market) and with a market capitalisation of €1.11bn (as of end 2012) is listed in the SDAX. The majority of the shares are held indirectly by Commerzbank AG. This stake had been held via Commerzbank Inlandsbanken Holding GmbH, but in November 2012 Commerzbank AG switched the shareholding to another wholly-owned subsidiary, Commerz Bankenholding Nova GmbH, and increased its holding by 0.60 percentage points to 81.13% at the same time. As a result, 18.87% of the shares are in free float. Commerzbank AG provides a range of services for comdirect bank. These relate, for example, to the processing of securities trading transactions, payment transactions and some of the processes in risk management. In addition, the Treasury department of comdirect bank works closely with Commerzbank and generates interest income mainly from money market and capital market transactions with Commerzbank AG or its affiliated companies.

Up until the middle of the year, comdirect bank provided administrative services to a small extent for Commerz Direktservice GmbH, which is part of the Commerzbank Group. The company moved to a new location and the service agreement was consequently terminated in the second half of the year.

A detailed overview of the business relations can be found in the group notes on pages 102 to 105.

B2C business line

Business model

In the B2C business line, the range of products and services is pooled in the brokerage, banking and advice fields of competence. The B2C business line also includes separate assets in the form of five special funds which are part of the Treasury investments.

In its brokerage field of competence, comdirect facilitates speedy, secure and cost-effective trading and provides a continually expanded and optimised selection of products for medium and long-term investing. In brokerage, comdirect primarily generates commission income from the securities trading of its customers and associated services on the one hand, and from front-end loads and sales follow-up commission in its funds business on the other. In addition, there is interest income from loans against securities and settlement accounts.

In the banking field of competence, comdirect offers products for short through to long-term investment as well as daily money transactions. In banking, comdirect generates interest income by reinvesting customer deposits in the money and capital markets.

The advice field of competence comprises the three offerings Baufinanzierung PLUS, Anlageberatung PLUS and Vorsorgeberatung PLUS. In its advisory services, comdirect earns commission income from placing building finance and provisioning products as well as fees from investment advice.

comdirect bank's product range

Custody accounts & securities	Custody account offering (comdirect Depot, JuniorDepot and VL-FondsDepot) Trading platforms Trading services
Accounts & financial investments	Current account with Visa card Investment accounts (Tagesgeld PLUS, fixed-term deposit account, time deposit account and currency investment account) Money savings plan Anlageberatung PLUS
Provisioning & finance	Baufinanzierung PLUS Vorsorgeberatung PLUS Consumer loans Loans against securities

Market, competitive position and key influencing factors

comdirect bank is in competition with other direct banks and online brokers as well as traditional retail banks.

In terms of the number of customers, custody accounts and executed orders, comdirect bank is one of the market leaders in online securities business in Germany. Over the past few years, we have continually expanded our position in the direct banking market and are one of the leading direct banks.

The development of the money market and capital market environment is a material factor influencing the business performance and earnings situation of comdirect bank. In the B2C business line, the level of commission income in brokerage is affected by trading activity on the stock markets as well as in OTC trading and CFD trading. The valuation of fund holdings and level of sales follow-up commission margins on portfolio holdings also have an impact. With regard to long-term securities investments as well as investment and provisioning advice, the general trends in asset accumulation for private households are of particular importance.

The terms and conditions in the deposit business as well as the interest margin are primarily affected by the movements in the money market and capital market interest rates and spreads in addition to the terms and conditions of competitors. Changes in the ratings of banks and companies and their bond issues are another important influencing factor for Treasury. Our provisioning and financing activities are affected among other things by the demand for various forms of private provisioning and conditions in the property market, as well as the building finance terms and conditions of our financing partners.

The main industry-related factors refer to the level of acceptance of direct banking models among bank customers in Germany and the intensity of competition in our market segments, in addition to technical aspects such as the penetration of broadband and mobile phone technology in particular. The long-term industry trends are positive: direct banks have gained new customers in the past few years and still have significant growth potential (see outlook and opportunity report starting on page 70).

Strategy

The strategy of comdirect bank is to exploit the trend towards web-based banking and securities transactions using the corresponding product initiatives and intensive marketing. As a full-service and main bank for modern investors, comdirect bank aims to consolidate its strong position in online securities business and increase its market share in banking.

During the reporting year, we continued the current growth course based on our "complus" strategy programme. We met the needs of a broad-based target group with an even more attractive, easier to use and more secure primary range of products and services. As Germany's "Beste Bank" (€uro 2012) with high customer satisfaction scores, a large range of products and services and excellent service quality, comdirect is well-placed to cultivate new target groups beyond its core market in the online securities business, and to benefit from sustained growth in online and mobile banking.

The focus in 2012 was therefore on further developing our primary range of products and services centred on the current account with satisfaction guarantee. The payWave function and SMS info service, for instance, have made paying with our fee-free Visa card more convenient and secure. In future debiting is carried out weekly, which means we are consequently granting our customers a short-term credit facility. We also invested in a simpler payment procedure for online purchases and in our app offering for mobile banking and brokerage that has been available for use with all smartphone operating systems since 2012.

In addition, we extended our range of services for active traders. Real-time prices, which are available free of charge and automatically displayed in the new domestic order mask, plus the direct linking of analysis tools and order functions make trading even faster and easier to carry out.

Our advisory offerings for building finance, investments in securities and provisioning have been pooled in a new field of competence. Advice via video-telephony, which was successfully trialled in 2012, is set to make the offering more personal and customer-focused. This service will be rolled out nationwide for building finance over the course of the coming year.

Moreover, to improve the explanations of comdirect products and services for existing and prospective customers, we further enhanced our information offering using new video tutorials and more interactive online seminars (webinars), which were very well received in the reporting year.

We carry out active marketing to continually raise our profile and increase awareness of our brand. Our latest TV spot and intensified advertising in print and online media already proved successful in the reporting year.

B2B business line

Business model

Through its B2B partners, ebase offers tailored solutions for asset accumulation, investment and drawdown. The investment custody accounts and deposit accounts are available in partner-specific configurations and in the branding of the respective B2B partner on request. End customers can choose from a wide range of investment funds and ETFs. More than 5,000 investment funds, including 160 ETFs, are eligible for inclusion in savings plans; of these 285 are also suitable for the investment of capital-building payments (VL).

The B2B partners are subdivided into the segments insurance companies, investment companies, banks, financial intermediaries, asset managers and independent financial advisers (IFA). ebase provides special products and services for banking and brokerage for the individual target segments. Tailored solutions in partner-specific configuration and in the branding of the B2B partner mean that the offering can be integrated into the partner's respective business model. The new ebase Managed Depot custody account for standardised fund asset management has been available since December 2012. As part of this, ebase obtained its operating licence for financial portfolio management in June.

The online sales partner portal and ebase app provide the partners with comprehensive services and offer easy access to portfolio and transaction data. Account and custody account management is flanked by extensive services, which include commission processing and professional data management, as well as marketing and sales support for the partners.

The earnings model of ebase primarily centres on fees for custody account management and is supplemented by commission from funds business, interest income and transaction fees. In future, ebase will additionally receive fees from asset management as well.

ebase's product range

Investment custody accounts	ebase custody account (Order Desk Depot, Managed Depot, custody accounts for company pensions (bAV) and working hours custody accounts) ETFs Savings and drawdown plans VL custody account (investment of capital-building payments)
Investment accounts	Call money account Fixed-term accounts
Loans	Overdrafts Loans against securities
Asset management	ebase Managed Depot (available in five investment strategies)

Market, competitive position and key influencing factors

ebase is in competition with other B2B and service banks and with providers of standardised asset management products through the ebase Managed Depot custody account. In terms of custody assets in investment funds placed by third parties, ebase has a leading position in Germany among B2B platforms. It is also the partner of first choice in the insurance company and independent financial adviser (IFA) customer segment. Over 50,000 intermediaries use ebase as the partner for maintaining customers' accounts and custody accounts. Furthermore, the partner network comprises around 103 financial service providers, 44 insurance companies and banks, 21 asset managers as well as 11 investment companies (in each case as of end 2012).

Strategy

ebase has set itself the overriding objective of supporting the business models of its cooperation partners with a comprehensive spectrum of tailored and B2B-type banking and brokerage products and services. The strategy centres on expanding custody account services and supplementing these with B2B-type banking and brokerage solutions, as well as partner-specific configurations and white labelling variants of the product offering. This allows partners to offer all key services for their end customers from one source and retain funds in their management operations through suitable follow-on products. Ultimately this is aimed at attracting new partners, end customers and assets in the respective target segments, and at securing existing cooperations long term. ebase is positioning itself throughout Germany as a B2B direct bank with the depth of products and services offered by a fund platform and increasingly with the breadth of products and services offered by a full-service bank.

The product spectrum is being expanded in line with this strategy. The focal areas are

- further development of the custody account architecture, which is tailored to investment funds, to produce an open custody account for different types of securities; this will be completed in 2013.

- expansion of account functionalities with the aim of creating a central instrument for overall customer management. ebase already completed the development of an online-type account with extended payment transaction functions in the third quarter of 2012. In October, the settlement accounts linked with the custody account were replaced by the new "Flex account", which can feature a credit line if the partner so request. Proceeds from fund sales are automatically credited to the account; the funds thus remain in the information and management operations of the B2B partners.

- Support for independent financial advisers with standardised product solutions against the backdrop of liability issues. Through the ebase Managed Depot custody account launched in the fourth quarter of 2012, ebase meets a range of investment needs which are primarily determined by the individual life phase of the end customer. Asset accumulation, maintenance and drawdown are implemented using five different investment strategies. All investment strategies are managed by ebase on a standardised basis, with recommendations from asset managers as sub-advisers. The Institut für Vermögensaufbau (IVA) AG (Institution for Asset Accumulation) supervises the portfolios through ongoing risk monitoring and carries out regular certifications.

In addition to the existing target customer segments, ebase is cultivating the market outside the financial sector. This approach centres especially on non-financials with a large customer base that are looking to offer the banking services facilitated by ebase to make customer relationships profitable and increase customer loyalty.

Financial and risk strategy

The strategic financing measures of the comdirect group are described on page 48, while our risk strategies are explained in the risk report starting on page 57.

Management

The Board of Managing Directors manages the comdirect group on a holistic basis, taking account of all material risks and opportunities and ensuring in particular that the balance between short-term profitability and long-term increase in value is maintained. The monthly overall bank management reporting shows whether the strategic and operating goals of comdirect group are within the target range or whether unexpected variances have occurred. Selected performance indicators are monitored and managed at shorter intervals.

Non-financial performance indicators

The development of the comdirect group is also determined to a major extent by non-financial factors. Above all, these include the quality of the range of products and services, relationships with customers and institutional partners, awareness of the brand and employee-related aspects.

comdirect bank measures the quality of its customer relationships using regular customer surveys in Customer Services and independent customer satisfaction analyses. These are supplemented by feedback processes as part of ebase’s key account management.

An important indicator for the quality of banking products and related services is their use by customers and here we record, for instance, the proportion of customers with at least two comdirect products. Additional insights are provided by the results of performance comparisons such as the “Beste Bank” award presented by finance magazine ”€uro”.

Brand awareness and likeability are key competitive factors in existing and new customer business. This is especially true in the B2C business line. The scores for the comdirect brand are therefore continually checked by independent market research organisations.

The management quality, service expertise, process intelligence and innovative power of the bank essentially depend on the expertise of its employees. We enhance our employee’s skills as part of our personnel development and management training measures; key indicators for internal management include the number of employees participating in continued professional development measures, the proportion of certified employees in Customer Services and the results of regular staff surveys.

The indicators relating to customers, products, brands and employees are supplemented by special performance indicators that make it possible to measure the sustainable development of the comdirect group.

Details of the comdirect group’s presence in the capital market and its activities in Investor Relations in the reporting year are given on pages 54 to 55.

Financial performance indicators
Financial performance is illustrated using the following key indicators:

- net commission income as the sum of the commission income generated from securities and advisory business as well as commission income from payment transactions and other commission income less commission expenses, at group and segment level;

- net interest income before provisions as the balance of interest income and expenses. At group level we also look at the sum of earnings associated with deposit business (net interest income before provisions, result from financial investments, trading result, result from hedge accounting) in relation to the total income of the bank;

- the cost/income ratio as the ratio of administrative expenses to income (before provisions) at group and segment level;

- the return on equity (RoE), which corresponds to the ratio of pre-tax profit to average equity (excluding revaluation reserve).

Selected financial performance indicators

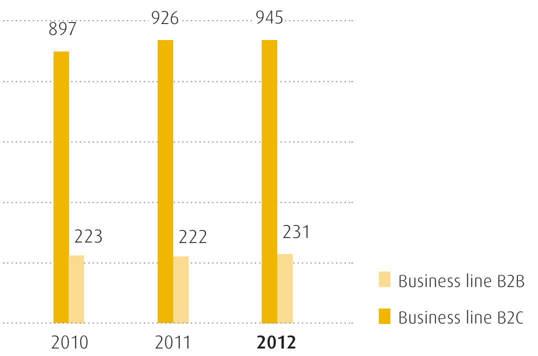
Performance indicator	Definition	B2C business line		B2B business line	
		2012	2011	2012	2011
Return on equity before tax	Pre-tax profit/average equity excluding revaluation reserve (in %)	16.5	20.7	30.3	29.5
Cost/income ratio	Administrative expenses/(net interest income before provisions + net commission income + result from financial investments + other operating income + result from hedge accounting + trading result) (in %)	69.5	66.2	80.3	80.2
Net interest income per customer	Net interest income after provisions/number of customers on average for the year (in €)	88	93	1	1
Net commission income per customer	Net commission income/number of customers on average for the year (in €)	72	89	45	41
Profit per customer	Pre-tax profit/number of customers on average for the year (in €)	50	62	9	9

> Personnel report

Development in the number of employees

At the end of 2012, 1,176 staff were employed in the comdirect group, a slight rise on the previous year (1,148 employees). In the B2C business line, the number increased to 945 (end 2011: 926 employees). We recruited staff in IT in particular in order to guarantee the implementation of newly developed products and services. The number of employees also rose marginally in the B2B business line to 231 (end 2011: 222 employees). Here too, the new staff were primarily IT specialists.

Number of employees of comdirect group as of 31.12.



We stepped up our activities in personnel marketing in the reporting year. The overriding objective is to permanently position comdirect as an attractive employer and ensure that the jobs we advertise attract qualified candidates.

Social media are one of the channels used by comdirect bank to target talented individuals and position the bank as an attractive employer. A career page was therefore launched on Facebook in the first half of 2012 and the response is already pleasing. Activity on Twitter and Xing was also intensified. Furthermore, comdirect attended jobs fairs and held events for prospective candidates at its offices in Quickborn.

A particular focus was on addressing school students, university students and graduates. Once again comdirect took part in the Hamburg Company Tour and gave economics students a chance to look behind the scenes at the bank. Information was provided to forthcoming school leavers and IT college students at the IT Talent Day. Another highlight is the cooperation with the Münster University of Applied Sciences and the IT faculty at the University of Hamburg.

Competence and talent management

The comdirect group provides targeted support for talented individuals. The central measure is the qualification programme for employees in Customer Services, which we continued in the reporting year. For new employees we offer a two-month “Training on the Job” (ToJ) programme, while experienced employees attend workshops and seminars as required as part of the com*ahead* continued professional development programme. The Chamber of Industry and Commerce (IHK) certification was obtained by 43 employees (previous year: 24) who passed the “Customer Services – Financial Services (IHK)” exam in the reporting year.

Six prospective bankers commenced their training with the comdirect group (B2C business line) in financial year 2012. These were joined for the first time by two trainee IT specialists in system integration, which means we currently have a total of 17 trainees (previous year: 16).

Since October 2012, a further six university graduates have been preparing for specialist functions in various departments under the *comdirect graduates* training programme. At the same time, five trainees from the previous year have successfully completed the twelve-month programme and are now working in specialist roles. Five university graduates have been working in various specialist departments since October 2011 as part of ebase’s two-year training programme.

In the past year, one student at comdirect bank started the business information technology dual study programme that we offer in cooperation with Nordakademie Elmshorn in Schleswig-Holstein. Consequently, there are now four part-time students on the course.

Executive and team development

comdirect promotes the development of its executives with seminars, coaching, workshops, development meetings and the com*fly* systematic team feedback process.

The seminar programme for executives launched in the fourth quarter of 2011 continued in the reporting year with seven events held in total. The professional programmes for prospective executives and specialists in Customer Services and Advice as well as specialist functions, which were also launched in 2011, were attended by 23 employees.

The com*fly* programme centres on team workshops where feedback from the respective team on issues such as management and teamwork is discussed in the team extensively with liaison managers. In addition, all teams also discuss the company's mission. In 2012, the number of team workshops held already numbered 46, with around another 30 planned for the first quarter of 2013.

Compensation

The changes in comdirect bank's compensation system in 2011, carried out in line with the requirements of the executive compensation regulation for banks (InstitutsVergV), were followed in the reporting year by implementation of the new system at ebase.

The overriding aim of the compensation policy is to contribute to the development of the company on a sustainable and permanent basis, while at the same time meeting the interests of the bank, its employees and its shareholders. Here we set positive performance incentives through appropriate variable compensation components. In accordance with Article 7 of the executive compensation regulation for banks (InstitutsVergV), comdirect and ebase disclose information on the compensation system for employees in the annual compensation report on their respective websites. The report is published in the second half of the year. The examination of our compensation systems for compliance with regulatory requirements carried out by auditors PricewaterhouseCoopers in 2012 did not give rise to any objections.

The Long Term Incentive Programme (LTIP), in place since 2005, was granted for the last time in 2010. As a result, in the event of a positive performance, only the tranche issued in 2010 will fall due for payment. At year-end 2012, a total of 67 (previous year: 75) employees had entitlements under this tranche.

> Market environment

Assessment of economic framework conditions

The economic framework conditions have had a direct influence on the business performance and earnings situation in both business lines:

- As a result of declining money market interest rates and bond yields, the interest income generated on the investment of customer deposits was lower than in the previous year. However, as the interest rates offered on deposits were adjusted accordingly, net interest income before provisions is still slightly up on the previous year.

- In securities business, the financial crisis in the eurozone and muted economic expectations, together with less pronounced short-term price volatility, led to a fall in the number of trades. Overall, funds recorded net inflows.

Moreover, there were positive effects from the significant price rises in European equity markets at the start of the year and in the second half of the year. These impacted on sales follow-up commission in funds business as well. Nevertheless, net commission income failed overall to match the previous year's high level.

Macroeconomic framework conditions

Economic environment

The momentum in global economic growth slowed by comparison with 2011. This was mainly due to the downturn in growth in China and the curbing effects of the European sovereign debt crisis. While the eurozone as a whole slid into a mild recession in 2012, Germany's performance was somewhat more stable with GDP growth of 0.7%. However, because of the decline in capital investment and weaker rise in consumption, growth by no means reached the level achieved in the previous year (3.0%).

The macroeconomic environment in Germany remained intact: disposable income was up by 2.3% year-on-year and the savings ratio remained almost stable at 10.3%. The inflation rate of 2.0%, coupled with the debate concerning the stability of the single currency, led to greater investment in real assets including property, and prices here increased substantially in major conurbations. At the same time, a larger share of consumption was financed by credit, in part because of low interest rates.

Framework conditions for banking

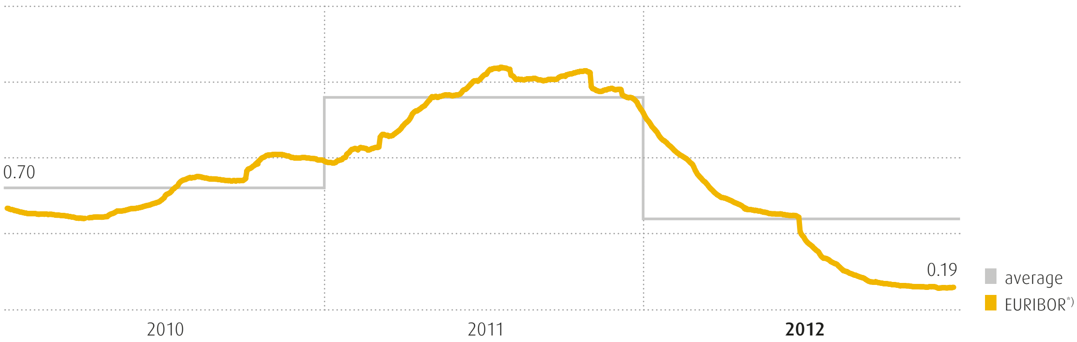
The European Central Bank (ECB) maintained its expansive monetary policy in order to contain the financial and economic crisis in the eurozone. This policy was reflected by a cut in the main lending rate of 25 basis points to 0.75% (July 2012) on the one hand, and by the extensive injection of liquidity into the banking system on the other.

Three-month EURIBOR, which is the decisive rate for some of our investments, reached new historical lows. At 0.57% on average for the year, the rate was 82 basis points below the respective figure for 2011 (1.39%).

In the bond markets, the situation notably eased in September 2012 following the announcement by the ECB that it would buy the bonds of beleaguered euro countries on an unlimited basis if necessary in order to rescue the euro. While interest rates for triple A states persisted at historically low levels, spreads for countries with lower credit ratings reduced sharply. Yields also declined on corporate bonds; many companies took advantage of this to issue bonds and the primary market picked up as a result.

This environment meant that it was only possible to reinvest maturing securities at less favourable interest rates. Consequently, yields in comdirect's Treasury portfolio, which focuses on high ratings, declined overall.

Three-month EURIBOR 2010 – 2012
(in %)



Source: EURIBOR EBF

* Three-month money

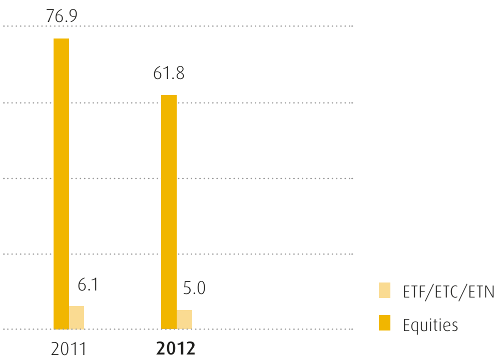
The measures taken at political level to combat the sovereign debt crisis in the eurozone only had a marginal impact on the comdirect group. As part of a bailout for Greece, a debt reduction package was implemented in the first quarter which involved private creditors, including comdirect bank to a very minor extent.

Framework conditions for brokerage

Development in the equity markets was pleasing overall. The DAX started 2012 with strong price gains, but nearly all of these were temporarily wiped out in the spring against the backdrop of the sovereign debt crisis. The second half of the year was once again dominated by a strong upswing, which led to a price gain of 29.1% over the year. On the one hand, this upward trend was due to the increased attractiveness of equity investments compared with the lower returns on investments in the bond and money markets. On the other hand, stabilisation of the markets following the various measures to counter the sovereign debt crisis also had an impact.

Despite the friendlier environment, the number of orders reduced, as did the volume of trading in terms of value in the German spot market (XETRA and Frankfurt). This was because trading was substantially quieter than in the previous year, which had been characterised by high volatilities due to extraordinary effects. With regard to equities, the number of shares traded fell by 19.6% and the trading volume decreased by 22.5%. The trading volume recorded by exchange traded funds (ETF), exchange traded commodities (ETC) and exchange traded notes (ETN) was 33.7% lower than the previous year. The number of orders for this product category declined by 19.3%.

Number of orders Deutsche Börse*
shares traded (in billion)



Source: Deutsche Börse AG

* XETRA and Frankfurt Stock Exchange

DAX development from 30.12.2011 to 28.12.2012
(in points)

Source: Bloomberg

In derivatives trading too, the volume fell short of the respective figure for 2011. Stock exchange turnover on both the Stuttgart (Euwax) and Frankfurt (Scoach) stock exchanges dropped by 26.1% overall. The downturn in leveraged certificates (38.5%) was considerably bigger than in investment certificates (14.5%).

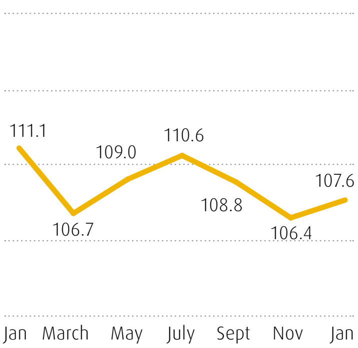
Retail funds recorded small inflows again in 2012. According to statistics from the Bundesverband Investment und Asset Management e.V. (BVI), net fund inflows stood at €24.6bn compared with a negative figure of €–15.3bn in the previous year. However, the upturn was due in large part to demand for bond funds and mixed funds. Other fund categories, particularly equity and guaranteed funds, recorded outflows. The situation was exacerbated by market strains resulting from the winding up of several open-ended property funds. Overall, the framework conditions for funds business were therefore not more favourable than in the previous year.

Demand for private provisioning products weakened somewhat in 2012. In the first nine months of the year, the number of contracts increased by only 1.8%, primarily as a result of the "Eigenheimrente" pension provisioning scheme. There was only a marginal change in the number of insurance and fund contracts.

Framework conditions for advice

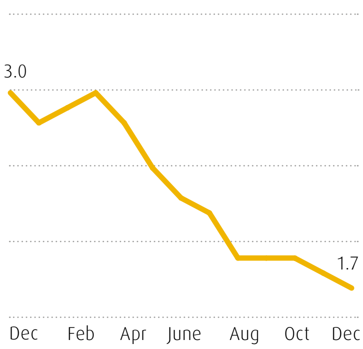
The market situation continued to remain positive for building finance. Concerns over inflation and low savings interest rates, coupled with favourable loan interest rates, led to ongoing strong interest in buying property. The volume of loans for residential property construction in 2012 was up 1.9% on 2011. Here, loans with long-term fixed rates dominated again and were once more somewhat cheaper than in the previous year. comdirect's Building Finance Sentiment Index, which is calculated in conjunction with opinion research institute Forsa, remained considerably above 100 points throughout the whole of the year and thus indicated a high level of willingness to buy.

Building Finance Sentiment Index (January 2012 – January 2013)
(in points)



Source: comdirect bank

Ten-year mortgage interest rates (December 2011 – December 2012)
(in %)



Source: Deutsche Bundesbank

Industry framework conditions

The market for online banking and brokerage continued to record dynamic growth in 2012. In the past year, the number of users increased by 6.9% to over 28.0 million (as of September 2012, Statista), corresponding to around 34% of the population. As before, security concerns regarding online banking remain pronounced in Germany but are easing. At the moment, 25% of internet users do not carry out online banking for security reasons; a year earlier the figure was 28%.

The number of mobile banking users also increased again in 2012. In July 2012, 5.74 million Germans were already managing their accounts via smartphone (previous year: 3.13 million). This pushes up the demand for banking applications accordingly. Over 21 million Germans, i.e. a good one in four of the population, are meanwhile using apps of all types on their mobile phones (previous year: 15 million).

In 2012, the industry environment for B2B and service banks was dominated by the issues of preserving assets under management, attracting new customers and adjusting the range of products and services in line with the challenges posed by new regulatory framework parameters.

Fund advisers, who represent an important target group for ebase, traded less in investment funds overall compared with the previous year. The ebase fund barometer, which is published four times a year and illustrates the trading volume of over 50 thousand fund advisers, showed below average trading activity in most months of 2012.

The trend towards safety-oriented investments strengthened; mixed funds and bond funds posted high inflows, while equity funds and funds of funds recorded high outflows. This made it increasingly difficult for advisers to retain the funds of their customers in their management operations.

Many financial intermediaries reviewed their business models in the wake of the amendment of the Trade Regulation (GewO). As of the start of 2013, the rules governing placement of financial investments under Section 34 et seq. of the Trade Regulation (GewO) are being replaced and newly regulated by Section 34 et seq. GewO. In accordance with Section 34 et seq. of the Trade Regulation (GewO), financial intermediaries for investment funds, closed-end funds or other assets within the meaning of Section 1(2) of the Asset Investment Act must now demonstrate to the competent Trade Office that they are sufficiently knowledgeable. Intermediaries who have joined a "liability umbrella" will also have to provide evidence of their expertise in future. To minimise the risks involved in investment advice, intermediaries are seeking liability-reducing product solutions – a need which is now also being met by the standardised fund asset management offered by ebase in its role as asset manager.

Regulatory environment

With our range of products and services, we are active in highly regulated markets. The Federal Financial Supervisory Authority and the Deutsche Bundesbank are presently responsible for banking supervision in Germany. The core issues under supervisory regulations comprise the solvency, liquidity and lending activities of banks. In our advice business, we are also operating in market segments governed by dense regulation. Implementing new legal and regulatory requirements involves additional costs, for example for the extended documentation requirements for advisory services.

In 2012, comdirect carried out preparations to switch over to the SEPA system (Single Euro Payments Area), which creates uniform procedures and standards for the processing of euro payments throughout Europe as of 2014.

Furthermore, comdirect commenced the implementation of the Foreign Account Tax Compliance Act (FATCA) adopted by the US government in 2010, through which the US tax authorities intend to find the clandestine accounts of US citizens worldwide. In addition to Germany, France, Spain, Italy and the UK have agreed to implement FATCA.

The CRD IV directive and CRR regulation are aimed at transposing the new capital and liquidity requirements under Basel III into European/national law. They were scheduled to come into force at the beginning of 2013, but the start date has been postponed for the time being as a result of the ongoing debate and consultation at EU level. In terms of content, comdirect implemented the relevant issues in 2012 and it remains to be seen if there will be any changes.

The amended MaRisk published in December 2012, which came into force at the start of 2013, does not result in any material new regulations for comdirect.

> Business performance and earnings situation at the comdirect group

Overall assessment of the economic situation

Given the difficult market environment, the comdirect group performed well in terms of business and earnings development. It has continued its growth course and further improved its positioning in both business lines.

In the B2C business line, we increased the number of customers, as well as the portfolio and deposit volumes. We are convinced that investors will continue to set great store by the quality and features offered by banking products. Net investments by customers in brokerage show that here too we have adopted the right approach by extending the range of investments and functionalities. Assets under management reached the highest level in the company's history during the reporting year.

In the B2B business line, ebase rigorously pursued its further development from fund platform to B2B direct bank in the previous year. ebase combines the depth of products and services offered by a fund platform with the breadth of products and services of a B2B direct bank and has aligned its offering even more closely with the requirements of its different customer groups. The increasingly integrated spectrum of custody accounts and account products, embedded in the branding of the respective partners, meets the needs of the target segments identified by ebase, and sets the path for further growth.

Despite increased investment in growth in the second half of the year, we achieved a good result of €92.3m.

Net interest income was roughly on a par with the previous year, but historically low interest rates in the money market left their mark over the course of the year, as did declining bond yields. The considerably more expansive course adopted by the ECB since mid-2012, which was accompanied by a cut in the key lending rate, means that the framework conditions for deposit business have worsened again, including looking ahead to 2013.

Net commission income matched the long-term average, but was below the exceptional level recorded in 2011. With less pronounced volatility than in the previous year and ongoing uncertainty over the sovereign debt crisis and economy, order activity on the part of our customers decreased overall.

The financial situation and assets of the comdirect group remain sound. The same applies for the risk position: the overall risk diminished and the limit utilisation level was consistently non-critical across all risks at all times. We will continue to manage our future growth on a risk and return-oriented basis.

Target/actual comparison of selected key performance indicators

			2011	Target 2012	Actual 2012
Net interest income before provisions	€ million		150.8	Slight increase	151.8
Net commission income	€ million		182.6	–	166.4
Administrative expenses	€ million		232.1	–	236.7
Pre-tax result	€ million		108.1	85 to 90	92.3
Deposit volume	€ million	31.12.	10,705	Stable	11,720
Number of customers B2C		31.12.	1,632,467	Increasing	1,716,783
Number of employees		31.12.	1,148	Slight increase	1,176

Business performance

Number of customers and customer satisfaction

The comdirect group gained 124.7 thousand customers overall in 2012. With a total of 2.76 million customers (previous year: 2.63 million customers), the comdirect group remains one of the leading direct banks in Germany.

The B2C business line increased the number of customers by 84.3 thousand to 1.72 million, thus outstripping the figure for the previous year (73.5 thousand).

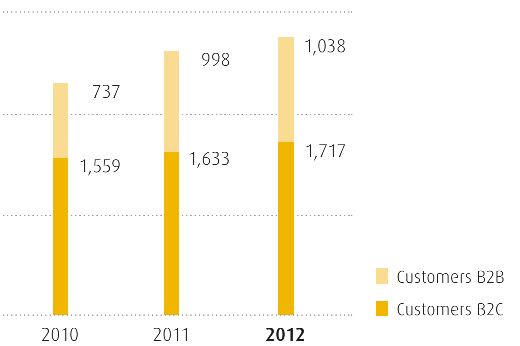
This was due, on the one hand, to intensified marketing activities in the second half of the year, and 62% of net new customers were gained in this period. According to the latest comdirect market research survey, awareness of the comdirect brand increased compared with the previous year. Furthermore, the willingness of respondents to conduct banking transactions via comdirect was higher. Another important aspect is the very high level of willingness of comdirect customers to recommend the bank; this was surveyed in a customer loyalty study and rose again in the past year.

On the other hand, the successive expansion of the range of products and services in banking and brokerage resulted in even greater customer satisfaction than in the previous year, as well as a correspondingly strong level of loyalty among existing customers. As many as 49% of customers (previously 40%) believe comdirect offers a specific advantage over other direct banks or online brokers.

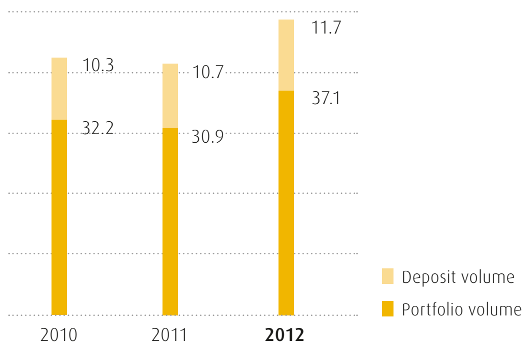
Product penetration too was up on the previous year. The total number of custody accounts, current accounts and Tagesgeld PLUS (call money PLUS) accounts in the B2C business line was up by 9.3%, with the increase once again higher than in the number of customers. At the end of 2012, 52.5% of B2C customers had a current account and 78.3% a Tagesgeld PLUS account.

In the B2B business line, the number of customers climbed by 40.4 thousand to 1,038.5 thousand. This was especially due to the takeover of custody account management for Generali Investments Deutschland in the first quarter (see page 46). As the year progressed, persistent weak demand for funds and cancellation of custody accounts for capital-building payments following expiry of the corresponding VL contracts led to a slight drop in customer numbers.

Number of customers of comdirect group as of 31.12.
(in thousand)



Total assets under custody of comdirect group as of 31.12.
(in € billion)



The 17.5% increase in assets under management to €48.85bn (previous year: €41.59bn) stemmed from price effects, as well as net investments by customers which totalled €7.27bn in the reporting year. The portfolio volume advanced to €37.13bn compared with €30.88bn in the previous year. It is attributable to 1.70 million custody accounts, which is a rise of 1.1% on the previous year.

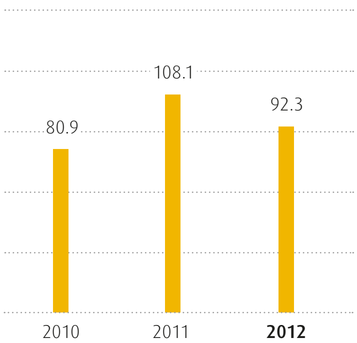
Growth in the deposit volume of 9.5% to €11.72bn (end 2011: €10.70bn) results from the increased number of customers and accounts in the B2C business line.

Earnings situation

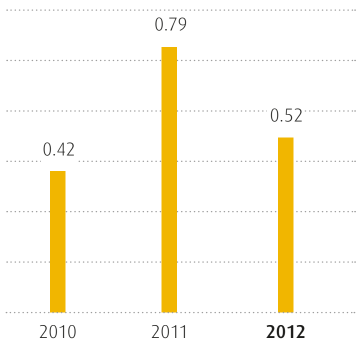
With pre-tax profit of €92.3m, the comdirect group achieved its profit target in operating terms in the reporting year. The respective figure for 2011 (€108.1m) included interest payments on a tax refund of €9.2m, while an extraordinary effect of €4.9m was posted in the reporting year as a result of the further settlement of the positive ruling in the appeal proceedings in the previous year.

The decrease in income of 2.4%, primarily due to lower net commission income, was countered by a modest rise in administrative expenses of 2.0%. The cost/income ratio increased from 68.0% in the previous year to 71.0%. The return on equity (before tax) fell to a lower, but still very good level of 17.3% (previous year: 21.2%).

Pre-tax profit of comdirect group
(in € million)



Earnings after tax per share
(in €)



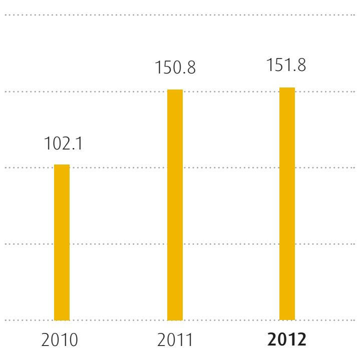
Of the total income, €155.5m (previous year: €143.8m), or 46.6% (previous year: 42.1%), was attributable to the income relating to deposit business and Treasury portfolio management: net interest income, result from financial investments, trading result and result from hedge accounting. These earnings components are viewed on a holistic basis, as market interest rate developments can sometimes trigger opposing movements.

Income taxes amounted to €18.9m and include a tax refund, which at around €5.5m impacts positively on tax expenses and results from the further settlement of the positive ruling in the appeal proceedings in the previous year. This relates to the tax appeal proceedings pertaining to the non-recognition of write-downs to going concern value on foreign activities in financial year 2001, which were decided in favour of the bank in November 2011. In financial year 2011, this resulted in tax relief of €32.4m.

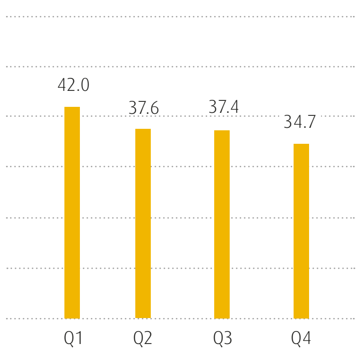
Consolidated net profit of €73.4m (previous year: €111.8m) corresponds to earnings per share of €0.52 (previous year: €0.79).

The comprehensive income of the comdirect group of €117.6m (previous year: €92.4m) also includes the change in the revaluation reserve (see note (52) page 123).

Net interest income before provisions
(in € million)



Net interest income on a quarterly comparison
(in € million)



Proposal for appropriation of profit

The Board of Managing Directors and Supervisory Board will propose to the annual general meeting in Hamburg on 16 May 2013 that the distributable profit of comdirect bank AG calculated in accordance with the German Commercial Code (HGB) of €62.1m be used for a dividend of €0.44 per share (previous year: €0.56). Based on comdirect group's consolidated net profit in accordance with IFRS, this results in a transfer to retained earnings of €11.2m.

Net interest income and provisions

At €151.8m, net interest income before provisions is slightly higher than the previous year's figure (€150.8m). However, the development in money market interest rates and bond yields made itself felt over the course of the year; in the first quarter net interest income was still up on the previous year, but in the fourth quarter was down by 14.5% on the respective figure for 2011. The market-related decline in interest income from investing customer deposits was only partially offset by the adjustment of interest rates on call money and fixed-term deposits during the year, and the average interest margin fell as a result. Growth in the deposit volume countered this to a moderate extent.

Over the year as a whole, 62.5% (previous year: 56.7%) of the interest income amounting to €263.9m (previous year: €269.1m) was attributable to income from lending and money market transactions, with 37.0% (previous year: 42.8%) attributable to fixed-income and variable yield securities (available for sale). Interest expenses totalled €112.1m (previous year: €118.2m).

At €4.4m, charges for provisions were substantially up on the previous year (€1.3m). This is mainly due to changing the Visa card from a debit card to a credit card with weekly debiting in September 2012 (see page 63). We have recognised additional provisions to take account of the risk resulting from the credit facilities granted.

Net interest income after provisions amounted to €147.4m (previous year: €149.5m).

Result from financial investments

Reallocations within the special funds, in particular, made a positive contribution to the result from financial investments of €3.7m. The previous year's figure (€–6.0m) was especially dominated by losses on sales and impairments. In the first quarter of 2012, comdirect bank participated in the rescheduling of Greek debt. In exchange for the only, largely written-down, Greek government bond it still held, the bank received new debt securities which it immediately sold. This resulted in a small loss of €0.1m. At €–0.6m, charges for impairments were considerably lower than in the previous year (€–2.9m).

Result from hedge accounting

Interest rate swaps were again used in the reporting year to hedge individual positions against a loss in value. The nominal volume decreased slightly in the reporting year to €118m (end 2011: €123m). Since the interest rate swaps qualify as effective fair value hedges, the results of the valuation of hedged items and hedging transactions are reported in the result from hedge accounting. In the reporting year, this amounted to €–8 thousand (previous year: €49 thousand).

Unlike the previous year (€–1.1m), there was no trading result to report.

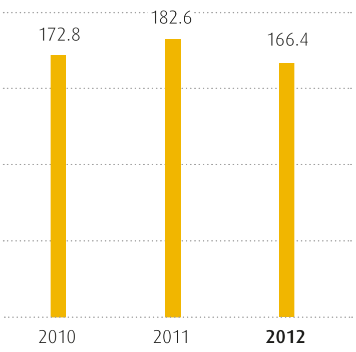
Net commission income

Net commission income totalled €166.4m and was thus 8.9% below the previous year's figure (€182.6m).

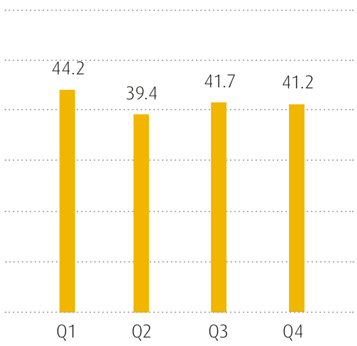
This resulted mainly from the downturn in net commission income from securities business to €147.0m (previous year: €166.0m). This was because of extraordinarily active levels of trading in the previous year as a result of the disaster in Japan and higher market volatility in the wake of the euro crisis. The proportionate decrease in net commission income was slightly bigger than in the number of orders and was due to the increased share attributable to CFD trading, where earnings per trade are lower. Otherwise, development in earnings per order, including in flat-fee campaigns, was largely stable. Sales follow-up commission in funds business surpassed the previous year's figure due to the rise in the fund volume.

As in the previous year, net commission income from payment transactions recorded a rise, climbing 3.5% to €9.9m (previous year: €9.6m). This is due to the increased number of current accounts and the fees associated with payment transactions as well as card income.

Net commission income
(in € million)



Net commission income on a quarterly comparison
(in € million)



At €9.5m, other commission was significantly higher than the previous year's figure of €7.0m. This is attributable to a stronger contribution from the advisory services as well as a rise in the placement of consumer loans. In contrast, there was only a minor change in the volume of financing placed as part of Baufinanzierung PLUS (see page 44).

Other operating result

As in 2011, the other operating result of €11.5m reflects the impact of the further settlement of the positive ruling in the appeal proceedings in the previous year. In total, the sum reported amounts to €4.9m and stems from interest payments by the tax office and Commerzbank AG refunds resulting from the single entity relationship for tax purposes in place at the time. In addition, the result includes a one-off payment from Commerz Direktservice GmbH of €1.3m. This relates to the premature termination of the service agreement due to the company's relocation. comdirect received compensation for the use of technical infrastructure, although a small extraordinary write-down was recognised here. The other operating result also includes a payment from a sales partner of comdirect bank. Furthermore, the reversal of provisions and accruals led to higher earnings contributions than in the previous year.

The other operating result in the previous year (€15.1m) was heavily dominated by interest income relating to the above tax refund.

Administrative expenses

The modest 2.0% rise in administrative expenses to €236.7m (previous year: €232.1m) reflects the comdirect group's focus on growth.

Personnel expenses increased by 2.2% to €69.0m (previous year: €67.5m). The rise is essentially attributable to the increased number of employees and salary adjustments. Expenses were reduced by lower deferrals for performance-related compensation components.

At €152.2m, other administrative expenses were up 3.0% on the previous year's figure (€147.9m). Among other factors, the rise stemmed from increased communication and consulting expenses, which were largely attributable to the expansion of the bank's range of products and services. Expenses for external services were also higher than in the previous year. Despite the intensification of our campaigns in the fourth quarter, there was a modest decrease in marketing expenses year-on-year, which reflects our restraint in the first half of 2012. Sundry administrative expenses were essentially unchanged.

Depreciation decreased by comparison with the previous year (€16.7m) and was down 7.4% to €15.5m. Intangible assets accounted for €11.0m, which relates among others to the scheduled depreciation on internally generated software, as well as the Amex customer base acquired in 2006. The respective figure for 2011 (€12.7m) additionally included unscheduled deprecation of €2.1m. The increase in depreciation of office furniture and equipment to €4.5m (previous year: €4.0m) resulted in particular from the extraordinary write-down of €0.7m on technical infrastructure relating to the termination of the service agreement with Commerz Direktservice GmbH.

7

It's true: one in seven bank customers already has a fee-free current account.

But only comdirect customers have a fee-free high performance current account with satisfaction guarantee.
comdirect's current account stands for top performance with high security standards, regardless of whether it's for online shopping, mobile banking, cash withdrawals or a credit card. We are so convinced of the quality, we even offer a satisfaction guarantee. And: comdirect continues to invest in the account and card.

»Our core offering of current account, Visa card and Tagesgeld PLUS account is now even more attractive – and still comes with the satisfaction guarantee.«

Malte Siedenburg, Customer Security Product Manager and Martin Holst, Banking Product Manager

Product managers Malte Siedenburg and Martin Holst ensure that comdirect cards are more than just a means of payment. "If you want to stand out from the crowd, you have to provide additional near-banking services that offer customers real advantages," explains Holst. Here, security and convenience are at the top of the wish list.

A fee-free credit card accompanying a fee-free current account with fee-free cash withdrawals are now standard. True, not at all banks by any means, but certainly in the direct banking business. This is why the comdirect Visa card offers a combination of functions that is unique in the German market, delivering an additional boost to the growth driver that is our current account.

Contactless payments and savings

comdirect is one of the first banks in Germany to issue Visa cards with the payWave function which allows contactless payments (see box). With its Visa cards, comdirect is not only speeding up the payment process, but also helping customers to save at the same time. If a customer decides to use the innovative savings function for their change, every payment they make with the card is rounded up to the next euro. The rounding amount is then credited to the customer's call money account. And because saving is supposed to be rewarding, comdirect doubles the amount saved at the end of the first three months. After that there is a bonus of 10% on the accumulated savings. One convenient security feature is the SMS info service, which sends the customer a text message every time the credit card is used for purchases of over €200 or if a border was crossed between two purchases.

Security has also been enhanced for comdirect's girocard. Since November 2011, customers have been issued with bank cards featuring the V-PAY function which only works via the chip integrated in the card. This prevents fraudsters from copying customer data from the magnetic strip and using this to access accounts.

Faster online shopping with giropay

comdirect introduced the giropay system in 2012 to make shopping online even easier and safer as well. In the participating e-shops, customers making a purchase simply input their comdirect bank sort code in the designated field and are then securely redirected to comdirect's website. Here they enter their access code and PIN to open a money transfer mask which already contains all the information required for their online purchase, thereby excluding typing errors and transposed numbers. When a customer pays by giropay, the merchant receives a payment guarantee in return and can despatch the goods immediately and at no risk without any knowledge of the customer's bank details.

The fact that comdirect is not only a performance broker but also a leading performance bank is demonstrated, for example, by the high level of customer satisfaction among our current account customers which is continually rising. Of these customers, nearly two thirds use comdirect exclusively or as their main bank. According to the current customer loyalty survey, 86% of these customers would recommend comdirect to a friend. Is it possible to improve on such a high percentage? With initiatives planned for its account and card in 2013, comdirect aims to do just that.

Wave and pay: the comdirect Visa card

Put your card in the machine, enter your pin, wait ...: cashless payments are convenient but often cause lengthy queues at the supermarket checkout. In future this could all be simpler and easier. In July 2012, comdirect became one of the first banks in Germany to issue customers with Visa cards featuring the payWave function. Customers no longer need to insert their card into the terminal when paying, and instead just hold it briefly in front of the reader and the amount is debited from their account within seconds. For payments under €25, customers in Germany do not need to input their PIN or sign their name either.

This fast payment system is equally as secure as the old one. Using near field communication technology, the card is equipped with the highest possible encryption standard currently available and only works when held directly over the reader. This means you can't make a payment by accident. At the moment, the comdirect Visa card with payWave can be used at over 390,000 terminals in Europe, with this figure set to increase in the future.

> B2C business line

Business development in brokerage

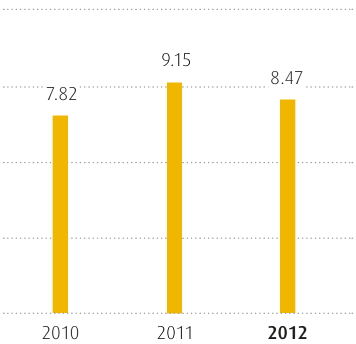
Securities trading

By comparison with the very active trading seen in 2011 – caused by greater market volatility as a result of the tsunami disaster in Japan and the euro debt crisis – the volume of orders declined again in the reporting year. However, the number of orders executed was considerably more stable than the market environment (see page 31) and compared with the previous year (9.15 million) fell by just 7.4% to 8.47 million. CFD trading played a major role in this development and accounted for approximately 18% of the total number of trades; in the previous year, this share only amounted to around 4% as the platform was only launched in September 2011.

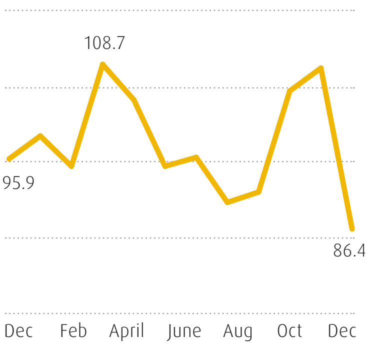
The comdirect Brokerage Index, which is calculated monthly on the basis of purchases and sales of securities by custody account customers, signalled pronounced selling pressure for bonds and funds throughout the whole of the year, while the picture for equities, certificates and warrants was varied. On the whole, selling predominated in the second half of the year and the Index generally remained significantly below 100 points.

LiveTrading, our platform for OTC trading, accounted for 46% (previous year: 40%) of trades. The introduction of limit and stop functions at the end of 2011, as well as attractive terms and conditions through a year-long flat-fee campaign with three cooperation partners, contributed to this strong level of activity.

Executed orders B2C
(in million)



Brokerage Index (December 2011 – December 2012)
(in points)



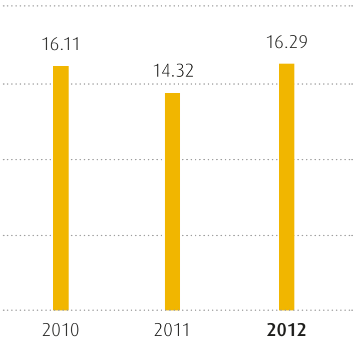
Securities turnover in the B2C business line (excluding CFDs) stood at €33.21bn (previous year: €46.47bn). This produces an average order volume of €4,759 (previous year: €5,308).

Portfolio volume

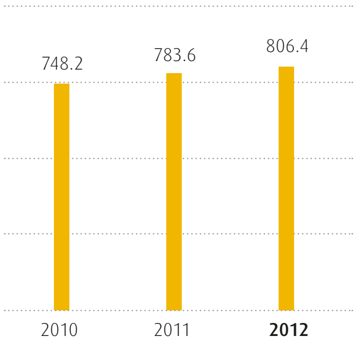
At the year-end, customer assets totalled €16.29bn, a rise of 13.7% on the volume at the end of 2011 (€14.32bn). This primarily reflected the sharp price rises in the equity markets. In addition, net investments by customers contributed around €0.85bn. Regular payments into securities savings plans, which are not taken into account in the comdirect Brokerage Index, played a part here. The transfer of investment fund units to comdirect custody accounts had a minor impact; we paid a bonus for these as part of the custody account transfer campaigns.

At the year-end, the portfolio volume was attributable to 806.4 thousand (previous year: 783.6 thousand) custody accounts.

Portfolio volume B2C as of 31.12.
(in € billion)



Custody accounts B2C as of 31.12.
(in thousand)



Business development in banking

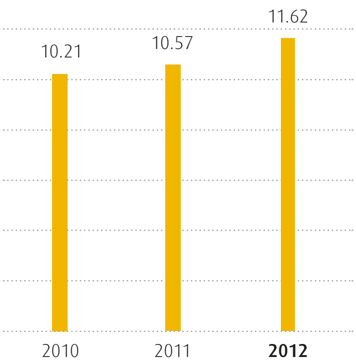
Deposit business

In its deposit business, comdirect bank sustained the growth achieved in the previous year. Our fee-free current account with satisfaction guarantee continues to be the engine of growth in our banking offering. Compared with the end of 2011 (774.5 thousand), the number of current accounts increased by 126.9 thousand to 901.4 thousand. Despite interest rate adjustments, the number of Tagesgeld PLUS accounts, which are usually opened in conjunction with the current account, was also up on the previous year at 1,344.9 thousand (end 2011: 1,235.8 thousand).

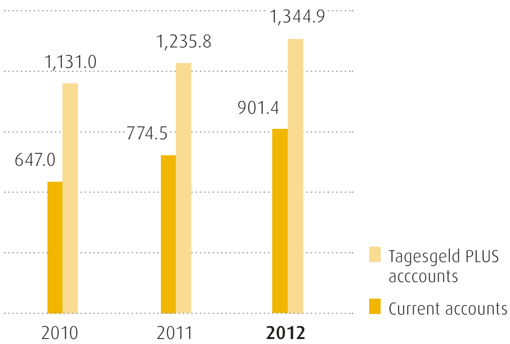
The sustained high demand is due among other things to the further improved features offered by the current account. These include the expansion of mobile banking as well as the new Visa card, which further enhances the convenience and security of payment transactions (see page 24).

Despite a difficult interest rate environment for financial investment products, the deposit volume was up 9.9% on the end of 2011 (€10.57bn) at €11.62bn thanks to the increased number of current accounts and Tagesgeld PLUS accounts. Around 58% of the rise in the deposit volume (previous year: around 60%) was attributable to Tagesgeld PLUS. At the same time, the annual average volume of deposits in the current accounts increased.

Deposit volume B2C as of 31.12.
(in € billion)



Number of current accounts and Tagesgeld PLUS accounts as of 31.12. (in thousand)



Medium to long-term deposits in time deposit accounts were less popular with investors because of the interest rate development. The deposit volume in fixed-term deposit accounts (maturity 1–3 months) also decreased by 17% during the reporting period. In contrast, the volume in currency investment accounts continued to rise, with investments in Swiss francs, Norwegian krone and US dollars dominating. However, despite strong growth, the volume in currency investment accounts is of minor importance overall.

At the year-end, 91.4% (previous year: 90.4%) of liabilities to customers were attributable to deposits due on demand. The reinvestment of customer funds is adjusted in line with the economic holding period of the deposits (see page 49).

Lending business

The volume of utilisation of loans against securities and draws on credit lines by our private customers declined to €173m as compared with year-end 2011 (€189m).

Over the course of the year, the volume of loans against securities fell by 17.6%, although collateral values and utilisation increased again in the fourth quarter.

The volume of draws on credit lines was up 5.6% on the previous year. In addition, the credit volume on the Visa cards had an impact here: transaction amounts are no longer debited daily but on a weekly basis, which means that comdirect is granting its customers a short-term, interest-free credit.

comdirect acts as an intermediary for building finance and consumer loans. Both offerings therefore had no impact on the bank's lending volume.

Business development in advice

Historically low interest rates and the ongoing trend towards investments in real assets continued to ensure the same strong demand for our Baufinanzierung PLUS building finance advice service in the reporting year. On average, the Building Finance Sentiment Index was up on the previous year's levels. At €443m, the volume of building finance placed remained close to the previous year's level (€465m).

The online live advice service launched in 2011 continued to be well received by customers, especially in combination with the video-telephony service trialled in the reporting year. In addition to the telephone advice service, the face-to-face local advisory services provided in the building finance offices in Berlin, Frankfurt/Main, Hamburg and Munich contributed significantly to this success. The online live advice service was also successfully used in the offices.

The number of financing partners remained stable at more than 250 during the reporting year and guarantees a high level of regional coverage.

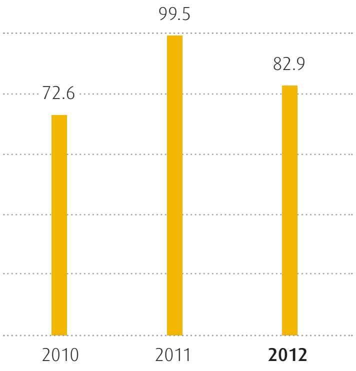
At the end of the year, our Anlageberatung PLUS investment advice service was being used by around 2,160 customers (end 2011: around 1,800 customers). Assets under advice totalled €157m.

Earnings situation in the B2C business line

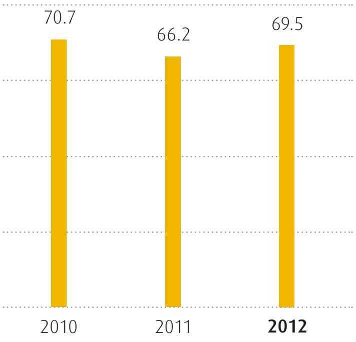
With pre-tax profit of €82.9m, the B2C business line did not match the record level of the previous year (€99.5m). This was mainly because of the market-related decline in net commission income. The cost/income ratio of the segment increased from 66.2% to 69.5%.

The earnings components related to the comdirect group's deposit business – net interest income, trading result, result from financial investments and the result from hedge accounting – stem almost completely from the B2C business line. For further details, please see the explanation of these items at comdirect group level (see page 37).

Pre-tax profit B2C
(in € million)



Cost/income ratio B2C
(in %)



At €120.3m, net commission income was down 14.9% on the previous year's figure (€141.4m), reflecting the downturn in the number of orders in particular. The disproportionately sharp decrease in commission from securities business compared with trades is mainly due to the higher share attributable to CFD trades, where earnings per trade are lower than on other orders.

The other operating result amounted to €10.7m (previous year: €13.8m). The previous year's figure included the interest income of €9.2m on the tax refund referred to above. A further €4.9m was posted in connection with this issue in 2012. Moreover, the figure includes extraordinary income from the termination of the service agreement with Commerz Direktservice GmbH.

At €198.7m, administrative expenses were essentially unchanged on the previous year (€197.5m). As was the case at group level, higher personnel and other administrative expenses were countered by lower depreciation.

> B2B business line

Business development in the B2B business line

In its tenth anniversary year, ebase continued its positive development as a leading B2B direct bank. In the insurance and investment company segment in particular, it recorded an increase in the number of custody accounts and assets under management. One important event in this regard in 2012 was the takeover of custody account management for Generali Investments. At the same time, ebase successfully implemented a substantial expansion of its range of products and services in banking and brokerage in order to be able to react flexibly to market requirements and meet the needs of its different target segments.

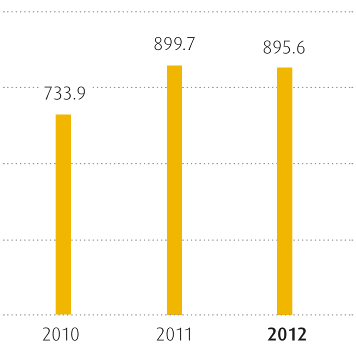
Custody accounts and portfolio volume

At the end of 2012, ebase maintained 895.6 thousand custody accounts (previous year: 899.7 thousand). There was a disproportionately sharp increase in assets managed by ebase to €20.85bn (previous year: €16.56bn). The rise is due to price effects and to fund inflows from institutional customers. The average portfolio volume was up by 26.4% to €23.3 thousand (previous year: €18.4 thousand).

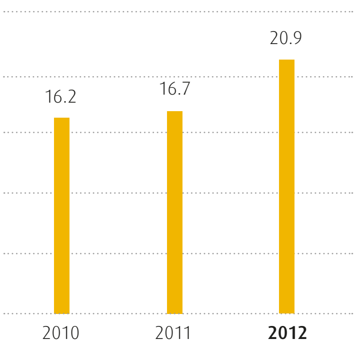
The customer segment comprising IFAs, asset managers and "liability umbrellas" reflected weak sales in investment funds; the number of end customers fell slightly, while moderate outflows in assets under management were more than offset by positive price effects. The funds volume attributable to custody accounts for company pensions (bAV) increased over the course of the year by 20.0% to €1.45bn (end 2011: €1.21bn).

The standardised asset management product launched in the reporting year in the shape of the ebase Managed Depot custody account was still in the pilot phase at the end of the year, and consequently did not have any notable impact on the portfolio volume or customer numbers.

Custody accounts B2B as of 31.12.
(in thousand)



Total assets under custody B2B as of 31.12.
(in € billion)



At the end of the year, over 85% of the custody accounts and account products were offered in a partner-specific configuration; the proportion has therefore increased slightly by comparison with the previous year (around 83%). The weighting here continued to shift further towards white label products for insurance companies.

Accounts and deposit volume

At €97m, the deposit volume at the end of 2012 did not quite equal the previous year's figure (€134m). This was essentially due to the fact that a large portion of fixed-term deposits were not renewed because of the intervening adjustment to basic terms and conditions in line with the development in market interest rates. Consequently, most of the deposit volume was attributable to the settlement accounts linked with the custody account (Flex account). At the moment, these accounts are still primarily being used for revenue from fund sales, but are also available to accept monies from expiring insurance policies and as a fully fledged online-type account for payment transactions. The deposit volume increased here to €52m (previous year: €50m). In light of the current low interest rate environment, the partners made little use of the option of interest rate sponsoring offered by ebase.

Earnings situation in the B2B business line

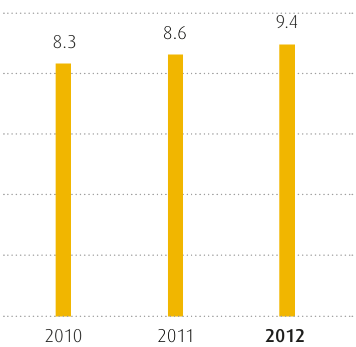
Pre-tax profit in the B2B business line stood at €9.4m, up 9.3% on the previous year's figure (€8.6m). Earnings rose to €47.6m (previous year: €43.4m), while administrative expenses increased to €38.2m (previous year: €34.8m). The cost/income ratio remained virtually stable at 80.3% compared with 80.2% in financial year 2011.

As a result of the increased funds volume, net commission income climbed by 11.9% to €46.1m (previous year: €41.2m). In contrast, the custody account fees were slightly down on the respective figure for 2011. Net interest income declined to €666 thousand because of the fall in interest rates (previous year: €888 thousand).

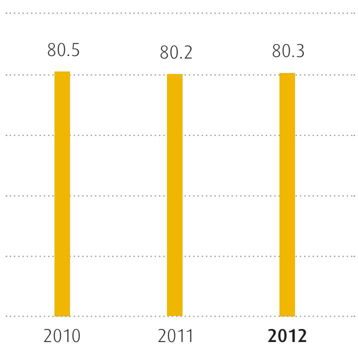
The decrease in the other operating result to €1.0m (previous year: €1.5m) was particularly due to lower earnings from the reversals of unutilised provisions and accruals. In contrast, a higher volume of IT services were charged to partners.

The increase in administrative expenses stemmed from the rise in other administrative expenses and personnel expenses. Other administrative expenses includes higher consulting in respect of product-related development projects and higher postage and shipping costs in relation to a revision of our forms. Processing-related costs were also up on the previous year's figure. The main reasons here were the connection of an additional outsourcing partner to make the business model more flexible, as well as higher expenses relating to the partial liquidation of some open-ended property funds. The increase in personnel costs from €15.2m to €16.5m results from the rise in the number of employees on average for the year and higher fixed salaries.

Pre-tax profit B2B
(in € million)



Cost/income ratio B2B
(in %)



> Financial situation and assets of the comdirect group

Main features of financial management and Treasury

The Treasury department of comdirect bank ensures adequate cash holdings at all times and manages the liquidity risk (see page 64). By investing customer deposits in the money and capital markets, the comdirect group achieves a positive interest margin. Here the bank carries out a significant share of the investments with companies in the Commerzbank Group. Claims on Commerzbank AG and selected other subsidiaries in the Commerzbank Group as well as the securities of these companies are comprehensively collateralised via a general assignment agreement. There are also five special funds that are included in the comdirect group's accounts.

In addition to securities from the Commerzbank Group, only securities from first class issuers with shorter term fixed interest rates are acquired. The investment horizon is based on the economic holding period of customer deposits. The investments relate predominantly to promissory notes and fixed-term deposits. Furthermore, the Treasury portfolio essentially comprises bonds and Pfandbriefe.

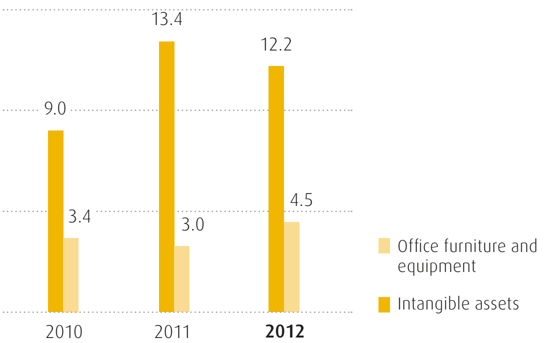
The use of derivative financial instruments is restricted to the hedging of interest rate risks from bonds and interest book management in the Treasury portfolio. As of 31 December 2012, the nominal volume of these hedging derivatives amounted to €118m (end 2011: €123m).

No investments were made in the beleaguered countries in the eurozone in 2012. At the end of 2012, less than 0.1% of the balance sheet total (end 2011: 0.6%) was attributable to Treasury positions in these countries. These positions are continually and closely watched as part of our intensive monitoring, and if necessary are sold before final maturity when market opportunities arise.

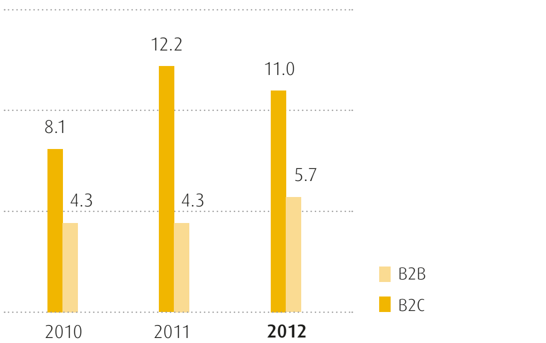
Investments

At €16.7m, the investment volume was close to the previous year's figure (€16.5m). A decrease in the B2C business line to €11.0m (previous year: €12.2m) was countered by a rise in the B2B business line to €5.7m (previous year: €4.3m). This was essentially due to the development of proprietary software as part of the launch of new products.

Investments
(in € million)



Investments by business lines
(in € million)



Intangible assets accounted for €12.2m of the investment volume (previous year: €13.4m). The high figure in the previous year reflected complex IT projects at comdirect bank, including implementation of the CFD platform. During the reporting year, we only used €4.9m (previous year: €7.2m) for the acquisition of software, while €7.3m was attributable to capitalisation of internally generated software. Further developments included the processing systems for the Visa card as well as the internet portal and custody account software for ebase. Taking account of depreciation on intangible assets, the net investment volume stood at €1.2m (previous year: €0.7m).

Fixed asset investments of €4.5m (previous year: €3.0m) include the replacement of database servers for central customer data and modernisation of PC systems. Net investments for fixed assets were essentially balanced (previous year: €–1.1m). There are no material subsequent financial obligations under current investment projects for future financial years.

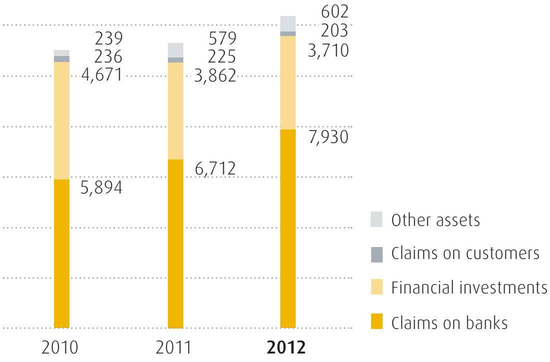
Balance sheet structure of the comdirect group

The rise in the deposit volume increased the consolidated balance sheet to €12.45bn (end 2011: €11.38bn). Liabilities to customers accounted for 94.3% of the balance sheet total (previous year: 94.2%).

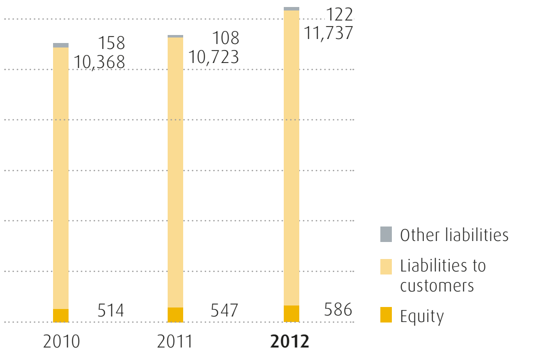
Assets

The volume of claims on banks, which essentially relate to promissory notes and fixed-term deposits, was up 18.1% on the end of 2011 (€6.71bn) at €7.93bn.

Structure of consolidated balance sheet – ASSETS
(in € million)



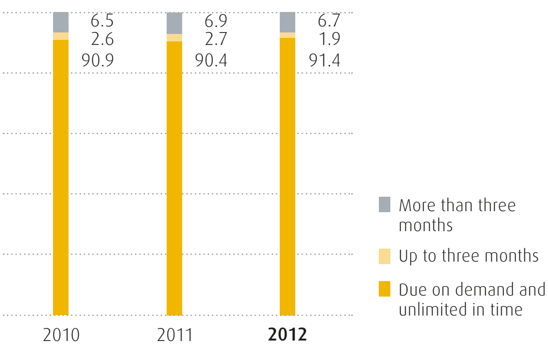
Structure of consolidated balance sheet – LIABILITIES
(in € million)



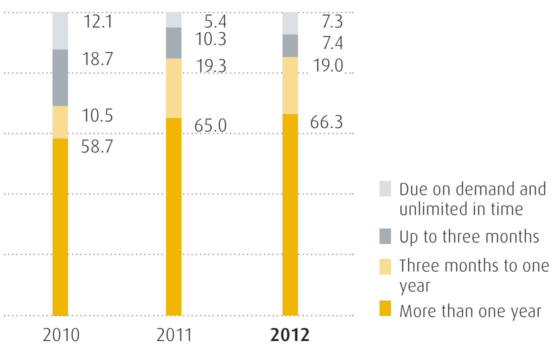
The volume of financial investments fell by 3.9% to €3.71bn (end 2011: €3.86bn). This line item comprises bonds and Pfandbriefe as well as floating rate notes. As in the previous year, equities only played a minor role in the Treasury strategy.

Claims on customers dropped to €202.6m (end 2011: €224.7m). This was mainly due to the decrease in the volume of loans against securities. The decline considerably more than offset the effect resulting from the increased use of overdrafts and the credit facility granted via the new Visa card.

Structure of customer deposits
(by remaining lifetimes in %)



Structure of claims and financial investments
(by remaining lifetimes in %)



The cash reserve amounted to €551.8m as at 31 December 2012 and was consequently higher than a year earlier (€527.8m). Almost all of this amount relates to the credit balance at Deutsche Bundesbank. The average minimum reserve requirement of the comdirect group stood at €110.2m (end 2011: €197.2m) as of 31 December 2012.

Current income tax assets of €1.9m (previous year: €4.1m) were partially attributable to corporate tax credit balances from previous years.

Financing

The financing side of the balance sheet essentially comprises the deposits of private customers. Liabilities to customers totalled €11.74bn (end 2011: €10.72bn).

The decline in liabilities to banks to €1.9m (end 2011: €3.2m) reflects the current level of the ongoing clearing accounts at Commerzbank.

As of the reporting date, the interest rate swaps used for hedging showed a negative fair value of €5.3m (end 2011: €4.5m).

At €39.7m, provisions were down 3.6% on the previous year (€41.2m). This reflected, in particular, the reduction in provisions for variable compensation components as well as non-income taxes.

Provisions for pensions amounted to €16.3m as of 31 December 2012 (end 2011: €15.3m). Pension obligations with a net present value of €26.2m (previous year: €20.3m) were countered by plan assets with a market value of €4.1m (previous year: €3.8m) administered by Commerzbank Pension Trust e.V, (see note (49) starting on page 118). In addition, there are provisions for partial retirement and early retirement arrangements amounting to €0.4m (previous year: €0.5m).

Other liabilities amounting to €46.0m (previous year: €41.7m) primarily comprise trade accounts payable.

The rise in deferred income tax liabilities to €7.8m (end 2011: €3.0m) is due to price movements relating to financial investments and their effect on the revaluation reserve. Most of these had an income-neutral effect. Assets and liabilities are netted in the line item (see note (50) starting on page 121).

Equity amounted to €585.7m, exceeding the level as of 31 December 2011 (€547.3m) by 7.0%. The rise is essentially attributable to the significantly increased revaluation reserve.

Cash flow statement of the comdirect group

The cash flow from operating activities of €119.7m (previous year: €418.6m) was mainly affected by the development in customer deposits and their reinvestment.

The cash flow from investment activities of €–16.7m (previous year: €–16.4m) reflects the increase in the investment volume.

The cash outflows from financing activities amounting to €–79.1m (previous year: €–59.3m) stem from the dividend distribution of €0.56 (previous year: €0.42) per share in May 2012.

Deposit protection

comdirect bank AG and ebase GmbH are members of the deposit insurance scheme of the Bundesverband deutscher Banken e.V. (Association of German Banks), through which each customer was insured up to a deposit amount of 30% of the main liable equity as of 31 December 2012. This results in an amount of €116.9m for comdirect customers or €6.1m for ebase customers. In addition, customer deposits are legally insured under the compensation fund of German banks (Entschädigungsfonds deutscher Banken, EdB).

14

14% of Germans have a strategy to combat a loss in value: securities.

To boost this percentage share, we offer the best tools, best prices and best execution. And we provide support in the selection process.
Opportunistic? Value-oriented? Turbo certificates or bond funds? Whatever strategy traders or investors choose in order to achieve price gains, they can implement it with comdirect. Effective analysis tools, wide-ranging trading services, innovative chart functions and comprehensive information all facilitate better financial decisions.

»Frequent traders are particularly demanding and provide valuable feedback which we use on a systematic basis to further develop our tools.«

Speed is of the essence when it comes to trading contracts for difference (CFD). These are highly leveraged products with short holding periods, and a few seconds can make the difference between making a profit or a loss. If customers are not available to make the trade themselves, the CFD team steps in. They accept orders by telephone, assist if there is a technical problem and are always happy to hear suggestions for improvements. "Feedback from customers is crucial for further developing the platform," explains Martina Schulz, a specialist responsible for the CFD team.

Suggestions from customers were included for instance in the development of the improved real-time charts, which traders can use to place their orders directly from within the chart whilst retaining an optimal overview of their limit and stop loss orders at all times. In technical terms, comdirect is thus one of the leaders in the market, and together with its excellent Customer Services and Commerzbank as market maker is setting new standards in CFD trading. So much so, that one in six trades in 2012 was carried out via comdirect's powerful and highly liquid CFD trading platform.

But the "Online broker of the year 2012" (€uro am Sonntag) provides maximum speed and convenient trading functions for more than just CFD trading. Updated in 2012, the domestic order mask is simple and easy to use and offers a market overview for facilitating fast trading. Real-time prices for the desired security are shown automatically and free of charge on the three most relevant stock exchanges. Positions can be readily secured by means of simple and complex limit functions, such as the trailing stop, which are also available in OTC trading. In addition, professional analysis and chart tools help both traders and investors select the best securities and calculate risks.

For beginners and advanced traders

To make investing in securities easier for customers who have no trading experience, and to break down prejudices, comdirect attaches great importance to providing information that is transparent and comprehensible. Current market data for all asset classes can be called up via the comdirect Informer, which has made comdirect's website one of the most frequently visited financial websites in Germany. Products and tools are clearly explained in video tutorials that are also easy for novices to understand. Investors can use the

Martina Schulz,
Specialist CFD team

model portfolio to test out various investment strategies and experiment with new securities. Moreover, as an exclusive offering for customers, comdirect organises free seminars and webinars with stock market professionals who pass on their tips and tricks to traders and investors. The response in some cases has been overwhelming, and the biggest trading webinar to date was followed in autumn 2012 by around 3,000 participants. A special kind of community.

comdirect also supports securities buyers with attractive terms and conditions as part of the ETF offensive and flat-fee campaign in OTC trading, where lower order fees are charged for selected securities. ETFs, in particular, are becoming increasingly popular as a cost-effective investment with broad risk diversification, and one in two fund-based savings plans is now based on ETFs. Since these are appropriate for long-term asset accumulation, comdirect also offers ETFs in combination with a securities savings plan – without any order fees. Three investment proposals, for conservative, balanced and opportunity-oriented investors, guide buyers in their selection. comdirect makes choosing a traditional fund easier with its "FondsDiamanten" offering of 20 quality-checked funds which too are available with no front-end load.

More securities with comdirect

Accumulating assets and making appropriate provision for old age is scarcely possible without equities, bonds and commodities. Those who leave their assets unprotected from inflation will lose purchasing power over time rather than build up savings. In times when investors are receiving comparatively low interest rates on call money and fixed-term deposits, the need for alternatives is particularly great. This is why comdirect is making it especially easy for its customers to choose securities. And 6% of comdirect customers who do not have a custody account are planning to open one within the next twelve months.

comdirect will also invest in this trend in the future and expand its information offering in particular. In addition, there are plans to further develop the investment proposals, so that in future even more bank customers can see that securities are a useful strategy to combat a loss in value.

Better overview: CFD chart tool

The chart tool is the most important instrument offered by the CFD platform. The chart information is continually updated, enabling traders to retain an overview across a number of positions. Five different types of display for price performance and 23 customisable indicators assist traders in swiftly identifying market opportunities. Positions can be opened or closed within seconds by simply clicking into the chart.

And it's just as easy for traders to specify the price at which they want to sell the CFD by setting the corresponding lines (stop loss or take profit) in the chart. The caps and floors can also be moved flexibly within the chart after setting the lines. If the price of the CFD reaches one of these lines, the position is automatically closed. All of the tool functions are explained on the CFD platform at http://cfd.comdirect.de/.

> The share

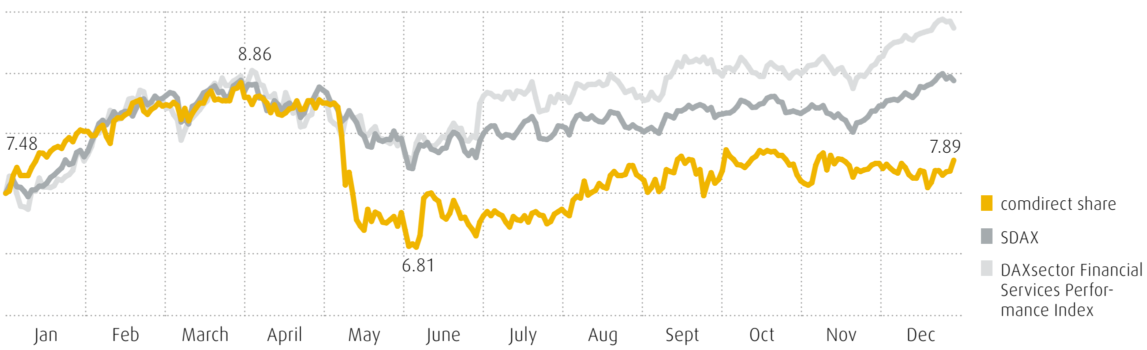
Share price performance, trading volume, shareholder structure

comdirect shares closed 2012 with a modest price rise of 5.5% to €7.89. The shares reached their high for the year at €8.86 on 28 March 2012 following publication of the result for 2011. The price slide that started in May and reached a low of €6.81 on 6 June 2012 reflects the ex-dividend markdown as well as the general development of the market among other factors. From the middle of the year onwards, the share price recorded gains once more and benefited from the renewed price surge on the stock markets.

Following the annual general meeting on 9 May 2012, comdirect paid a dividend of €0.56 per share, a third more than in the previous year. Taking the dividend payment into account, the shareholders received a total shareholder return of 13.0% compared with 9.7% in the previous year. This total shareholder return means that comdirect did not quite equal the performance of the SDAX (18.7%) and the DAXsector Financial Services Performance Index (27.5%). However, viewed over a three-year and five-year period, the bank outperformed its benchmark indices.

As of 31 December 2012, Commerzbank AG indirectly held 81.13% of the shares. As a result, 18.87% of the shares were in free float. The closing price at year-end 2012 produces a market capitalisation of €1,114.2m, of which €210.3m was attributable to free float. On average, around 41 thousand units were traded a day, down 43.7% on the previous year (73 thousand). Of this trading volume, 84% was traded on XETRA and 9% on the Frankfurt stock exchange.

Development of share price of comdirect share 30.12.2011 to 28.12.2012
(in €)



Source: Bloomberg; Indices normalised to the comdirect share price as of year-end 2011

Investor Relations

The comdirect group sets great store by an active dialogue with private investors, institutional investors and analysts. The Board of Managing Directors and Investor Relations team of comdirect presented the strategy and business development at roadshows, conferences and numerous individual meetings with investors and analysts. Highlights include the DVFA Bank Symposium in Frankfurt/Main, the German Investment Conference in Munich organised by UniCredit and Kepler Capital Markets and the German Equity Forum held by Deutsche Börse and DVFA in Frankfurt/Main.

comdirect bank AG is currently regularly rated by eight research institutes.

Around 500 shareholders attended our annual general meeting in Hamburg on 9 May 2012. With a presence of 84.11% of the share capital, all voting items on the agenda were passed with clear majorities of between 97.87% and 99.99%. The entire event was broadcast live on comdirect's website. Shareholders could choose to exercise their vote in writing or by proxy voting via the internet. Only a few companies in Germany offer this option so far.

comdirect bank's financial reporting once again met high requirements in terms of timeliness and transparency. In each case, we presented our quarterly figures in a conference call, the recording of which was made available as an on-demand version on the website along with the presentation. The analysts' conference was broadcast live on the internet and is also available as a recording online. Once again, all financial reports were published earlier than required under the German Corporate Governance Code. The information provided is supplemented by the monthly publication of the key operating figures.

The 2012 annual report is available in printed form and as an interactive online version in German and English and as an iPad optimised version.

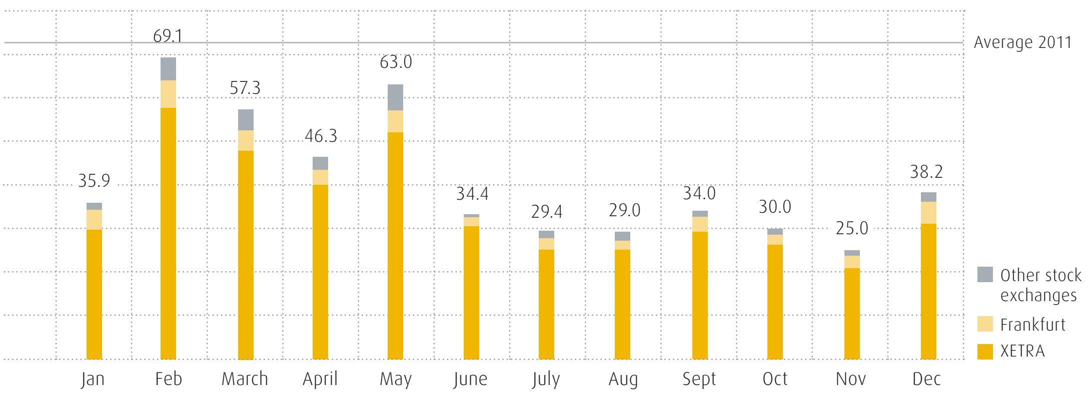
Data and key figures of the share 2012

Data	
German securities code no.	542 800
ISIN code	DE0005428007
Stock exchange code	COM Reuters: CDBG.DE Bloomberg: COM GR
Stock exchange segment	SDAX
Number of shares issued	141,220,815 no-par-value shares
Designated sponsor	Commerzbank AG
Shareholder structure	81.13% Commerzbank AG[1] 18.87% Free float

Key figures 2012		
Average daily turnover in units	XETRA	34,473
	Frankfurt	3,677
	Other stock exchanges	2,708
		40,858
Opening quotation XETRA (2.1.2012)	€7.46	
Highest price XETRA (28.3.2012)[2]	€8.86	
Lowest price XETRA (6.6.2012)[2]	€6.81	
Closing quotation XETRA (28.12.2012)	€7.89	
Market capitalisation (31.12.2012)	€1,114.2m	

1) Indirectly
2) Daily closing quotation

comdirect share – daily turnover 2012
(in 1,000 units)



Source: Bloomberg

Key figures of comdirect share – five-year overview

		2012	2011	2010	2009	2008
Earnings per share	in €	0.52	0.79	0.42	0.40	0.43
Dividend per share	in €	0.44[1]	0.56	0.42	0.41	0.41
Opening quotation	in €	7.46	7.30	6.60	6.18	8.46
Highest price[2]	in €	8.86	8.65	8.30	7.02	9.62
Lowest price[2]	in €	6.81	6.38	6.44	4.57	4.54
Closing quotation	in €	7.89	7.48	7.20	6.61	6.18
Number of shares		141,220,815	141,220,815	141,220,815	141,220,815	141,220,815
Market capitalisation (last trading day)	€ million	1,114.2	1,056.2	1,016.8	933.5	872.7
Performance[3]	in %	5.5	3.9	8.9	7.0	−26.1
Total shareholder return[4]	in %	13.0	9.7	15.1	13.6	−21.2
Dividend yield[5]	in %	5.6	7.5	5.8	6.2	6.6
Price/earnings ratio[6]		15.2	9.5	17.1	16.5	14.4
XETRA trading volume[7]		34,473	63,926	54,853	62,693	105,944
Frankfurt trading volume[7]		3,677	5,493	5,884	6,918	10,656

1) Dividend proposal
2) Daily closing quotation
3) Based on the respective closing quotation at year-end
4) Sum of the share price increase and dividend in relation to the share price as of the end of the previous year
5) Based on the dividend proposal and closing quotation at year-end
6) Based on closing quotation at year-end and earnings per share
7) Average daily turnover in units

> Risk report

Risk-oriented global bank management

The overall aim of comdirect is to increase the value of the company on a sustainable basis with a manageable level of risk at all times, whilst striking a balance between attractive earnings and the creation of future earnings potential through customer and asset growth.

comdirect pursues business models, which are geared towards generating net commission income and net interest income in brokerage, banking and advice. The associated risks are transparent and limits are set for risks which can be quantified and compliance with these limits is monitored on a continual basis.

We do not assess risks on an isolated basis but as an integral part of global bank management. In every market and corporate phase, the aim is to secure an optimum risk/return ratio taking external and internal influencing factors into consideration and allowing for comdirect’s risk-bearing capacity as well as regulatory requirements.

A consistent risk strategy is developed on the basis of comdirect’s business strategy and adopted by the Board of Managing Directors of comdirect bank AG. This strategy specifies the extent to which comdirect is prepared to take on risk to utilise opportunities and to provide the equity to do this. Specific sub-strategies for all material individual risks were defined in the overall risk strategy.

In accordance with the stipulations of the minimum requirements for risk management (MaRisk), we have established a process for planning, adjusting, implementing and assessing our strategies that facilitates a target/actual comparison of objectives and the level of implementation achieved.

Risk management
Our risk management system forms the basis for implementation of the risk strategy. The system enables us to identify risks at an early stage, assess them under various assumptions and scenarios, and carefully manage them. We are therefore in a position to take measures immediately to counter risks in the event of any unwanted developments. The procedures with which we measure, aggregate and manage risks are enhanced continually on a best practice basis. In this respect, we are closely integrated into the risk management systems of the Commerzbank Group.

The comdirect bank Board of Managing Directors is responsible for the risk management system. The Board specifies the permissible overall risk and its allocation across the individual types of risk and business divisions. The Internal Capital Adequacy Assessment Process (ICAAP) ensures that sufficient capital is available to cover all material risks.

At comdirect, the CFO (Chief Financial Officer) – independent from the overall responsibility of the Board of Managing Directors – is responsible for monitoring and implementing the risk strategy.

The task of risk management is to identify, measure, assess and manage as well as monitor and communicate all risks in the respective risk categories. The management is carried out partly on a centralised basis, for market and liquidity risks for instance, and partly on a decentralised basis, as in the case of operational risks (OpRisk) and reputation risks. With the aid of a risk inventory we obtain a regular overview of the material risks and examine whether and to what extent these risks may adversely affect the capital resources, earnings situation or liquidity situation. Taking account of risk concentrations, tolerances are set for all material risks and the effect of such concentrations is also analysed across all risk types.

The Risk Management department is responsible for risk controlling. It monitors, evaluates and aggregates risks for the bank as a whole. In addition, the department implements the corresponding regulatory requirements and monitors compliance with them.

Comprehensive and up-to-date risk reporting forms an essential part of the risk management system. The Board of Managing Directors receives regular risk status reports. Key risk ratios are included in the overall management of comdirect. Risk status reports provide information on the current development of major risk categories among other things. Thus we promptly identify developments that require countermeasures.

Internal Audit regularly checks the functionality and suitability of risk management activities pursuant to the minimum requirements for risk management (MaRisk).

Inclusion in the Commerzbank Group

comdirect is included in the risk management processes of the Commerzbank Group to identify, measure, assess and manage as well as monitor and communicate risks. Against this backdrop, the bank makes use of the "waiver regulation" under Section 2a of the German Banking Act (KWG). As a subsidiary of the Commerzbank Group, it is exempt from applying the regulations of Section 10 of the German Banking Act (KWG) (Reporting of own funds to the Federal Financial Supervisory Authority) and Section 13 of the German Banking Act (KWG) (Notification of major loans of more than 10% of the liable capital to Deutsche Bundesbank).

As a result of this integration, comdirect meets the requirements in the three pillars of Basel II as follows:

- The first pillar of Basel II relates to the approaches for measuring credit, market and operational risk, which are used to calculate the minimum capital requirements of a bank. For internal management purposes as well as for the Commerzbank Group's risk management, we determine the overall risk position of comdirect using advanced procedures. Credit risk is mostly assessed using the Advanced Internal Ratings Based Approach (AIRB). With regard to operational risks, comdirect uses the Advanced Measurement Approach (AMA).

- The minimum requirements for risk management for banks and financial services institutions (MaRisk), the second pillar of Basel II, are complied with throughout the comdirect group. These relate to the implementation of internal procedures, which are to be checked by the regulatory authorities and are used among other things to assess the risk situation and appropriate capital resources, which are based on the respective risk profile of comdirect.

- The third pillar of Basel II relates to the disclosure of risks. Here the parent company, Commerzbank AG, meets the requirements for compliance for the Commerzbank Group as a whole.

Adjustments during the reporting year

On 24 September 2012, we extended the product offering in customer credit business with the new Visa card credit product (debiting at weekly intervals). The new credit product was integrated into comdirect's risk management system, in particular through the use of a correspondingly precise and adequately conservative rating model. This expansion of lending business only led to a minor rise in the economically required capital for credit risks in the ICAAP.

Furthermore, as part of the risk inventory carried out during the financial year, reputation risk, which previously was assessed and managed as part of OpRisk management, was classified as a separate material type of risk.

Risk categories of comdirect

We classify risks in line with the German Accounting Standard DRS 5-10 and distinguish between market risk, credit risk, liquidity and operational risk. The other risks are business risk and model risk, which are additionally classified as material types of risk and included in the risk-bearing capacity analysis. Reputation risk also represents a material type of risk, but as a non-quantifiable risk is managed on a purely qualitative basis and not backed by economically required capital as part of the ICAAP.

A *market risk* describes the potential loss on positions in the bank's own portfolio caused by future market price fluctuations. A distinction is made between general changes in market prices and a specific market risk related to individual financial instruments. With regard to risk factors, we distinguish between interest rate, credit spread, equity price and currency risks. The main market risks for comdirect are the interest rate risk and the credit spread risk in the banking book. The interest rate risk arises in particular from maturity transformations, i.e. the mismatching of fixed interest rates on assets and liabilities. The credit spread risk results from changes in risk premiums on bonds against a low risk reference interest rate. Hedged items essentially comprise bonds and promissory notes as well as money market transactions with other financial institutions, which are used for the investment of surplus customer deposits. If required, interest rate swaps and forward rate agreements are concluded for the purposes of hedging and general interest book management.

The *credit risk* describes the risk of a financial loss which arises when a borrower is unable to pay or to pay on time the contractually agreed consideration. This primarily includes counterparty and issuer risks arising from business involving money market and capital market transactions, as well as credit risks in retail business.

Liquidity risk in the narrower sense is understood as the risk that the bank will be unable to meet or to meet on time its current and future payment obligations. The broader definition of liquidity risk also encompasses refinancing risk, which is the risk that the liquidity will not be sufficient if required or that it can only be acquired in the money and capital markets at terms that are significantly less favourable than expected, as well as market liquidity risk. The latter describes the risk of being unable to unwind or close out securities positions to the desired extent or only at a loss as a result of inadequate market depth or market disruptions. The liquidity risk is a material risk for comdirect and is adequately taken into account in the risk management and controlling processes. Nevertheless, the liquidity risk is not included in the risk-bearing capacity analysis, since in line with the definition chosen, it cannot be usefully limited through economic capital.

Operational risk is understood as possible losses resulting from the use of operating processes and systems that are inappropriate or susceptible to failure as well as human error and external events such as natural disasters or terrorist attacks. Furthermore, operational risks comprise the legal risks resulting from contractual agreements or a change to legal framework parameters. Personnel risks are also classified as operational risks. These essentially comprise the potential loss of personnel in key positions, who play a major role in comdirect's success.

Reputation risk is understood as the risk of the public or customers losing confidence in the bank as a result of negative events in the course of its operating activities. Such risks often arise as secondary effects resulting from operational risks such as those relating to IT, compliance or legal risks.

Business risk encompasses possible losses from negative deviations from plans which can result, for example, from changes in market parameters and competitive behaviour or from incorrect planning.

The *model risk* describes the risk of losses from the early sale of Treasury investments in response to unexpectedly high deposit outflows.

Risk measurement concepts
To measure the risk situation we use both the expected loss and the unexpected loss in various market scenarios.

The expected loss describes the loss that can be expected within a year based on empirical values, for example on past losses. We calculate this figure for credit risks and operational risks.

We determine the unexpected loss on a regular basis and aggregate it to form the overall risk position; this includes market risk, model risk, credit risk and operational risk as well as business risk. The overall risk position is measured uniformly using the economic capital required, i.e. the amount of capital that has to be maintained to cover unexpected losses from positions involving risk at a given probability within a year. This calculation also includes risk categories that do not require equity backing under banking regulations or do not require full capital backing, but which, from an economic viewpoint, represent potential material risk (market risks, model risks and business risks).

comdirect adopts a very conservative approach when calculating the economic capital required using the value-at-risk (VaR) approach. On the one hand, we generally use a confidence level of 99.91% with a holding period of one year when calculating the VaR. On the other, with regard to the aggregation of the individual types of risk to form the overall risk position, comdirect bank does not take into account any correlations that have a risk-mitigating effect.

The overall risk position is matched by the risk cover potential, which comprises the subscribed capital, open reserves (capital and retained earnings), the (forecast) after-tax profit and the revaluation reserve after tax. Other intangible assets such as licences to use software or internally generated software and deferred taxes are deducted from the risk cover potential as adjustment items. The risk-bearing capacity is guaranteed when utilisation of the risk cover potential by comdirect's overall risk position stands at less than 100%. Countermeasures are initiated as soon as the utilisation level reaches the defined early warning thresholds. Corresponding early warning thresholds are also defined for each type of risk.

The value-at-risk model indicates the potential loss under historically observed market conditions. In order to assess potential extreme market developments as well, we carry out additional stress tests.

Integrated stress tests that cover all the types of risk are an integral part of comdirect's risk management and ICAAP process. They are used to examine the resilience of comdirect's portfolio under extreme, but plausible, scenarios that have a low probability of occurrence. To carry out the integrated stress tests, comdirect uses macroeconomic scenario analyses in accordance with MaRisk. These are applied at comdirect group level. They include all risks that are deemed material in accordance with the risk inventory carried out on a regular basis. As well as determining the economic capital required, the results of the integrated stress tests are taken into account and limited as part of the risk-bearing capacity analysis.

In addition to the macroeconomic stress tests, we carry out specific stress tests for each type of risk as part of operational management. These take into consideration both historical and hypothetical extreme events. The third type of stress test carried out is the inverse stress test in accordance with MaRisk. Based on the sensitivity and scenario analyses, extreme events are identified for each type of risk that would jeopardise the existence of comdirect if they occurred. The aim of these analyses is to critically assess the results and any associated potential implications for the business model and risk management of comdirect.

Overall risk position in financial year 2012

At the end of 2012, comdirect's overall risk position stood at €159.4m (end 2011: €235.2m) with a confidence level of 99.91% and a holding period of one year. The substantial decrease in the amount of economically required capital is due in particular to lower market, model and operational risks.

Breakdown of economic capital required 2012 (in € million)

	As of 31.12.2012
Market risk	53.0
Credit risk	66.5
Operational risk	19.9
Business risk	18.3
Model risk	1.8
Economic capital required	**159.4**

The limit utilisation level largely declined and was non-critical with respect to the aggregate risk and all individual risks throughout the whole of the year. At the end of 2012, the utilisation level of the overall limit was 36.6% (end 2011: 54.2%). Even under stress conditions, the economic risk-bearing capacity remained consistent throughout the year; with an overall risk of €178m under stress, the utilisation level of the economic capital was 41%.

The economic capital required for market risks amounted to €53.0m at the end of 2012 (end 2011: €83.8m) and was thus significantly lower than the previous year's figure. The continual decrease in market risks is due to the largely calmer market situation as well as the consistent reduction of the volume of bank bonds from stricken countries in the eurozone (so-called “PIIGS” nations). This PIIGS strategy significantly limited the credit spread risk.

The overall risk of the comdirect group included credit risks with a total CVaR of €66.5m (end 2011: €61.1m); the sovereign debt crisis had an impact here in the form of rating migrations. As with market risk, the negative effect was limited by the consistent reduction in exposure to European bank bonds (see page 48).

The substantial fall in the economic capital required for model risk is attributable to continual growth in deposits and the high level of stability in our customer deposits. The decrease in operational risk stems from comdirect’s low OpRisk losses in the past, which are taken into account by the new ErC allocation based on loss data in Commerzbank’s AMA model.

As of the balance sheet date, the risk weighted assets calculated in accordance with the requirements of the Solvency Regulation (SolvV) totalled €635.5m.

In preparation for the future requirements of Basel III, since financial year 2010 banks have had to calculate the leverage ratio and report it to the regulator. This is the ratio of Tier 1 capital (Tier 1 capital of €385.9m; see note (53) starting on p. 124) to total assets (non-risk weighted). Pursuant to the regulations scheduled to apply from the start of 2018, the leverage ratio must amount to at least 3%.

To summarise, comdirect has enough of a risk buffer to certainly withstand even lengthy weak market phases. From today’s perspective, there are no realistic risks in evidence that could threaten the continued existence of comdirect.

Market risk

Risk quantification, management and reporting

All comdirect trading transactions have to comply with the requirements of the market risk strategy. We monitor market risks – especially interest rate risks and credit spread risks in the banking book – on a daily basis. A VaR model based on a holding period of one day and a confidence level of 97.5% is used for operational management. The assumptions in the model are regularly validated to verify the informative value of the VaR forecast.

To monitor extreme market movements and the extent of losses in the portfolio under worst case conditions, the VaR calculations are supplemented by operational stress tests, whereby possible scenarios such as reversals and shifts in various market price curves are simulated. In addition to interest rate, credit spread and currency scenarios, we also carry out daily stress test calculations for equity price risks in the special funds held by comdirect bank.

The method is described in detail in note (56) starting on page 126.

Current risk situation

As of 31 December 2012, the VaR for market risk was €2.7m (end 2011: €4.3m) and fluctuated over the course of the year between €2.3m and €4.4m. At €111.0m (median), the overall stress value was considerably higher than in the previous year (€83.4m). The rise is due to the calculation method for the credit spread stress test from a standalone perspective which was refined during the reporting year. Through this we take account of the existing risk concentration of our Treasury portfolio in Commerzbank Group positions. The limits for all types of market risk were complied with consistently.

Market risks (in € thousand)

	As of end of previous year	As of end of year	Year high	Year low	Median 2012	Median 2011
Total VaR 97.5% 1 day holding period*	4,348	2,689	4,443	2,257	3,518	5,263
Stress test – overall result	62,539	108,284	119,627	102,278	110,966	83,363

* Model see note (56) from page 126.

As in the previous year, most of the market risk was attributable to credit spread risks. These continually declined over the course of the year, partly because the portfolio of bank bonds from stricken eurozone countries also reduced again as a result of selective sales and scheduled expiries. With regard to general market risks, the interest rate risk was the most important. Given the low level of exposure, equity price risk and currency risk continued to play a minor role.

Credit risk

Risk quantification, management and reporting

Credit risks at comdirect primarily exist in the form of counterparty and issuer risks as a result of trading transactions. In addition, retail lending involves credit risks.

Treasury acts as the front office for counterparty and issuer risks and Customer Services fulfils this function for retail lending. In accordance with MaRisk, other tasks are to be carried out by departments other than the front office departments. The back office tasks for retail lending and the function of risk controlling are carried out by the Risk Management department. The Finance department is responsible for the settlement of trading transactions.

Trading transactions in Treasury are conducted within the limits approved by the Board of Managing Directors of comdirect bank AG as well the Group-wide requirements of Commerzbank. These limits are defined for both the respective counterparties and issuers as well as the underlying transactions. In the capital market, in principle, comdirect only takes direct positions in the investment grade segment, that is with an external rating of BBB– (Standard & Poor's) or Baa3 (Moody's) or better. When assessing the credit rating, comdirect uses both the internal ratings of Commerzbank AG – in accordance with the AIRB approach – as well as those of the external rating agencies.

In retail lending, a distinction is made between the customer credit products loans against securities, the overdraft facility on the comdirect current account and the Visa credit card launched in September 2012. Loans against securities are secured by pledged securities. Potential losses may arise if the price of the pledged securities falls as a result of the general market development or specific market risks of individual securities and it is no longer sufficient to secure the claims on customers. The decision to provide the loan is made with the aid of internal scoring models.

comdirect maintains an early warning system for the credit risks associated with the customer credit business. The necessary adjustments or cancellations of credit lines are carried out immediately.

Credit risks are quantified on a monthly basis by calculating the credit value-at-risk (CVaR) for trading transactions (excluding intragroup receivables) and retail lending. The method is described in detail in note (56) starting on page 126.

Specific loan loss provisions are recognised separately for each product type for customers in the significant lending business, provided a Basel II default criterion applies to those customers.

Portfolio loan loss provisions are recognised for all other customers with claims and/or existing credit lines. The level is primarily influenced by

- the level of claims and open lines, taking conversion factors into consideration,
- the level of the expected probability of default,
- the consideration of existing collateral and the recovery rate.

Called-in claims, which we hand over to collection agencies for recovery, are written down in the amount of the loss incurred.

Current risk situation

At the end of 2012, the total CVaR for credit risks amounted to €66.5m (previous year: €61.1m). The average rating in the Treasury portfolio outside the Commerzbank Group stood at Aa1 compared with Aa3 in the previous year (Moody's). In terms of external ratings, around 95% of the portfolio remained within the investment grade range.

At the end of 2012, 14% (previous year 10%) of the banking book portfolio was invested short term in the money market. The share of capital market investments decreased accordingly, with the investment focus on promissory notes as in the previous year. Of the capital market investments, €0.49bn (previous year: €0.42bn) was attributable to five special funds, which were invested almost exclusively in fixed-income securities (see note (70) on page 149).

As in the previous year, more than 90% of the portfolio was ascribed to German counterparties, with the rest primarily accounted for by other European countries with a focus on Northern Europe.

As of 31 December 2012, less than 0.1% (end 2011: 0.6%) of the balance sheet total was attributable to Treasury positions in the so-called "PIIGS" nations. Here we are continuing to pursue our strategic aim of reducing the positions subject to intensive monitoring, if necessary through disposals prior to final maturity when market opportunities arise.

In comdirect's retail lending, the average total utilisation of loans against securities declined significantly compared with the previous year. At €2.53bn, the credit facility for loans against securities remained virtually unchanged on the level at the end of 2011 (€2.59bn). However, potential utilisation of the credit facility is restricted through the specific collateral value of the respective securities portfolio. As a result of the recovery in the equity markets, this increased over the course of the year from €766m to €791m. Equities accounted for nearly three quarters of the collateral portfolio. Despite the slight price correction in the second quarter, the number and volume of overdrafts on average in the financial year was lower than the respective figure for 2011. For this reason, considerably fewer default action processes were started. On average during the reporting year, taking account of collateral values, the utilisation rate of the credit facility provided for loans against securities stood at 17.1% (previous year: 19.5%); as of year-end 2012, the volume of loans against securities amounted to €124m (previous year: €150m).

The increased number of current accounts with a credit facility associated with the growth in current accounts led once again to greater utilisation of credit lines than in the previous year. The volume rose over the course of the year from €31.2m to €32.9 as of 31 December 2012; this equated to 5.3% of the overdraft facilities of €619m made available (end 2011: €565m). Over the course of the year, the share of overdrafts declined relative to the number of current accounts with an overdraft facility.

As of 31 December 2012, the credit volume utilised in the Visa card portfolio totalled €10.1m, corresponding to 1.6% of the total limit granted of €626m.

At the end of 2012, the total receivables in retail lending amounted to €173.2m and were therefore somewhat lower than in the previous year (€188.7m). Portfolio loan loss provisions and provisions for possible loan losses amounted to €6.7m as of the reporting date. Appropriations stood at €5.6m (including one-off effect from introduction of Visa credit card), while reversals amounted to €1.9m and utilisation was €0.3m.

Liquidity risk

Risk quantification, management and reporting

At comdirect, Treasury is responsible for managing liquidity. In order to cover a possible removal of liquidity by customers, the bank maintains a sufficient volume of funds due at call as well as highly liquid securities, which can be used as collateral to obtain liquidity.

To limit the liquidity risk we are also guided by the requirements of the Liquidity Regulation as well as internal management indicators. In addition to the required regulatory indicators, the liquidity risk is also managed using a limit system based on the available net liquidity concept. The future funding requirement is calculated using the cumulative liquidity available in the future, supplemented by the expected liquidity impact of business policy decisions and assumptions about customer behaviour. The available net liquidity is determined and monitored for defined stress scenarios. Moreover, the future liquidity indicators in accordance with Basel III – the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) – are already calculated and tracked as monitoring ratios.

Current risk situation

comdirect's liquidity situation was again comfortable in the reporting year and characterised by a high level of surplus liquidity even in the stress scenario. The accumulated available net liquidity consistently exceeded the defined minimum values. In the stress scenario, the net liquidity amounted to €926m as of 31 December 2012 (end 2011: €1,469m) and €869m on average for the year (previous year: €1,265m). In this scenario we simulate an abrupt and massive outflow of customer deposits as well as a sharp rise in the utilisation of open credit lines. Haircuts on highly liquid assets are also simulated. In the maturity band of one week up to one month, the accumulated value under stress conditions was considerably positive. We have thus clearly fulfilled the requirements placed on capital market-oriented institutions by MaRisk. They have to maintain adequate financial resources and highly liquid assets eligible for central bank borrowing in order to be able to bridge a short-term funding requirement for at least a week in the event of stress situation. Other components of the liquidity reserve may be used for the time horizon of at least one month, as long as these can be made liquid without significant losses in value and in compliance with regulatory requirements.

The regulatory liquidity indicator stood on average at 3.88 and was considerably higher than the minimum value of 1 required by the regulatory authorities. The liquidity indicator is calculated by comparing short-term cash and cash equivalents and payment obligations with a maturity of up to one month. The LCR and NSFR indicators calculated as monitoring ratios in accordance with Basel III were both at comfortable levels during the reporting year and higher than the minimum limits for compliance in the future.

Operational risk

Risk quantification, management and reporting

Operational risks vary in line with the underlying business activities and are generally function-dependent. They are therefore managed on a decentralised basis. The regular self-assessments are one instrument used to measure operational risk. All operational risks are continually monitored and loss incidents have to be reported immediately. The operational risks are valued and aggregated centrally by the Risk Management department to form the VaR indicator for operational risks.

Apart from the physical infrastructure (especially hardware), the system architecture (for example multi-tier server structure and software) is of special importance for comdirect. In general, both have built-in redundancy or have a modular structure in order to guarantee a constantly high level of availability for all the required systems and components. As part of business contingency planning for IT, external providers and their business contingency plans are also taken into consideration. In this connection, comdirect has formulated requirements with regard to availability and used them to check the business contingency measures of key service providers.

Organisational and technical measures serve to prevent or limit loss for all areas of operational risk. Organisational instructions, staff training, IT project and quality management as well as business continuity management should all be mentioned in this context. These risk mitigation measures are documented in comdirect's risk manual.

Personnel risks are countered by implementing suitable measures to strengthen personnel commitment and provide professional development programmes (see personnel report on pages 28 to 29).

The Legal Services & Data Protection department at comdirect is responsible for preparing the company in advance for any legal changes. The department carefully follows relevant developments and if necessary, identifies any impact they may have and promptly informs the divisions concerned. comdirect's sources of information include the bank's membership in the Association of German Banks (Bundesverband deutscher Banken e.V.), its general circulars and membership in the working group for direct banks, evaluation of trade magazines as well as its cooperation with the Group Legal department of Commerzbank AG.

Potential liability risks in financial advisory services are minimised through the documentation of advisory meetings and contractual regulations. We also use insurance on a targeted basis as an additional measure for minimising damages. Furthermore, the insurability of risks is regularly reviewed and rated economically.

Current risk situation

The VaR for operational risks (OpVaR) stood at €19.9m at the end of 2012, compared with €38.5m as of 31 December 2011. The number of misuse cases reduced compared with financial year 2011; there were no major incidents. To further enhance our security standards, a SMS alert system for Visa card transactions was established in the financial year and the introduction of the photoTAN procedure prepared for 2013. There were no material legal risks. The same applies for IT risks: the systems and technical process used by comdirect were once again very stable. As in the previous year, system availability averaged 99.9% for the year. Personnel risks in terms of ensuring the quality and quantity of personnel available increased against the backdrop of comdirect's continued growth course and the current labour market environment.

Reputation risk

Risk quantification, management and reporting

In most cases, reputation risks are perceived as consequential risks from other types of risk. All business divisions are therefore tasked with identifying reputation risks and dealing with them in a sensitive and responsible manner. Consequently, the risks determined as part of the risk inventory are also checked for potential reputation risk drivers and any impacts assessed on a qualitative basis as a preventative measure.

Furthermore, a cross-division reputation working group was established which includes representatives from Corporate Communications, Customer Services and Legal Services & Data Protection and examines and assesses potential reputation risks and discusses measures. The reputation working group reports regularly to the Board of Managing Directors.

Current risk situation

At present, there are no reputation risks of material significance for comdirect.

Business risk

Risk quantification, management and reporting

To manage business risks, we primarily assess aspects of corporate planning, the intensity of competition, product development and – as material external influences on comdirect's core business – the number of trades as well as interest rate environment. The net operating profit (NOP) is used to assess the planning variances in past business periods. The VaR of the business risk is determined using a model which illustrates the variances between the planned result and generated NOP.

Strategic decisions regarding the further development of the business model are made on the basis of extensive analysis by the Board of Managing Directors with approval of the Supervisory Board.

Current risk situation
The VaR of €18.3m at the end of 2012 (previous year: €24.6m) reflects the ongoing comparatively high planning uncertainty in the current interest rate and capital market environment.

Model risk

Risk quantification, management and reporting
Model risks stem from managing customer deposits due on demand. When these are invested in comdirect Treasury, certain assumptions are made regarding future customer behaviour in the form of deposit models. Loss risks can result from the fact that Treasury assets have to be sold prematurely due to higher than expected deposit outflows. This could mean that market value losses have to be realised as a result of interest rate rises in the intervening period and/or credit spread widening (close-out risks).

The deposit models for customer deposits are managed by a cross-divisional interdisciplinary team with clear roles and responsibilities as part of integrated earnings and risk controlling. In addition to close monitoring of and comprehensive reporting on material key indicators for the development of deposits, customer behaviour and the competitive environment, the model assumptions are regularly reviewed and potential model adjustments are developed using defined triggers.

When calculating the close-out risk, for reasons of consistency we use the same risk models (VaR and stress) to simulate potential future losses as we do to determine the market risk.

Current risk situation
The current market environment is characterised by fierce competition for customer deposits as an alternative source of funding. Nonetheless, comdirect’s deposit volume was very stable in the reporting year and moderately expanded as a result of the increase in the number of current and call money accounts in particular. The model risk remained within the prescribed limits at all times during the reporting period. The VaR for model risks amounted to €1.8m at the end of 2012.

> Supplementary report

No major events or developments of special significance have occurred since the 2012 reporting date.

86

A recommendation rate of 86%: almost everyone who knows us as a customer would recommend us.

That's why we're working to ensure that as many people as possible get to know us – and give us the opportunity to impress.

comdirect is investing in the brand: with online marketing, advertisements in magazines and TV spots. But above all, our aim is to convince customers with optimally tailored products, excellent customer service and our satisfaction guarantee.

»A recommendation from a satisfied customer is the best advertising. We feel that's worth rewarding.«

"In the vast majority of cases, once people have chosen comdirect they are very satisfied and happy to recommend us to others," says marketing expert Miriam Wagner. "We take advantage of this with our customers attract customers programme." A special promotion for multi-recommendations – born in the marketing team's ideas workshop – turned 2012 into a record year for current account marketing. comdirect gained around a quarter of its new customers via this marketing channel.

comdirect has already been rewarding successful recommendations with bonuses and prizes for many years. The rewards of this approach are twofold, since customers gained in this way frequently show above-average loyalty and often attract other customers themselves. According to the customer loyalty survey, a total of 86% of comdirect customers would recommend the bank to others. You only achieve such a high percentage if you really deliver on your advertising promises.

In the current TV ad, comdirect delves into the world of the modern bank customer, who easily does his banking on his tablet whilst sitting on the sofa at home, whenever it's convenient. And because his bank is always open, he's happy to be distracted by his children and do the online transfer later. The core message: "We know we're not the most important thing in our customers' lives, but we can do our bit to make them happy."

High-performance offering, likeable image

The spot is being broadcast as a 20 and 13 second ad on major channels, and is flanked by online banners as well as printed advertisements in general interest magazines. The campaign demonstrates a clear performance promise in terms of the current account and mobile banking, and moreover, positions comdirect as a modern and smart bank that understands its customers and adapts to their needs.

The campaign therefore epitomises comdirect's marketing goals. On the one hand, comdirect aims to convince customers with good products and services and in this way retain

Miriam Wagner, Project Manager Referral Marketing and
Martin Schröder, Brand and Customer Communications Project Manager

the loyalty of even more customers. On the other, the campaign strengthens the likeability of, and identification with, the brand. Both are important for comdirect. It's true that 88% of Germans only make financial decisions after careful consideration, and many compare terms and conditions, read test reports and consult with friends and family. But ultimately, it's their gut instinct that's the deciding factor, as comdirect's "Customer Motives" survey reveals. In addition to reliability, security and value for money, likeability is therefore critical to success.

Social media and webinars strengthen customer loyalty

However, comdirect does not just want to inspire new customers, but also seeks to encourage existing customers to use additional products and services. The website, customer magazine, newsletter and mailings, in particular, play a role here. comdirect is also increasingly using social media, such as Facebook and Twitter, to engage directly with customers.

This direct dialogue is especially important when it comes to the trading community. comdirect therefore not only uses social media to cultivate this group, but also utilises modern formats such as webinars, where trading expertise is shared first hand. And even though around 90% of new customers are gained through the current account, with its activities for CFD trading comdirect has also stepped up its classic marketing for brokerage.

In future, to make even more customers aware of the brand and performance advantages we offer, comdirect will intensify its marketing over the next few years, in parallel to its investments in the best products and best customer service. Our aim going forward remains to deliver on our value proposition in full, and ensure the long-term satisfaction of our customers.

Customers attract customers: recommendations pay off

Friendships are rewarding – including at comdirect. In two "Customers attract customers" campaigns in 2012, our customers gained more friends than ever before. 85% of these new customers opened a current account with satisfaction guarantee that also convinced users over the past year with its Visa card featuring additional new functions.

While the autumn campaign with postcard (see above) promoted recommendations with a double bonus, the summer campaign was based on a tiered reward system: €50 for the first customer, €150 for the second and €250 for the third. During the six-week promotion, any customer who persuaded three friends, acquaintances or family members to open a comdirect account or custody account, which they then also used, received the coveted top prize. And, 30% of existing comdirect customers who took part were able to gain at least two new customers.

> Outlook and opportunity report

Forward-looking statements

We forecast future developments in the economy based on assumptions that are most probable from today's perspective. However, the bank's planning and all statements regarding future development are of course associated with uncertainty, especially in the current market situation. The actual development of the market environment or the bank can vary from the assumed trends.

Future strategic alignment

With its broad-based strategic position in online securities business and online banking, supplemented by its B2B business, the comdirect group has a robust business model. This will continue to represent the basis for growth and a sustainable increase in value in the future.

comdirect bank will exploit the unbroken trend towards web-based banking and securities transactions by further expanding its product range in brokerage and banking. At the same time, the bank aims to extend its promising position in web-based advisory models. Product-related initiatives are accompanied by measures to increase awareness of the brand. As a full-service and main bank for modern investors, comdirect bank intends to increase its market share in banking.

ebase will also leverage its good position in the market. Its specific expertise in white label products is expected to continue to be a key growth driver in the existing target customer segments. As a leading B2B bank, ebase additionally aims to cultivate the non-financials and near-financials segment.

Expected economic framework conditions

Global economic growth is likely to pick up again somewhat in 2013. In the eurozone, although the measures to combat the sovereign debt crisis are still tempering economic expectations as before, there is a good chance that the economy in the strong core countries will recover to a notable extent and many euro nations will return to growth. In the Southern peripheral countries however, the adjustment recession is likely to persist in 2013 and consequently current forecasts for the year as a whole are based on stagnation in the eurozone.

We expect the ECB to counter the collapse of the eurozone by keeping key lending rates low, buying up bonds and providing extensive liquidity. As a result, money market interest rates are set to remain extremely low in 2013 as well. Three-month EURIBOR could even drop below its average value for 2012.

In the bond market, the discrepancy between significantly negative real yields in the core countries and high yields for weaker credit ratings in the peripheral countries is expected to continue. Yields on German government bonds are likely to rise moderately at best, while countries in Southern Europe especially expect credit spreads to remain high. On the whole, we therefore expect the interest margin in deposit business to decline by comparison with the average for 2012.

The equity markets should be able to build on the upward trend of 2012, as long as the cautious recovery in the eurozone and the global economy remains stable. This is because equities have become more attractive by comparison with the returns offered by other forms of financial asset accumulation. However, ongoing weak global growth is likely to affect corporate profits and restrict upside price potential in the first half of 2013 at least. All in all, economists at Commerzbank expect the DAX to make significant gains over the course of the year. Nevertheless, their target price for the DAX of 8,500 is based primarily on the assumption that risk premiums in the equity markets will fall in the wake of a sustained easing of the eurozone debt crisis and stronger economic growth. It is not possible at the moment to assess whether the forecast positive sentiment will also stimulate securities trading.

Regardless of the development in the money and capital markets, we expect the long-term market and investor trends that favour the comdirect group's direct banking model to continue. An improved internet infrastructure, continually higher security standards and waning resistance to web-based banking models mean that bank customers are considering switching to a direct bank. With the comdirect and ebase apps, we are also benefiting from the growing trend towards banking by smartphone. Further opportunities stem from tighter regulations for asset managers and ebase can take advantage of these with its complete and largely standardised offering for asset accumulation, maintenance and drawdown.

Expected business performance and earnings situation

The comdirect group intends to continue its growth course in both business lines despite the ongoing difficulties in the market environment.

In the B2C business line, comdirect bank aims to once again comprehensively exploit its potential in banking, brokerage and advice in the future. New customer business will continue to centre on banking. Intensifying the marketing campaigns is set to help achieve the same fast-paced growth in the number of current and call money accounts as seen in previous years. Parallel to this, there will be continual improvements in the features offered by the current account and cards, as well as with respect to the security features in direct banking. Plans here include the introduction of the photoTAN. Despite the prevailing low interest rates, the deposit volume should rise further as a result of the growing number of current and call money accounts.

In brokerage, comdirect will further develop its offering for active traders. This relates to technical aspects such as the launch of a new trading front-end, as well as to the number of cooperation partners in LiveTrading and the terms and conditions. The successful flat-fee campaign in ETF trading will be continued. Furthermore, in future the bank will provide even more assistance for investors with regard to self-evaluation and structuring the right asset accumulation solution. In terms of products, processes and services, comdirect is thus well-placed to achieve significant net fund inflows from its customers in 2013 as well.

The initiatives in banking and brokerage will be flanked by measures to further improve the quality of Customer Services – including with regard to particularly active customers – as well as ongoing revision of the website.

In the B2B business line, the launch of the open custody account is scheduled for the first half of 2013. This opens up the opportunity to address additional target groups and thus reach more end customers overall, alongside B2B partners that are already connected. Sales will focus on the open custody account in 2013, along with the ebase Managed Depot custody account introduced in the fourth quarter of 2012 (see page 26) and company pensions. ebase is planning to increase the number of institutional partners in all of its existing customer segments and to develop the non-financials segment as well. As a result, the number of end customers, accounts and custody accounts should also outstrip the figure for the previous year.

We expect market conditions to remain challenging in financial year 2013. Persistently low market interest rates and bond yields will lead to a decline in net interest income. In the subsequent quarters, we expect net interest income to be slightly down on the level in the fourth quarter of 2012. Following a very cautious year 2012, we anticipate an upturn in trading activity by private customers in 2013. Coupled with projected higher sales follow-up commission due to higher prices in general, we consequently expect net commission income to improve. However, experience has shown that there is greater forecasting uncertainty when it comes to net commission income, and the absence of any impetus from the market for example, could adversely impact the trading behaviour of our customers. The other result, which primarily comprises the components result from financial investments and other operating result, was particularly dominated in financial years 2011 and 2012 by positive effects from tax appeal proceedings which were decided in the bank's favour; we are not expecting contributions of this nature in 2013. As in previous years, if appropriate we will exploit positive market opportunities as part of the active management of our Treasury portfolio.

Despite the trend towards weaker earnings overall by comparison with financial year 2012, we will continue to maintain our profitable growth course in order to utilise growth opportunities that arise in the changing retail business segment. Consequently, expenses for marketing and IT in particular will be significantly higher than the respective figures for 2012. In this respect, as in previous years, we will closely monitor our earnings development and cap the rise in administrative expenses if necessary.

Overall, as things presently stand, we assume that pre-tax profit in 2013 will be lower than the result for 2012. We will also continue to maintain our growth course beyond 2013 and at the moment have to assume that market conditions for this period will be largely unchanged. We therefore expect the result for financial year 2014 to be on a par with the level in 2013.

Expected financial situation

According to current forecasts, the financial situation and assets will be similar to the position in reporting year 2012.

> Details in accordance with Sections 289, 315 of the German Commercial Code (HGB) and explanatory report of the Board of Managing Directors of comdirect bank Aktiengesellschaft

Details in accordance with Sections 289 (4), 315 (4) of the German Commercial Code (HGB) and explanatory report of the Board of Managing Directors of comdirect bank Aktiengesellschaft

The details in the management report/group management report of comdirect bank AG in accordance with Sections 289 (4) and 315 (4) of the German Commercial Code (HGB) should provide third parties potentially interested in a takeover of comdirect bank AG with the information on the company relevant for a takeover.

Composition of the subscribed capital
As of the end of the financial year, the subscribed capital of the company amounts to €141,220,815.00. It is divided into 141,220,815 no-par value shares. The rights and obligations associated with these ordinary shares arise in particular from sections 12, 53a et seq., 118 et seq., 186 of the German Stock Corporation Act (AktG). The shares are bearer shares.

Restrictions affecting voting rights or the transfer of shares
There are no known restrictions relating to voting rights or the transfer of shares.

Direct or indirect holdings above 10% of the voting rights
Commerz Bankenholding Nova GmbH, Frankfurt/Main, which is a wholly-owned subsidiary of Commerzbank AG, Frankfurt/Main, in turn holds 81.13% of the capital of comdirect bank AG. There are no other direct or indirect shareholdings which exceed 10% of the voting rights.

Holders of shares with special rights, which grant controlling powers
There are no holders of shares with special rights conferring controlling powers. In particular, there are no rights to appoint members of the Supervisory Board pursuant to Section 101 (2) of the German Stock Corporation Act (AktG).

Type of voting rights control if employees participate in the capital and do not exercise their controlling rights directly
Where employees of comdirect bank AG hold interests in the capital of the company, they exercise the voting rights control directly.

Appointment and removal of members of the Board of Managing Directors/amendments to the Articles of Association

The members of the Board of Managing Directors are appointed and removed by the Supervisory Board in line with the provisions of Section 84 of the German Stock Corporation Act (AktG) and Article 6 (2) of the Articles of Association. If the Board of Managing Directors is missing a required member and the Supervisory Board has not made an appointment accordingly, one is appointed in urgent cases by the court in line with Section 85 of the German Stock Corporation Act (AktG). Any change to the Articles of Association requires a resolution by the annual general meeting in line with Section 179 (1) of the German Stock Corporation Act (AktG). Unless a greater majority is required by law, a simple majority of the capital represented is sufficient (Article 20 clause 2 of the Articles of Association). The authority to make amendments to the Articles of Association that only affect the wording has been assigned to the Supervisory Board according to Article 8 (2) of the Articles of Association in compliance with Section 179 (1) clause 2 of the German Stock Corporation Act (AktG).

Powers of Board of Managing Directors to issue or buy back shares

In accordance with the further details of the resolution adopted by the annual general meeting on 7 May 2010, the company is authorised to buy its own shares pursuant to Section 71 (1) Nos. 7 and 8 of the German Stock Corporation Act (AktG). The company has not made any use of this authorisation. New shares may be issued, particularly as part of the authorisations pursuant to Article 4 (3 and 4) of the Articles of Association (Authorised and conditional capital). The company has not made any use of this authorisation either.

Material agreements which would come into effect in the event of a change in control as a result of a takeover bid

There are no material agreements between comdirect bank AG and third parties which would come into effect, change, or end in the event of a change in control as a result of a takeover bid.

Compensation agreements concluded with members of the Board of Managing Directors or employees in the event of a takeover bid

comdirect bank AG has not concluded any compensation agreements with members of the Board of Managing Directors or employees in the event of a takeover bid.

Details and explanations relating to the accounting-related internal control and risk management system

The aim of the accounting-relating internal control and risk management system is to ensure that the annual and consolidated financial statements, which are to be published, comply with generally accepted accounting principles and thus provide a true and fair view of the net assets, financial position and results of operations. This goal is achieved by anchoring the Internal Control System group-wide in the organisational structure and through the different components of the system.

Organisation

The internal control and risk management system relating to the accounting process is part of the remit of the Chief Financial Officer (CFO). Within the Management Board division, the Finance, Controlling & Risk Management department is responsible for financial reporting in accordance with legal regulations and internal and external guidelines. Within the division, the Finance department is responsible for external financial reporting and calculation of current and deferred taxes, while internal reporting is the responsibility of Controlling. The Risk Management department is responsible throughout the bank for identifying, measuring, managing, monitoring and communicating risks as well as management of the retail credit risk. While Internal Audit reports to the CEO, Compliance reports to the CFO. The Supervisory Board monitors the accounting process primarily via the Audit Committee which is responsible in particular for questions regarding accounting, ensuring the required independence of the auditors, granting the audit contract to the auditors, determining the focal points of the audit and the agreed-upon fee arrangement. The Audit Committee also monitors Compliance. The Rules of Procedure for the Supervisory Board demand that the Chairman of the Audit Committee must have particular expertise and experience in the application of accounting principles and internal control procedures.

Control functions relating to financial reporting are assumed by the Board of Managing Directors and the Supervisory Board on one hand and by various units within Finance on the other.

On behalf of the Board of Managing Directors, Internal Audit provides independent, objective and risk-oriented auditing and advisory services aimed at optimising the business processes of the comdirect group in terms of correctness, security and cost-effectiveness. Internal Audit supports the Board of Managing Directors by systematically assessing the effectiveness and appropriateness of the Internal Control System and business processes on a targeted basis, providing auditing support for key projects and making recommendations. This helps safeguard business processes and assets. There is a meeting between the Chairman of the Audit Committee and the Head of Internal Audit before each meeting of the Supervisory Board dealing with the approval of the annual accounts.

Internal Audit reports directly to the Board of Managing Directors. It carries out its tasks autonomously and independently. The reporting and evaluation of the audit findings are not bound by any instructions. In line with the minimum requirements for risk management (MaRisk), the Chairman of the Audit Committee of the Supervisory Board can obtain information directly from the Head of Internal Audit.

The Internal Audit department of comdirect reports directly to the comdirect Board of Managing Directors and the Board is responsible for its management. Information is frequently exchanged between the Internal Audit department of comdirect and Group Audit of Commerzbank with regular reporting also taking place.

comdirect is solely responsible for preparing the accounts. It possesses the required expertise, particularly through its qualified personnel.

Components

Clear and binding accounting standards are in place within the comdirect group, which comply with legal regulations and the accounting standards of Commerzbank, the ultimate parent company. They are subject to auditing by the auditors and are continually reviewed with regard to the need for updating and adjusted if required.

In addition to the accounting guidelines, various organisational measures ensure reliable reporting. Consequently, there are clear lines of authority at comdirect, which ensure the allocation of specialist task areas and responsibilities. Decisions are made exclusively in accordance with the allocated authorities. These regulations make a significant contribution to facilitating proper accounting at all times.

A further fundamental element ensuring correct accounting is the principle of dual control, whereby critical actions must always be checked by another person. Furthermore, the Finance unit is structured in line with the segregation of duties principle, under which incompatible activities are kept separate from each other in terms of organisation and are processed separately to avoid conflicts of interest.

The IT systems are also a key component in the annual accounts process and must therefore comply with the requirements of the internal control and risk management system. Various software systems are used in the comdirect group to prepare the financial statements and comdirect makes extensive use of the Commerzbank systems. comdirect uses the Internal Audit department at Commerzbank to monitor and audit the systems used. Furthermore, comdirect receives the extracts from the report of the auditors of Commerzbank on an annual basis. In addition to standard software, programmes that are specially configured for the requirements of the bank are also used for accounting purposes.

All programmes are subject to numerous plausibility checks, which are an integral part of the system landscape used in accounting. All the systems used in the Finance unit are protected by an effective access authorisation concept.

The entire accounting process and all instructions are documented. The system described here is reviewed annually and updated, in particular to reflect changes in the law, directives and accounting standards.

> Compensation report

Compensation of the Board of Managing Directors

The company law and regulatory requirements pertaining to the compensation systems of joint stock corporations in general, and of banks in particular, have continually developed in recent years. The amendments to the Act on the Appropriateness of Management Board Compensation (VorstAG) were followed in 2010 by binding regulations, initially at European level, for compensation systems in financial institutions, such as the Capital Requirements Directive III (CRD III) and the guidelines of the Committee of European Banking Supervisors (CEBS Guidelines). In October 2010, the national legislative procedure to implement these new requirements for compensation systems was completed when the executive compensation regulation for banks (InstitutsVergV) came into force.

Parallel to the legislative process, comdirect bank AG examined the new legal requirements very closely and revised the compensation system for the members of the Board of Managing Directors in consultation with external compensation and legal advisers, including from the Commerzbank Group. In view of the Commerzbank Group's responsibility under Article 9 of the executive compensation regulation for banks (InstitutsVergV) that subordinate companies comply with regulatory requirements, the compensation system for members of the Board of Managing Directors was further developed and adjusted in financial year 2011 in line with the Commerzbank Group's compensation systems. The contracts of employment for the members of the Board of Managing Directors were modified accordingly and the variable compensation for 2011 was already based on the new regulatory requirements. The adjusted compensation system for the Board of Managing Directors was approved by the shareholders at the annual general meeting in 2012.

The compensation policy for the Board of Managing Directors is continually aimed at compensation that is appropriate and sustainable, that avoids incentives to take disproportionately high risks and at the same time offers effective conduct incentives to achieve the objectives laid down in the bank's strategies and thus permanently contribute to the continued positive development of the comdirect group.

Main features of the compensation system

The compensation system for the Board of Managing Directors of comdirect bank is specified and reviewed annually by the Supervisory Board. It takes account of the legal and regulatory requirements.

The overall compensation comprises a non-performance-related fixed compensation and a variable compensation component linked to the success of the company and personal performance. Furthermore, the members of the Board of Managing Directors receive a company pension in respect of their activities for comdirect bank. The compensation components are specified in the contracts of employment of the respective members of the Board of Managing Directors.

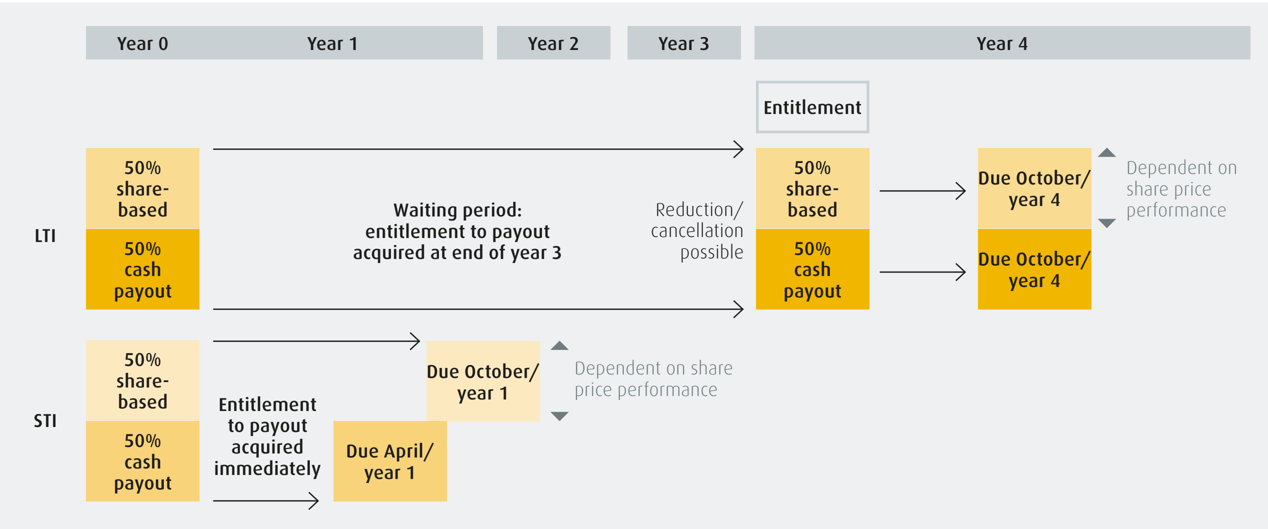
The compensation for the Board of Managing Directors is based on the duties of the individual member of the Board of Managing Directors and the current economic position and future prospects of the bank, as well as the level of compensation paid in peer companies. The relationship between fixed compensation and the variable compensation component is appropriate, thereby avoiding a significant dependence of the members of the Board of Managing Directors on the variable compensation and providing an effective incentive at the same time. For the CEO, the target amount for the variable compensation component is therefore limited to a maximum of around 67% of the target overall compensation, and for members of the Board of Managing Directors to a maximum of around 54% (cap). The appropriateness of the compensation is reviewed annually, including in consultation with independent, external compensation advisers.

Non-performance related fixed compensation
The non-performance related fixed compensation comprises an annual fixed salary plus fringe benefits. Without prejudice to the possibility of a review by the Supervisory Board, the annual fixed salary for members of the Board of Managing Directors is set for the entire term of their respective contract of employment and is paid in twelve monthly instalments. In addition to the fixed salary, the members of the Board of Managing Directors receive fringe benefits in the form of payments in kind which essentially comprise the payment of expense allowances and insurance premiums and the taxes and social security contributions attributable to these. The actual amount varies according to the individual situation of the respective member of the Board of Managing Directors. Moreover, the Commerzbank Group maintains a D&O insurance policy with deductible, which includes the members of the Board of Managing Directors and Supervisory Board of comdirect.

Performance-related variable compensation
The system described below applies for the performance-related variable compensation of Dr. Reitmeyer, Dr. Diekmann and Martina Palte.

The volume of the performance-related variable compensation is based on the attainment of business targets for the comdirect group and the Commerzbank Group, as well as individual targets in the financial year under assessment in conjunction with the target amount for the variable compensation component of the members of the Board of Managing Directors. The targets are agreed annually between the Board of Managing Directors and the Supervisory Board and are aligned with the strategic objectives of the bank and in particular take account of risks taken and the cost of capital. Target attainment can amount to a minimum of 0% and a maximum of 200% of the target amount for the variable compensation component and limits the volume for the variable compensation of the Board of Managing Directors accordingly (cap).

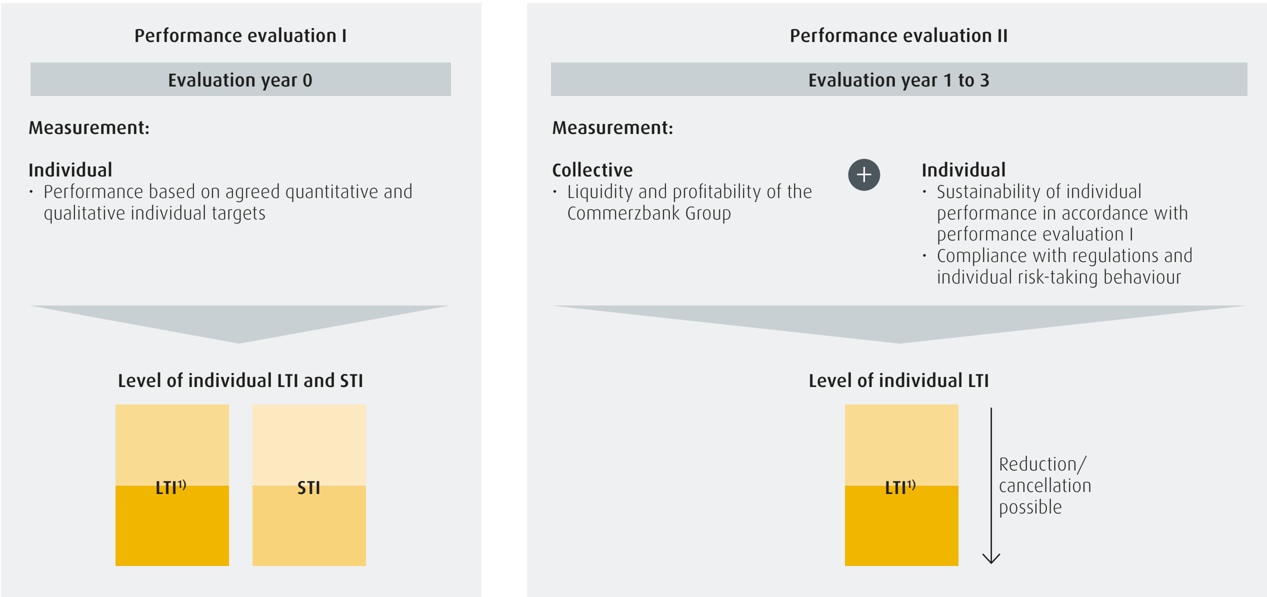
The individual variable compensation for the members of the Board of Managing Directors breaks down into two components: a long term incentive (LTI), which for the CEO accounts for 60% and for members of the Board of Managing Directors for 40% of the variable compensation and is paid three-and-a-half years after the end of the financial year at the earliest, and a short term incentive (STI), which is paid within ten months of the end of the financial year. The entitlement to the LTI is only acquired upon expiry of the three-year waiting period. The entitlement to the STI is acquired immediately. In each case, 50% of the LTI and STI component is settled as a cash payout and 50% in the form of shares in Commerzbank AG after a blocking period. Entitlements and due dates for the LTI and STI components are shown in the chart below.



With regard to the variable compensation for financial year 2012, the STI will therefore fall due in financial year 2013 (year 1) and the LTI – subject to a reduction or cancellation of the entitlement – in 2016 (year 4).

The level of the individual variable compensation for both the LTI and STI is measured in an individual performance evaluation based on the agreed individual quantitative and qualitative targets for the respective financial year (performance evaluation I). The underlying targets are agreed annually with the Supervisory Board and are aligned with the strategic objectives of the bank. Target attainment can lie between 0% and 200% of the target value for the variable compensation component and limits the level of the STI and LTI accordingly (cap). To measure the level of the LTI component, further collective and individual reviews are carried out in performance evaluation II at the end of the three-year waiting period. At collective level, this review includes the liquidity and profitability of the Commerzbank Group. At individual level, the sustainability of the individual performance ascertained in performance evaluation I is rated along with compliance with regulations and the risk-taking behaviour of the individual members of the Board of Managing Directors. Negative individual performance contributions reduce the respective compensation from the LTI component (malus), as does failure to meet the liquidity and profitability criteria of the Commerzbank Group.

The performance evaluations are carried out in each case by the Supervisory Board. The following overview depicts the measurement of the variable compensation based on performance evaluations I and II.



1) Value ascertained in performance evaluation I only indicative; reduction or cancellation possible depending on results of performance evaluation II.

Safeguards which restrict or rescind the risk-orientation of the variable compensation are contractually excluded. The current LTI components do not apply if, based on defined criteria, the respective member of the Board of Managing Directors leaves the bank as a "bad leaver". In the event of extraordinary developments, the Supervisory Board can, at its discretion, adjust the targets and parameters for the STI and LTI and appropriately limit the level of individual variable compensation. The payout of the variable compensation components can be cancelled if the payment is prohibited or restricted by the Federal Financial Supervisory Authority (BaFin).

The previous sustainable component with multi-year assessment basis, which since 2005 has been based on the Long Term Incentive Programme (LTIP 2005), ceased when the adjusted compensation system for the full Board of Managing Directors was introduced. As a result, in the event of a correspondingly positive performance, only the tranche issued in 2010 will fall due for payment under the LTIP 2005. Details of the LTIP 2005 can be found in the Notes on page 102.

Pensions

For their work at comdirect bank, the members of the Board of Managing Directors receive a pension entitlement, whereby the active members of the Board of Managing Directors acquire a claim to a capital payment. The rights to a pension vest after five years' service in the Commerzbank Group. The company has recognised pension provisions for these future claims on the basis of the International Financial Reporting Standards (IFRS), the level of which depends on the number of service years, the pensionable salary and the current actuarial interest rate. These are calculated according to the projected unit credit method on the basis of actuarial opinions by an independent actuary (see note (69) starting on page 144).

Premature termination benefits

If comdirect bank prematurely terminates the appointment to the Board of a member of the Board of Managing Directors, the respective contract of employment is in principle continued until the end of the original term of office. The members of the Board of Managing Directors would receive a maximum amount of up to two years compensation, with the calculation based on the compensation for the last full financial year prior to termination. There is no entitlement to further remuneration where the termination takes place for good cause.

Overall compensation for active members of the Board of Managing Directors

The overall compensation for active members of the Board of Managing Directors for their activities in financial year 2012 amounted to €1,311 thousand (previous year: €1,533 thousand). In accordance with Section 314 of the German Commercial Code (HGB), in addition to the non-performance related fixed compensation and the performance-related compensation due in the short term that has been granted, the share-based portion of the performance-related variable compensation with long term incentive effect that has been granted is also to be reported here as remuneration in financial year 2012.

As well as the remuneration granted for the reporting year and the remuneration to be reported for the year under review in accordance with Section 314 of the German Commercial Code (HGB), the table below also shows the cumulative payouts made for the individual reporting years as of 31 December 2012, as well as the payouts made in 2012 for each of the active members of the Board of Managing Directors on an individual basis.

Dr. Thorsten Reitmeyer (Chief Executive Officer since 1 December 2010)

€ thousand	Non-performance related fixed compensation		Performance-related variable compensation due in short term (STI component)			Performance-related variable compensation with long term incentive effect (LTI component)[2]				Compensation paid in 2012 for respective reporting year[3]	Cumulative compensation paid for respective reporting year as of 31.12.2012	Compensation granted for respective reporting year	Amount to be reported for respective reporting year in accordance with Section 314 HGB
Reporting year	Fixed salary	Value of fringe benefits	STI cash payout	Share-based STI[1]		LTI cash payout		Share-based LTI					
	Value upon payout	Value upon payout	Value upon granting and payout	Value upon granting	Value upon payout	Value upon granting	Value upon payout	Value upon granting	Value upon payout				
2012	**360**	**18**	**61**	**61**		**91**		**91**		**378**	**378**	**682**	**591**
2011	360	141	77	77	68	115		115[4]		145	646	885	770

1) Figure determined in performance evaluation I, actual value varies depending on share price performance up until date of payout.
2) Indicative figures for performance-related variable compensation with long term incentive effect (LTI component) determined in performance evaluation I reported as value upon granting. Entitlement to a payout is acquired upon expiry of the three-year waiting period at the earliest, i.e. in financial year 2015 for tranche 2011 and in financial year 2016 for tranche 2012. The amount can be reduced or cancelled depending on results of performance evaluation II and payout is due in financial year 2015 (tranche 2011) and in financial year 2016 (tranche 2012) respectively at the earliest. The actual value of the payout of the share-based component also varies depending on share price performance up until date of payout or date of issue respectively.
3) In addition to non-performance related fixed compensation for 2012, the STI component granted for 2011 was also paid in 2012.
4) Valuation of LTI component granted for 2011 as of 31.12.2012: share-based LTI €104 thousand.

Dr. Christian Diekmann (Member of the Board of Managing Directors since 1 May 2009)

€ thousand	Non-performance related fixed compensation		Performance-related variable compensation due in short term (STI component)			Performance-related variable compensation with long term incentive effect (LTI component)2)						Compensation paid in 2012 for respective reporting year3)	Cumulative compensation paid for respective reporting year as of 31.12.2012	Compensation granted for respective reporting year	Amount to be reported for respective reporting year in accordance with Section 314 HGB
Reporting year	Fixed salary	Value of fringe benefits	STI cash payout	Share-based STI1)		LTIP 2005		LTI cash payout		Share-based LTI					
	Value upon payout	Value upon payout	Value upon granting and payout	Value upon granting	Value upon payout	Value upon granting	Value upon payout	Value upon granting	Value upon payout	Value upon granting	Value upon payout				
2012	**270**	**18**	**43**	**43**				**28**		**28**		**288**	**288**	**430**	**402**
2011	230	16	47	47	41			31		31[4]		88	334	402	371
2010	170	6	156			43[5]							332	375	375
From 1.5.2009	114	65	104			43	114					114	397	326	326

1) Figure determined in performance evaluation I, actual value varies depending on share price performance up until date of payout.
2) Indicative figures for performance-related variable compensation with long term incentive effect (LTI component) determined in performance evaluation I reported as value upon granting. Entitlement to a payout is acquired upon expiry of the three-year waiting period at the earliest, i.e. in financial year 2015 for tranche 2011 and in financial year 2016 for tranche 2012. The amount can be reduced or cancelled depending on results of performance evaluation II and payout is due in financial year 2015 (tranche 2011) and in financial year 2016 (tranche 2012) respectively at the earliest. The actual value of the payout of the share-based component also varies depending on share price performance up until date of payout or date of issue respectively.
3) In addition to non-performance related fixed compensation for 2012, the STI component granted for 2011 as well as the tranche of the LTIP 2005 granted for reporting year 2009 were also paid in 2012.
4) Valuation of LTI component granted for 2011 as of 31.12.2012: share-based LTI €28 thousand.
5) Valuation of LTI component granted for 2010 as of 31.12.2012: LTIP 2005 €38 thousand.

With effect from 1 July 2012, Martina Palte was appointed as a member of the Board of Managing Directors for a period of three years.

Martina Palte (Member of the Board of Managing Directors since 1 July 2012)

€ thousand	Non-performance related fixed compensation		Performance-related variable compensation due in short term (STI component)			Performance-related variable compensation with long term incentive effect (LTI component)2)				Compensation paid in 2012 for respective reporting year3)	Cumulative compensation paid for respective reporting year as of 31.12.2012	Compensation granted for respective reporting year	Amount to be reported for respective reporting year in accordance with Section 314 HGB
Reporting year	Fixed salary	Value of fringe benefits	STI cash payout	Share-based STI1)		LTI cash payout		Share-based LTI					
	Value upon payout	Value upon payout	Value upon granting and payout	Value upon granting	Value upon payout	Value upon granting	Value upon payout	Value upon granting	Value upon payout				
From 1.7.2012	**90**	**3**	**16**	**16**		**10**		**10**		**93**	**93**	**145**	**135**

1) Figure determined in performance evaluation I, actual value varies depending on share price performance up until date of payout.
2) Indicative figures for performance-related variable compensation with long term incentive effect (LTI component) determined in performance evaluation I reported as value upon granting. Entitlement to a payout is acquired upon expiry of three-year waiting period at the earliest, i.e. in financial year 2016 for tranche 2012. The amount can be reduced or cancelled depending on results of performance evaluation II and payout is due in financial year 2016 (tranche 2012) at the earliest. The actual value of the payout of the share-based component also varies depending on share price performance up until date of payout or date of issue respectively.
3) Only the non-performance related fixed compensation for 2012 was paid in 2012.

Furthermore, Martina Palte received a payment from performance shares in the amount of €18 thousand under the 2005 LTI plan, which were granted to her in 2009 in her capacity as a comdirect department head.

Carsten Strauß resigned as a member of the Board of Managing Directors with effect from the end of 30 June 2012. The current payments up to 30 June 2012 are shown in the table below under non-performance related fixed compensation. Claims under variable compensation 2012 were settled ratably with a one-off payment. The payment is also shown in the table below under STI cash payout. The contract of employment with Carsten Strauß was prematurely terminated on 30 September 2012 by mutual agreement. In the period 30 June 2012 to 30 September 2012, Carsten Strauß received ongoing payments totalling €59 thousand from comdirect bank. As part of the variable compensation for 2011, Carsten Strauß was allotted 32,717 Commerzbank share awards. The equivalent value of the shares was determined on the basis of the average XETRA closing price for the months June to August 2012 and paid to Carsten Strauß in September 2012. The equivalent value of the entitlements arising from the tranches in 2009 and 2010 of the LTIP 2005 was determined on the basis of a fair value calculation as of 23 April 2012 and also settled by a one-off payment in September 2012. The payments are shown in the table below in the LTIP 2005 and share-based LTI columns.

Carsten Strauß (Member of the Board of Managing Directors until 30 June 2012)

€ thousand	Non-performance related fixed compensation		Performance-related variable compensation due in short term (STI component)	Performance-related variable compensation with long term incentive effect (LTI component)				Compensation paid in 2012 for respective reporting year	Cumulative compensation paid for respective reporting year as of 31.12.2012	Compensation granted for respective reporting year	Amount to be reported for respective reporting year in accordance with Section 314 HGB
Reporting year	Fixed salary	Value of fringe benefits	STI cash payout	LTIP 2005		Share-based LTI					
	Value upon payout	Value upon payout	Value upon granting and payout	Value upon granting	Value upon payout	Value upon granting	Value upon payout				
Until 30.6.2012	**115**	**3**	**65**					**183**	**183**	**183**	**183**
2011	230	6	103			53	42	145	381	392	392
2010	145	5	174	36	56			56	380	360	360
2009	145	15	203	36	103			103	466	399	399

Furthermore, Carsten Strauß was granted a settlement of €772 thousand as compensation for the disadvantages associated with premature termination of his contract of employment. The pension rights of Carsten Strauß acquired as of 30 September 2012 remain in force.

Details regarding the pensions for the active members of the Board of Managing Directors are shown in the following table individually.

€ thousand	Pension obligation (DBO) under IFRS as of 31.12.2012	Vested rights as of 31.12.2012
Dr. Thorsten Reitmeyer	211	285
Dr. Christian Diekmann	61	77
Martina Palte	3	5
Carsten Strauß	70	120
Total	**345**	**487**

In the past financial year, no member of the Board of Managing Directors has received payments or corresponding obligations from a third party in relation to their activities as a member of the Board of Managing Directors. Members performing board functions at subsidiaries only received reimbursement for expenses.

The insurance premium for the group-wide D&O insurance for Managing Directors and supervisory bodies of comdirect bank is paid by the company. The company incurred expenses of €76 thousand in this regard in the reporting year. No loans or advance payments were granted in the reporting year.

Overall compensation for former members of the Board of Managing Directors

The overall compensation for former members of the Board of Managing Directors amounted to €357 thousand (previous year: €404 thousand) in the financial year. In 2012, the payment made to former members of the Board of Managing Directors under the LTI programme 2005 totalled €147 thousand. As of 31 December 2012, the pension obligations to former members of the Board of Managing Directors pursuant to IFRS totalled €3,886 thousand (previous year: €3,367 thousand).

Compensation of the Supervisory Board

The compensation of the Supervisory Board is stipulated in the Articles of Association. In addition to reimbursement of expenses, the individual members of the Supervisory Board receive a non-variable compensation of €10,000 at the end of the financial year, with the Chairman of the Supervisory Board receiving triple that amount and his Deputy one and a half times that amount. If a member of the Supervisory Board is also a member of a Supervisory Board committee, he or she additionally receives a quarter of the relevant fixed compensation and the committee chairman receives a further quarter. A member of the Supervisory Board may receive a maximum of two and a half times the fixed compensation, i.e. a maximum of €25,000. The maximum for the Chairman of the Supervisory Board is €75,000.00 and €37,500 for his Deputy.

Furthermore, the members of the Supervisory Board also receive a variable compensation payment. This component is dependent on the dividend distributed to the shareholders. No variable component is paid for a dividend of up to 4% of the share capital, which equates to €0.04 per share. The Supervisory Board as a whole receives €1,500 for each half a percentage point that the dividend paid exceeds this basic return on the share capital of 4%. For financial year 2012, a dividend of €0.44 per share, or 44% of the share capital, will be proposed to the annual general meeting. If approved by the annual general meeting, a volume of €125 thousand will be made available for the variable compensation of the Supervisory Board. Pursuant to a resolution by the Supervisory Board, this sum will be divided among the members of the Supervisory Board, irrespective of their activities on committees, in accordance with the ratio for non-variable compensation.

The compensation paid to members of the Supervisory Board, including if necessary statutory VAT accrued on the compensation, is shown in the following table individually.

€ thousand	Non-variable components		Variable components		Remuneration for committee activities		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Martin Zielke	0	0	0	0	0	0	0	0
Frank Annuscheit	0	0	0	0	0	0	0	0
Thorben Gruschka	12	12	17	23	0	0	29	35
Angelika Kierstein	12	12	17	23	3	3	32	38
Georg Rönnberg	12	12	17	23	6	3	35	38
Sabine Schmittroth (from 9 May 2012)	8	0	11	0	2	0	21	0
Dr. Achim Kassow (until 30 June 2011)	0	9	0	16	0	7	0	32
Karin Katerbau (until 15 April 2012)	3	3	5	5	1	0	9	8

Mr Zielke and Mr Annuscheit have waived their compensation as members of the Supervisory Board for financial years 2011 and 2012.

> Declaration of the Board of Managing Directors on Section 312 of the German Stock Corporation Act (AktG)

As a result of the integration of comdirect bank AG including its subsidiaries in the Commerzbank Group, the Board of Managing Directors is obliged to prepare a dependency report in accordance with Section 312 of the German Stock Corporation Act (AktG).

With regard to the legal transactions and measures referred to in the report on relations with affiliated companies, which were known to us at the time the legal transactions were carried out and measures carried out or omitted, our company received adequate consideration for each such transaction and ultimately suffered no disadvantage from measures either being carried out or not carried out.

Any disadvantages resulting from a measure were compensated in full in the financial year.

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61% of bank customers want personal advice,
but nevertheless run their account online.

Fortunately, there's a bank that can do both.
Making better financial decisions is actually very easy – if you have the right bank. For customers wanting advice, our experts in financing, investment and provisioning are very happy to provide personal assistance to help them make the right choice – a service that is independent, transparent and fair. But support is also already available on our website and using our tutorials, investment recommendations and tools for self-evaluation, customers will find it even easier to select the right product in future.

»Financing, investments, provisioning – we take it very personally. Our advice via video-telephony service brings customers and advisers together more quickly.«

Andreas Genz, Deputy IT Project Manager Advice via Video-Telephony Building Finance

IT expert Andreas Genz brings the building finance adviser into the customer's home – on the computer screen at least, via video-telephony. No simple task: the connection has to be 100% secure and the information well encrypted. "The focus is on protecting customers and employees," reassures Genz. But all of the details have to be right too – even the lighting in the adviser's office.

Building finance is an emotional issue. Generally, buying a property is the biggest investment customers will make in their lives, and one that often binds them to a bank long term. Such a decision is never taken lightly and requires a significant level of trust. comdirect is using innovative advice channels to strengthen this trust.

Since 2011, comdirect has been offering its customers its online live advice service – the first bank in Germany to do so. Co-browsing via the internet enables customers to follow each step of the advisory process on their screen at home and work together with the adviser to select the best product. And a hit rate that is 66% higher than with telephone advice alone shows that this online live advice service really does increase transparency and trust.

Advice via video-telephony builds trust

To create even greater closeness between advisers and customers, in future comdirect's advice via video-telephony will not only allow customers to take a virtual look on the adviser's screen, but also to see their adviser. The results from the trials are very promising: "The customers are very taken with our technical solution every time and it's seen as a real innovation," reports one of the advisers in the trial. "When the customers switch on their webcam as well, the conversations become even more detailed and in-depth," adds another. Consequently, advice via video-telephony is to be rolled out nationwide in the middle of the year and will even be available via iPhone and iPad. For customers in Hamburg, Munich, Frankfurt/Main and Berlin, comdirect will nevertheless continue to offer the advice service in its local building finance offices.

And a system that works so well in building finance could in future be used for investment and provisioning advice as well – so far only available by telephone. Customers Services too has registered an interest, since what could better complement friendly and expert support than a personal meeting?

Making better financial decisions independently

In addition to innovative technologies that bring experts and customer advisers into customers' homes at the click of a mouse, comdirect offers a self-explanatory range of products and services online and information on the go. Using video tutorials that clearly explain the products available, less-experienced customers can also use the direct bank offering independently. There are already videos on how to use the apps, on various order functions and analysis tools in securities trading, on building finance and investment advice, as well as on opening an account. These too have been well received by customers and 96% find the content on comdirect's website easy to understand. To convince the remaining 4% as well, comdirect will expand its information offering. After all, understanding the products is the first step towards making better financial decisions.

Now with video as well: online live advice service

Our proven online live advice service is now even more personal. Not only can customers see the different interest rates available for their financing enquiry from more than 250 providers on the adviser's screen during their consultation, they can also watch their adviser at work via video.

Using the webcam, the adviser explains which financing partners are suitable for the property project in question and which parameters can be changed to obtain better terms and conditions. Together with the adviser, customers can compare the best offerings and test the different variants. This immediately shows the effect that any changes – in the term or repayment rate for example – have on the interest rates.

Unlike the online live advice service, the new video-telephony version not only offers absolute transparency with regard to terms and conditions, but also immediately creates a personal closeness that was previously only possible in a branch. This opens up completely new opportunities for direct banking advice: when customers can put a face to the adviser, and vice versa, the quality of advice in particular is enhanced.

The "virtual look over the shoulder" is very easy and simple to establish and the only technical requirements are an internet connection and up-to-date browser. Customers receive a link which they then use to log in during the telephone call.

Consolidated financial statements

> Income statement

Income statement of comdirect group according to IAS/IFRS

€ thousand		1.1. to 31.12.	
	Notes	2012	2011
Interest income		263,870	269,090
Interest expenses		112,069	118,243
Net interest income before provisions	27	**151,801**	**150,847**
Provisions for possible loan losses	9, 28	−4,430	−1,331
Net interest income after provisions		**147,371**	**149,516**
Commission income		287,015	292,434
Commision expenses		120,599	109,849
Net commission income	29	**166,416**	**182,585**
Result from hedge accounting	5, 30	−8	49
Trading result	31	0	−1,128
Result from financial investments	32	3,690	−5,989
Administrative expenses	33	**236,702**	**232,074**
Other operating result	34	11,519	15,117
Pre-tax profit		**92,286**	**108,076**
Taxes on income	20, 35	18,928	−3,687
Net profit		**73,358**	**111,763**
Allocation to reserves		11,221	32,679
Consolidated profit	23	**62,137**	**79,084**

Undiluted/diluted earnings per share

	1.1. to 31.12.	
	2012	2011
Net profit (in € thousand)	73,358	111,763
Average number of ordinary shares (number)	141,220,815	141,220,815
Undiluted/diluted earnings per share (in €)	**0.52**	**0.79**

No shares were issued in the financial year so that the average number of ordinary shares corresponds to the number of ordinary shares outstanding as of 31 December 2012.

> Statement of comprehensive income

Statement of comprehensive income of comdirect group according to IAS/IFRS

€ thousand	1.1. to 31.12.	
	2012	2011
Net profit	**73,358**	**111,763**
Changes in the revaluation reserve before tax	59,397	−26,090
Taxes	−15,194	6,690
Changes in the revaluation reserve after tax	44,203	−19,400
Comprehensive income	**117,561**	**92,363**

Net profit and comprehensive income for the reporting period are attributable in full to the shareholders of comdirect bank AG.

> Balance sheet

Balance sheet of comdirect group according to IAS/IFRS

Assets

€ thousand	Notes	**as of 31.12.2012**	**as of 31.12.2011**
Cash reserve	6, 36	551,760	527,849
Claims on banks	7, 37, 39	7,929,839	6,711,938
Claims on customers	7, 38, 39	202,596	224,691
Financial investments	12, 40	3,709,668	3,861,587
Intangible assets	13, 41, 43	31,809	30,579
Fixed assets	14, 42, 43	11,772	11,790
Current income tax assets	20, 44	1,892	4,091
Other assets	45	6,204	5,896
Total assets		**12,445,540**	**11,378,421**

Liabilities and equity

€ thousand	Notes	**as of 31.12.2012**	**as of 31.12.2011**
Liabilities to banks	16, 46	1,901	3,244
Liabilities to customers	16, 47	11,737,489	10,723,015
Negative fair values from derivative hedging instruments	5, 17, 48	5,278	4,496
Provisions	19, 49	39,670	41,157
Current income tax liabilities	20, 50	21,625	14,527
Deferred income tax liabilities	20, 50	7,849	2,996
Other liabilities	51	45,983	41,718
Equity	52	**585,745**	**547,268**
– Subscribed capital		141,221	141,221
– Capital reserve		223,296	223,296
– Retained earnings		103,572	92,350
– Revaluation reserves		55,519	11,317
– Consolidated profit		62,137	79,084
Total liabilities and equity		**12,445,540**	**11,378,421**

> Statement of changes in equity

€ thousand	Subscribed capital	Capital reserve	Retained earnings	Revaluation reserves[1]	Group result	Total
Equity as of 1.1.2011	**141,221**	**223,296**	**59,671**	**30,717**	**59,313**	**514,218**
Net profit from 1.1. to 31.12.2011	–	–	–	–	111,763	111,763
Changes in revaluation reserves	–	–	–	–19,400	–	–19,400
Comprehensive income 2011	**–**	**–**	**–**	**–19,400**	**111,763**	**92,363**
Profit distributions	–	–	–	–	–59,313	–59,313
Allocation to reserves/transfer from reserves	–	–	32,679	–	–32,679	0
Equity as of 31.12.2011/1.1.2012	**141,221**	**223,296**	**92,350**	**11,317**	**79,084**	**547,268**
Net profit from 1.1. to 31.12.2012	–	–	–	–	73,358	73,358
Changes in revaluation reserves	–	–	–	44,203	–	44,203
Comprehensive income 2012	**–**	**–**	**–**	**44,203**	**73,358**	**117,561**
Profit distributions	–	–	–	–	–79,084	–79,084
Allocation to reserves/transfer from reserves	–	–	11,221	–	–11,221	0
Equity as of 31.12.2012	**141,221**	**223,296**	**103,572**	**55,519**	**62,137**	**585,745**

1) Pursuant to IAS 39

In financial year 2012, dividend payments totalling €79,084 thousand (2011: €59,313 thousand) were distributed to shareholders of comdirect bank AG. This equates to a payment of €0.56 per share (2011: €0.42).

In financial year 2012, comdirect bank did not make use of either the existing authorisations of the annual general meeting to purchase own shares for the purpose of securities trading pursuant to Section 71 (1) No. 7 German Stock Corporation Act (AktG) or of the resolutions of the annual general meeting authorising the purchase of own shares pursuant to Section 71 (1) No. 8 German Stock Corporation Act (AktG) for purposes other than securities trading.

> Cash flow statement

€ thousand	1.1. to 31.12.	
	2012	2011
Net profit	**73,358**	**111,763**
Non-cash items contained in net profit and transfer to cash flow from operating activities		
– Depreciation, loan loss provisions, additions to assets, change in provisions and net changes due to hedge accounting and trading	29,250	36,026
– Result from the sale of assets	–4,318	3,098
– Other adjustments	–144,823	–157,408
Sub-total	**–46,533**	**–6,521**
Changes in assets and liabilities from operating activities after adjustment for non-cash items		
– Claims		
on banks	–1,223,747	–793,151
on customers	58,084	43,017
– Securities	207,557	781,215
– Other assets from operating activities	1,943	2,478
– Liabilities		
to banks	–1,343	–37,535
to customers	998,756	340,455
– Other liabilities and equity from operating activities	–23,519	–46,717
Interest and dividends received	278,190	245,897
Interest paid	–109,723	–116,490
Income tax payments	–19,972	5,929
Cash flow from operating activities	**119,693**	**418,577**
Cash inflows from the disposal of fixed assets and intangible assets	9	5
Cash outflows for the acquisition of fixed assets and intangible assets	–16,707	–16,387
Cash flow from investment activities	**–16,698**	**–16,382**
Dividend payment	–79,084	–59,313
Cash flow from financing activities	**–79,084**	**–59,313**
Cash and cash equivalents as of the end of the previous year	**527,849**	**184,967**
– Cash flow from operating activities	119,693	418,577
– Cash flow from investment activities	–16,698	–16,382
– Cash flow from financing activities	–79,084	–59,313
Cash and cash equivalents as of the end of the period	**551,760**	**527,849**

Cash and cash equivalents correspond to the balance sheet item “cash reserve” and include cash on hand and balances held at central banks.

> Notes

Basis of accounting principles

The consolidated financial statements of comdirect as of 31 December 2012 were prepared in accordance with Section 315a (1) of the German Commercial Code (HGB) and Regulation (EC) 1606/2002 (IAS Regulation) of the European Parliament and of the Council of 19 July 2002 as well as further regulations on the adoption of certain international accounting standards in accordance with the International Financial Reporting Standards (IFRS), which were approved and published by the International Accounting Standards Board (IASB). Furthermore, the additional standards to be applied under Section 315a (1) of the German Commercial Code (HGB) were observed.

The sub-group financial statements of comdirect bank AG, Pascalkehre 15, D-25451 Quickborn, Germany are included in the consolidated financial statements of our ultimate parent company, Commerzbank AG, Frankfurt/Main. The consolidated financial statements of Commerzbank AG as of 31 December 2011 were published in the online Federal Gazette on 19 April 2012.

In addition to the consolidated balance sheet, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated financial statements include the statement of changes in equity, the cash flow statement and the notes. The group management report, including the risk report in accordance with Section 315 of the German Commercial Code (HGB), forms part of our present annual report.

The consolidated financial statements were approved for publication by the Board of Managing Directors on 20 February 2013.

Accounting and measurement methods

1 Basic principles

The consolidated financial statements are based on the going concern principle.

All the units included in the consolidation prepared their financial statements as of 31 December 2012.

Income and expenses are recognised on a pro-rata basis; they are shown for the period to which they may be assigned in economic terms.

An asset is recognised in the balance sheet if it is probable that there will be future economic benefits for the company and if the cost of acquisition or manufacture or another value can be reliably measured. A liability is recognised in the balance sheet if it is probable that fulfilment of a current obligation will result in a direct outflow of resources with economic benefits and the amount to be paid can be reliably measured.

In principle, assets and liabilities are shown at (amortised) cost of acquisition or manufacture (assets) and the issue amount or amount to be paid (liabilities) respectively.

Financial instruments are accounted for and measured using IAS 39 and the different classification and measurement principles specified by this regulation. Derivative hedging instruments are subject to the provisions of hedge accounting.

Where estimates and assessments are necessary in accounting for assets and liabilities, these are based on past experience and other factors such as forecasts and, from today's viewpoint, the probable expectations and forecasts of future events. Uncertainties pertaining to estimates relate in particular to determining the provisions for possible loan losses, the fair value of financial instruments and pension obligations.

2 IAS/IFRS and SIC/IFRIC rules applied for the first time and to be applied in the future

In the consolidated financial statements of comdirect, all the standards and interpretations to be compulsorily applied in the EU in financial year 2012 were taken into account.

The revision to IFRS 7 “Financial instruments: Disclosures – Transfers of financial assets” to be applied for the first time in financial year 2012 did not have any material impact on the consolidated financial statements.

Additional IAS/IFRS to be applied in the future:

Standard	Title	Date of application
IAS 1 (amended)	Presentation of financial statements – presentation of items of other comprehensive income	1 January 2013
IAS 12 (amended)	Income taxes – Deferred tax: Recovery of underlying assets	1 January 2013
IAS 19 (amended)	Employee benefits	1 January 2013
IFRS 7 (amended)	Disclosures – Offsetting financial assets and financial liabilities	1 January 2013
IFRS 10	Consolidated financial statements	1 January 2014
IFRS 11	Joint arrangements	1 January 2014*
IFRS 12	Disclosure of interests in other entities	1 January 2014
IFRS 10/IFRS 11/IFRS 12 (amended)	Amendments to the transitional provisions of IFRS 10, IFRS 11 and IFRS 12	1 January 2014
IFRS 10/IFRS 11/IFRS 12 (amended)	Investment entities	1 January 2014*
IFRS 13	Fair value measurement	1 January 2013
IAS 27 (new version)	Separate financial statements	1 January 2014
IAS 32 (amended)	Offsetting financial assets and financial liabilities	1 January 2014*
IFRS 9	Financial instruments: Classification and measurement	1 January 2015*
IFRS 7/IFRS 9 (amended)	Mandatory application date and transitions disclosures	1 January 2015*
–	Improvements in International Financial Reporting Standards 2009–2011	1 January 2013*

* The date of application is contingent on the timely endorsement of the standards by the European Commission.

As permitted we opted out of early application of standards and interpretations for which required implementation was from financial year 2013 or later.

The provisions of the new IFRS 9 “Financial instruments” are aimed at abolishing and replacing IAS 39. IFRS 9 could result in future changes in the categorisation and measurement of financial investments and other financial instruments for the comdirect group.

The requirements of IFRS 9 were further revised in 2012 and further amendments are still pending. Endorsement by the EU has therefore not yet taken place. The initial adoption of IFRS 9 has been postponed until the financial years beginning on or after 1 January 2015.

The effects of applying IFRS 9 to the consolidated financial statements of comdirect are not yet reliably quantifiable.

IFRS 10 “Consolidated financial statements” replaces the requirements of IAS 27 for consolidated financial statements and changes the definition of “control”. IFRS 13 “Fair value measurement” describes how fair value is to be measured and establishes disclosure requirements. The amendment of IAS 32 clarifies the offsetting of financial assets and financial liabilities.

The application of IAS 19 (amended) will result in particular in different treatment given to actuarial gains and losses from pension liabilities. In future, these are to be recognised immediately and in full in other comprehensive income for the period. There will be no recycling via the income statement. In combination with IAS 1 this leads to separate reporting of these effects in addition to changes in the fair value of assets recognised directly in equity.

3 Consolidated companies

Apart from the parent company, comdirect bank AG, Quickborn, the consolidated companies consist of ebase GmbH, Aschheim, and five special funds, special purpose entities (SPE) in accordance with IAS 27 in conjunction with SIC-12.

One subsidiary of minor importance for the earnings situation, financial situation and assets of the group was not consolidated but accounted for as a holding under financial investments. The company is in liquidation.

In each case, comdirect bank AG holds 100% of the shares in the consolidated group units.

4 Principles of consolidation

In the consolidation of the capital accounts, the historical cost of the holding in the subsidiary is set off against the proportion of the subsidiary's equity as part of group equity as of the date of acquisition.

Intra-group claims and liabilities as well as expenses and income are eliminated as part of the debt, income and expense consolidation. Intra-group book gains or losses registered during the financial year are deducted, unless they are of minor importance. Holdings in subsidiaries that are not included in the consolidation due to their minor importance are shown at historical cost under the financial investment portfolio.

5 Hedge Accounting

The rules under IAS 39 on hedge accounting apply to derivatives demonstrably used to hedge risks arising from non-trading transactions. At comdirect bank AG, fair value hedges were used exclusively to hedge the market price risk of individual securities using interest rate swaps. The application of the hedge accounting rules is contingent on the comprehensive documentation of the hedging relationship and evidence of the effectiveness of the hedge.

The fair values determined are reported in the balance sheet as "positive fair values from derivative hedging instruments" or "negative fair values from derivative hedging instruments". The changes in fair value of the hedges and hedged items resulting from the hedged risk are recognised in the income statement under "result from hedge accounting". In an effective hedge, the changes in value of an hedged item and the hedge recorded in the income statement will largely offset one another.

6 Cash reserve

The reserve is reported at nominal value.

7 Claims

All claims on banks and customers originated by the comdirect group are measured at amortised cost. The valuation allowances made within the claims on banks and customers are explained in note (39).

8 Currency translation

Monetary assets and liabilities carried in the balance sheet which are held in foreign currency are translated at the spot rate on the balance sheet date (reporting date rate).

Income and expenses are translated at exchange rates as of the time of transaction.

As in principle no open positions in currency are entered into, currency translation does not contribute to earnings.

9 Provisions for possible loan losses

We provide for the particular credit risks in lending by forming single and portfolio loan loss provisions, with loans comprising exposure of more than €1m seen as significant.

Specific loan loss provisions are formed to cover the existing credit-standing risks relating to these exposures. Loan loss provisions have to be formed for a loan if it is probable on the basis of observable criteria that not all the interest payments and capital repayments can be made as agreed. The level of the loan loss provision corresponds to the difference between the book value of the loan less the present value of the expected future cash flow.

In addition, we cover credit risks by means of portfolio loan loss provisions. The level of the portfolio loan loss provisions is determined using parameters derived from Basel II (probability of default, loss given default). The loan loss provisions are deducted from the relevant asset items on the balance sheet, provided they relate to claims on the balance sheet. The provisions for possible loan losses for offbalance sheet business (loan commitments) are shown as provisions for lending risks.

Uncertainties pertaining to estimates arise with regard to the use of Basel II parameters. The parameters are derived from empirical values for corresponding receivables and can therefore be subject to fluctuations due to changes in framework conditions, such as developments in the macroeconomy or labour market data. Thus, revised estimates for probabilities of default per exposure, in particular, could lead to an increase or decrease in provisions for both utlisied and unutilised loan commitments. Revised conversion factors regarding open lines of credit would only lead to an increase or decrease in provisions for loan losses.

Unrecoverable amounts are written down utilising any existing loan loss provisions. Income on written-down receivables is recognised in the income statement under provisions for possible loan losses.

10 Positive fair values from derivative hedging instruments

Derivative financial instruments used for hedging purposes, which qualify for hedge accounting and show a positive fair value are reported under this item. The instruments are measured at fair value in accordance with the net present value method. The measurement results determined for fair value hedges under hedge accounting are recognised in the income statement under "result from hedge accounting".

11 Trading assets

Derivative financial instruments that are not used as hedging instruments as part of hedge accounting and show a positive fair value are reported as trading assets. The instruments are measured at fair value. The changes in fair value as well as interest income and expenses are recorded in the income statement under the trading result.

12 Financial investments

Purchases and sales of financial assets are shown in the balance sheet in accordance with the trade date accounting method.

As of the balance sheet date, all bonds, other fixed-income securities, equities and other variable-yield securities (investment fund units) not held for trading purposes were assigned to the "available-for-sale" category. These are reported under financial investments together with holdings in non-consolidated subsidiaries.

These financial instruments are accounted for and measured at fair value. In principle, prices and quotations traded in active markets are used for this. If there is no active market, instruments from the same issuer or comparable issuer in the same industry with comparable residual maturities are used. The spreads determined from these papers are used with the aid of the discounted cash flow method as the basis for the measurement taking appropriate yield curves into account.

The measurement results are posted in the revaluation reserve with an income-neutral effect and taking deferred taxes into account. Realised gains and losses only affect the income statement when securities are sold or subject to impairment.

Debt instruments are subject to an impairment test using quantitative or qualitative trigger events. Qualitative indications of impairment include, for example, arrears or default on interest and capital payments on the part of a counterparty. Significant price drops and rating changes are considered to be quantitative trigger events. Should these trigger events apply, impairments are carried out if payment defaults are to be expected. Equity instruments are also subject to an impairment test using quantitative or qualitative trigger events. An impairment is carried out for these instruments if there is a qualitative trigger event, such as considerable financial difficulties on the part of the issuer, or if a quantitative event applies. Quantitative trigger events exist if the fair value falls significantly or longer-term below the historical cost.

With regard to debt instruments, reversals of impairment losses are posted in the revaluation reserve with an income-neutral effect in subsequent periods if the trigger event still applies. Where the trigger event no longer applies, reversals of impairment losses are recognised in the income statement; impairments recognised in the income statement in previous periods are charged off against the revaluation reserve with an impact on income. For equity instruments, reversals of impairment losses are consistently posted in the revaluation reserve with an income-neutral effect.

Where there is an effective hedging relationship between securities and a derivative financial instrument, the proportion of the change in the fair value attributable to the hedged risk is reported in the income statement under “result from hedge accounting”.

All the interest income generated by securities of the “available-for-sale” category is shown in the income statement under “interest income”.

⓭ Intangible assets

Under “intangible assets”, we include internally generated software, purchased software and acquired customer relationships (customer base).

Internally generated software is recognised if all provisions of IAS 38 are met. Recognition is made at production cost. Recognition of sundry intangible assets is made at historical cost.

In principle, internally generated software and purchased individual software is amortised using the straight-line method and according to schedule against earnings over a period of five years; standard software over three years. Acquired customer relationships are amortised using the straight-line method and according to schedule over a period of 10 years.

Both the useful life and the amortisation method are reviewed for significant changes each year at the end of the reporting period. In addition they are checked annually for signs of impairment within the meaning of IAS 36 which would necessitate impairments that are recognised in the income statement.

An unscheduled write-down is recognised if the recoverable amount of the asset is lower than in the book value as of the reporting date. The recoverable amount is calculated as the higher amount of the value in use and fair value less cost to sell.

14 Fixed assets
The item “fixed assets” shows office furniture and equipment.

All the fixed assets are capitalised at historical cost. Office furniture and equipment are depreciated using the straight-line method and according to schedule to reflect their probable useful economic lives.

In determining the useful life, their likely physical wear and tear, their technical obsolescence as well as legal and contractual restrictions are taken into account.

All fixed assets are depreciated over a period of 3 to 20 years.

Gains and losses arising from the sale of fixed assets are shown in the income statement under “other operating result”.

Both the useful life and the depreciation method are reviewed for significant changes each year at the end of the reporting period. In addition, they are checked annually for signs of impairment within the meaning of IAS 36 which would necessitate impairments that are recognised in the income statement.

15 Leases
In accounting for leases, a distinction is made between operating leases and finance leases. A lease is classified as a finance lease if it substantially transfers all of the risks and rewards pertaining to ownership to the lessee. The accounting for the leased items is then carried out by the lessee. In contrast, where the risks and rewards pertaining to ownership are not substantially transferred to the lessee, the lease constitutes an operating lease. In such cases, the accounting for the leased item is carried out by the lessor.

Essentially, the companies of the comdirect group appear as lessees in operating leases (bank building and offices, office furniture and equipment).

16 Liabilities
Financial liabilities, with the exception of those that result from derivatives, are shown at amortised historical cost.

Where there is a material difference between the nominal value and fair value at the time of recognition, the amount is carried at fair value. The difference between this and the nominal value is recognised via the respective fixed-interest period in accordance with the effective interest rate method.

17 Negative fair values from derivative hedging instruments
Derivative financial instruments used for hedging purposes and which qualify for hedge accounting and show a negative fair value are reported under this item. The instruments are measured at fair value in accordance with the net present value method. The measurement results determined for fair value hedges under hedge accounting are recognised in the income statement under “result from hedge accounting”.

18 Trading liabilities
Derivative financial instruments that are not used as hedging instruments as part of hedge accounting and show a negative fair value are reported as trading liabilities. The instruments are measured at fair value. The changes in fair value as well as interest income and expenses are recorded in the income statement under the trading result.

19 Provisions

Basic principles

A provision must be recognised if on the balance sheet date, as the result of a past event, a present legal or constructive obligation has arisen, an outflow of resources to meet this obligation is probable and it is possible to make a reliable estimate of the amount of this obligation. Accordingly we make provisions for liabilities of uncertain amount to third parties and anticipated losses arising from onerous contracts in the amount of the claims expected.

The provision represents the best possible estimate of the expense required to meet the current obligation as at the reporting date. The estimate takes account of risks and uncertainties, but this may mean that a provision is not utilised in the amount shown in subsequent periods. Provisions are recognised at their net present value if the effect of discounting is material.

The provisions include items which result from restructuring of the business divisions and serve to cover settlement claims of employees or obligations arising from the termination of other contractual relationships. Here, uncertainties pertaining to estimates can, among other things, refer to the assumptions made regarding the date of the end of contracts and the underlying average amounts of the contractual sums or claims.

The different types of provisions are allocated via various items in the income statement. Provisions for risks from the lending business are charged to the provision for possible loan losses and the provisions for restructuring to restructuring expenses. Other provisions are in principle charged to administrative expenses.

Income from the reversal of provisions is recognised in “other operating result”. This excludes provisions for credit risk (provisions for possible loan losses) and provisions for variable compensation (personnel expenses).

Provisions for pensions and similar obligations

The company pension for the employees of the comdirect group is based on various pension schemes.

On the one hand, employees acquire a vested right to benefits on the basis of an indirect benefit obligation for which a defined premium is paid to Versicherungsverein des Bankgewerbes a.G. (BVV), Berlin. The level of the pension benefit is determined by the premiums paid and the resultant accumulated investment income (defined contribution plan).

The accounting regulations pursuant to IAS 19 for a defined contribution plan are applied to this indirect pension plan, i.e. the regular premium payments to BVV are recorded as an expense in the financial year and no provision is formed.

On the other hand, the employees acquire vested rights to benefits on the basis of a direct benefit obligation, whereby the level of benefit is fixed and depends on factors such as age, remuneration and length of service (defined benefit plan).

The accounting regulations pursuant to IAS 19 for a defined benefit plan are applied to this direct pension plan and provisions are formed accordingly.

The obligations similar to those for a pension include deferred compensation. These refer to an offer to the employees whereby they give up a portion of their gross salary for a pension commitment by the employer to the same value. Provisions are also formed for individual part-time working arrangements for older employees.

For defined benefit plans, the pension obligations and similar commitments are calculated annually by an independent actuary in accordance with the projected unit credit method. In addition to biometric assumptions and the current actuarial interest rate, this calculation is based on the expected future rates of increase for salaries and pensions.

The trustee required for a bilateral trust was established by Commerzbank AG in the form of the Commerzbank Pension-Trust e.V.

In this regard, the companies in the comdirect group insure old-age pension obligations by means of a contractual trust agreement.

Claims arising from deferred compensation agreements have also been covered with the help of pension plan reinsurance, funded by the employer from the contributions made by the employees.

The assets transferred to cover pension claims (plan assets) are to be set off against the pension provisions, as the corresponding requirements of IAS 19 are met.

The pension expenses relating to the defined benefit old-age pension obligations to be recognised in the income statement comprise the service cost and the interest cost. The net income expected from the trust assets reduces the pension expenses. Further information on the pension obligations granted is provided in note (49) and note (69).

If the parameters taken into account in the calculation of the pension obligations and plan assets deviate from the original expectations, this generates an actuarial gain or loss. In accordance with IAS 19.92 et seq., these are to be recognised in the income statement as of the reporting period at the start of which they exceed a corridor of 10% of the maximum of the pension obligations or the fair value of plan assets. In the comdirect group, these actuarial gains or losses are recorded faster than over the average remaining period of service of the beneficiaries.

20 Income taxes

Current income tax assets and liabilities are calculated in accordance with tax provisions by applying the current valid tax rates at which a refund from or a payment to the relevant tax authorities is expected. Deferred tax assets and liabilities are formed for differences arising between the IFRS book values of assets or liabilities and their tax value, provided that future tax reducing or tax burdening effects are expected to result from this (temporary differences) and no prohibition on recognition is in place. The valuation of deferred taxes is based on income tax rates already enacted as at 31 December 2012 and applicable in the event of realisation of the temporary differences. Deferred income tax assets from tax-reducing temporary differences are shown in the balance sheet only to the extent that it is probable that the same taxable entity will generate tax results in the foreseeable future with respect to the same fiscal authority. Income tax assets and liabilities are formed and carried such that – depending on the treatment of the underlying item – they are recognised either under “taxes on income” in the income statement or they are set off against the relevant equity items with no effect on the income statement.

Current and deferred income tax assets and liabilities are netted against one another where they exist towards the same tax authority and the right of set-off can actually be enforced vis à vis the tax authority.

21 Conditional and authorised capital

The Board of Managing Directors of comdirect bank AG is authorised until 5 May 2014, with the consent of the Supervisory Board, to increase the share capital of the company by up to a maximum amount of €70.0m (authorised capital 2009) by issuing new shares against cash or non-cash contributions on one or more occasion. The shareholders are in principle to be granted a subscription right. The statutory subscription right can also be granted through the new shares being underwritten by a bank or a bank consortium with the obligation of offering them for subscription to the shareholders of comdirect bank AG. The Board of Managing Directors may exclude shareholder subscription rights in some cases with Supervisory Board approval.

Through the resolution adopted on 9 May 2008 and its entry into the commercial register on 3 July 2008, a conditional capital of €30.0m was created (conditional capital 2008). The conditional capital 2008 increase will only be effected to the extent that holders and/or creditors of convertible bonds or convertible profit-sharing certificates or of warrants from bonds with warrants or profit-sharing certificates with warrants may exercise their option or conversion rights or fulfil their conversion obligations. The Board of Managing Directors is authorised to issue, with the approval of the Supervisory Board, bearer bonds with convertible bonds or bonds with warrants or profitsharing certificates as mentioned above on one or more occasions, up to a maximum amount of €300.0m with or without a fixed maturity. This authorisation is limited until 8 May 2013.

22 Earnings
In principle, earnings are accounted for at fair value of the consideration. Interest income, with the exception of that from derivatives in the "held-for-trading" category, is recognised using the effective interest rate method. Commission income is recognised in principle if the underlying service was provided. For charges relating to specific periods (e.g. custody charges, account charges), the fees are deferred on the reporting date.

23 Appropriation of profits
The basis for the appropriation of profits is the national legislation, especially the German Commercial Code (HGB) and the Stock Corporation Act (AktG).

For financial year 2012, comdirect bank AG reported a distributable profit according to the German Commercial Code (HGB) of €62,137,158.60.

The Board of Managing Directors and the Supervisory Board of comdirect bank AG will propose to the annual general meeting a dividend payment in the amount of the distributable profit, which is commensurate to €0.44 per no-par value bearer share.

24 Earnings per share
Undiluted earnings per share are calculated in accordance with IAS 33 and based on the net profit for the year. The figure calculated is shown below the income statement. As in the previous year, diluted earnings correspond to undiluted earnings.

25 Share-based compensation

Variable compensation of the Board of Managing Directors
In light of statutory and supervisory changes, in particular the German Remuneration Regulation for Institutions (Instituts-Vergütungsverordnung) adopted in October 2010, as well as corporate strategy considerations within the Commerzbank Group, the compensation system for the Board of Managing Directors was revised in financial year 2011 and adjusted with retroactive effect from 1 January 2011.

Compensation plan 2011
Where members of the Board of Managing Directors participate in the new compensation system implemented in the previous financial year, the following information applies.

The total volume for the variable compensation of the beneficiary depends on the achievement of corporate targets of comdirect and Commerzbank Group and also of individual goals in the financial year to be assessed, combined with the target amount for the variable compensation component for all members of the Board of Managing Directors. The goals are agreed annually between the Board of Managing Directors and the Supervisory Board, are in line with the bank's strategic objectives, and particularly take into account risks entered into and cost of capital. Achievement of the objectives can amount to a minimum of 0% and a maximum of 200%.

The individual variable compensation component is split into two parts – a long-term incentive (LTI), which 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.

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 specified deferral period.

IFRS 2 governs share-based compensation transactions between group companies. As comdirect bank AG is required to provide the compensation, the share-based components of the LTI and STI are treated as compensation components with cash settlement. Those components of the LTI and STI for which cash payments are planned are recognised on the balance sheet in accordance with IAS 19.

At the end of the financial year, a mathematical compensation volume is calculated on the basis of the attainment of company targets for all of the components indicated above. The individual variable compensation for members of the Board of Managing Directors is determined on the basis of a performance evaluation in the financial year following the reporting year.

The euro amount for both share-based components is specified when setting the individual variable compensation. The number of shares to be granted is determined by dividing the euro amount specified in this regard by a reference price. This reference price is calculated as the average price of Commerzbank shares on all trading days in a reference period comprising the month of December in the reporting year and the months of January and February in the following year.

A provision is recognised for the full amount of the compensation volume calculated for the share-based STI component. After the number of shares to be issued has been specified, the equivalent value can change due to fluctuations in the share price up until issue in the fourth quarter of the following year.

The entitlement to the share-based LTI component is linked to suspensive conditions. These include a three-year waiting period from the end of the financial year for which the compensation is to be determined. The corresponding expense for recognition of a provision for the share-based LTI component is posted in each case pro rata over a vesting period of four years, as the payout of the equivalent value of this component is linked in principle to the beneficiary remaining with the company during the waiting period.

The outstanding entitlements are carried in the accounts during the waiting period on a fair value basis. This is based on the share price for Commerzbank AG and is recalculated on each reporting date up to and including the payout date. In addition to the pro rata recognition of the provision over the vesting period of four years, every change in the obligation resulting from share price fluctuations up until the issue of the shares is thus to be taken into account through profit or loss.

Commerzbank share awards

Where members of the Board of Managing Directors receive part of their variable compensation in the form of Commerzbank share awards, the following information applies.

Commerzbank share awards represent a cash-settled share-based compensation transaction. The euro amount for the share-based components is determined as part of establishing the individual variable compensation for the beneficiary based on a performance measurement in the financial year following the reporting year.

The number of Commerzbank share awards allocated is determined by dividing the euro amount specified in this regard by the average XETRA closing price of Commerzbank shares on all trading days in the month of December of the reporting year and the months of January and February in the following year.

In principle, the payout takes place three years after the date of allocation and is linked to certain suspensive conditions.

The average XETRA closing price for Commerzbank shares in the months of January and February of the payout year and the month of December in the preceding year is also used to determine the amount of the payout. The amount to be paid is then calculated by multiplying the average price with the number of Commerzbank share awards granted.

As the payout of the equivalent value of the Commerzbank share awards at the end of the waiting period is not contingent on the beneficiary remaining in the company, the full amount of the fair value of the award is recognised as personnel expenses in the financial year for which this compensation is determined. At the same time, a provision is recognised in this amount. The fair value is recalculated on each reporting date and up to and including the payout date and fluctuates in parallel with the movement in the share price for Commerzbank Aktiengesellschaft. Every change in the fair value of the obligation is taken into account as a charge to expense.

If Commerzbank Aktiengesellschaft makes dividend payments during the waiting period, on the payout date, a cash payout in the amount of the dividend paid is disbursed per share award in addition to the payout value of the share awards, for which provisions are to be recognised if applicable.

Performance share plan
A long-term incentive programme (LTIP) for the employees of the comdirect group was introduced in 2005 as a component with a long-term incentive effect and risk elements.

As the beneficiaries of this LTIP, the members of the Board of Managing Directors and selected managers and executives received a conditional allocation of virtual, non-fungible shares (performance shares) in yearly tranches. The shares encompass the conditional right to a cash payment at the end of the three-year waiting period. The level of the cash payment depends on achieving performance targets which are set at the beginning of the planning period and the current share price at the end of the waiting period.

The performance targets set at the beginning of the planning period are based on total shareholder return (TSR), an indicator which takes both share price performance and the dividends paid during the waiting period into account.

The number of performance shares falling due for payment depends equally on the TSR outperformance targets as compared with the Prime Financial Services Performance Index and the absolute rise in TSR of the comdirect share.

However, for both performance targets there are set hurdles that must be overcome before the performance shares become valuable and due for payment depending on achievement of the targets. With regard to TSR outperformance (subset A), the share price of comdirect bank AG during the three-year waiting period must be at least as good as the reference index. If the comdirect share price including dividends paid has increased in absolute terms over the same period (subset B) by at least 25% compared with the price on issue, this subset also becomes valuable. The total payout from the performance share plan is capped. Should the performance targets set at the beginning of the planning period not be met, the performance shares lapse at the end of the waiting period.

Both subsets comply with the requirements of the German Corporate Governance Code.

The value of the performance shares as of the reporting date is determined by an external expert. The model used is based on the arbitrage-free valuation according to Black/Scholes. A numerical solution option is necessary because of the complexity of the option programme and the procedure used is the three-dimensional binomial model.

The long-term incentive programme was discontinued as part of the revision of the compensation system. Performance shares were issued for the last time in 2010 and may be paid out in 2013 under the restrictions described.

26 Related party disclosures

Relations with affiliated companies
The parent company of comdirect bank AG is Commerz Bankenholding Nova GmbH, Frankfurt/Main. The ultimate parent company is Commerzbank AG.

comdirect bank AG uses services provided by Commerzbank AG through a general agreement effective as of 1 January 1999, as well as through service level agreements on this basis.

On 6 August 2007, a master agreement was concluded with Commerzbank AG which superseded the existing general agreement. The individual contracts concluded under the general agreement remain in place until expiry of their respective term. New individual contracts will be concluded based on the master agreement.

On the basis of the general agreement and the master agreement, the following services were provided during financial year 2012:

- Trading and processing services
- Payments and cash dispenser service
- Printing services
- IT services
- Internal audit
- Use of "Intelligence Commerzbank" (ICOM) securities trading system
- Risk management
- Handling of financial instruments in own trading and credit services
- Compliance
- Cooperation for the "Contract for Differences" product
- Placement of building finance loans
- Project services, e.g. final withholding tax, expanding tax master data
- Other services

In total, the expenses for the above services amounted to to €24.9m (2011: €25.9m) in the financial year.

In the reporting year, the earnings generated from these agreements totalled €4.0m (2011: €0.4m).

Outside of the general agreement, there are also the following significant business relations with Commerzbank AG:

In connection with the general agreement on liquidity transfer concluded in August 2010, there is also an assignment agreement between comdirect bank AG and Commerzbank AG for a customer loan portfolio consisting of retail loans. Claims are assigned from Commerzbank AG to comdirect bank AG as security for all existing, future and conditional claims by comdirect bank AG against Commerzbank AG and/or its group companies arising from the general agreement or other loans. Commerzbank AG was paid a fee of €1.3m (2011: €1.2m) due to this assignment agreement.

As part of money market and capital market transactions, comdirect bank AG makes investments with Commerzbank AG and its affiliated companies.

As at the balance sheet date, the nominal value of call money and fixed-term deposits as well as promissory notes totalled €7,670m (2011: €6,413m). During the year under review, comdirect group generated total interest income of €147.7m (2011: €129.7m) from these transactions with Commerzbank AG and €0.4m (2011: €0.7m) with its affiliated companies. There is a separate general agreement between comdirect bank AG and Commerzbank AG for these money and capital market transactions.

As at the balance sheet date, bonds and notes in the portfolio from affiliated companies amounted to €2,258m (2011: €2,663m). The interest income on this item amounted to €77.1m (2011: €87.5m) for the financial year as a whole.

Bonds in the portfolio from the affiliated companies were purchased during the reporting year with a nominal volume of €608.3m (2011: €133.3m). As in the previous year, no bonds were sold to affiliated companies.

A general agreement on security loans was concluded with Commerzbank AG on 16 May 2000, on the basis of which comdirect bank AG can lend securities to Commerzbank AG. In the reporting year, income of €2.9m (2011: €3.7m) was generated on the average portfolio of lent securities amounting to €2.0bn (2011: 2.3bn).

Through its connection to Commerzbank AG, comdirect bank AG offers its customers new issues and a range of certificates for subscription. These sales are remunerated in line with the commission for the banking syndicate or issuing institution. In addition, comdirect bank AG receives pro rata commission for carrying out capital measures. As in the previous year, commission from these areas in financial year 2012 totalled less than €0.1m.

In joint campaigns with Commerzbank AG, comdirect bank AG offered its customers the opportunity to buy and sell Commerzbank warrants and certificates OTC for a limited period of time, whereby comdirect bank AG waived the commission payable by the customer on all transactions with a defined maximum volume. In return, comdirect bank AG received a refund of the lost order commission from Commerzbank.

comdirect bank AG and European Bank for Fund Services GmbH (ebase) offer their customers a large number of funds from a variety of investment companies, including investment companies of the Commerzbank Group. In financial year 2012, the comdirect group received sales and sales follow-up commission at prevailing market rates from the investment companies of the Commerzbank Group.

For placement activities for the benefit of ebase, Commerzbank AG received sales and ongoing sales follow-up commission amounting to €11.7m (2011: €12.3m) in financial year 2012.

As part of its processing and management services for custody accounts, ebase procures support and services from Commerzbank AG. In financial year 2012, Commerzbank AG received payment of €1.5m (2011: €1.2m) for these services.

ebase purchased other services from Commerzbank AG in the amount of €0.3m in financial year 2012 (2011: €0.3m).

On 22 March 2000, comdirect bank AG concluded an agreement with Commerzbank AG. Among other things, the agreement relates to support for PR activities, compliance with stock exchange and other obligations resulting from admission to the stock exchange and advice on the holding of the annual general meeting of shareholders.

On 15 March 2005, comdirect bank AG concluded an agreement with Commerzbank AG concerning the cash receiving office and depository service for the shares of comdirect bank AG.

Commerz Direktservice GmbH, whose sole shareholder is Commerzbank AG, provides call centre services for the purposes of gaining and supporting customers and promoting sales, primarily for customers of and on behalf of Commerzbank AG. Commerz Direktservice GmbH does not have its own customer base. comdirect bank AG maintained service agreements with Commerz Direktservice GmbH in the field of operating customer business and provision of operating resources. In the financial year, comdirect bank AG received payment of €0.6m (2011: €2.2m) for these services. Commerz Directservice GmbH's Quickborn location was closed with effect from 30 June 2012. Due to the early termination of the service agreements, an additional payment of €1.1m was due to comdirect bank AG for the telecommunications systems.

comdirect bank AG and its affiliated companies have insured old-age pension obligations by means of an allocation to trust assets with Commerzbank Pension-Trust e.V. As of 31 December 2012 the market value of trust assets administered in the trust totalled €4.8m (2011: €4.1m).

With an agreement dated 9 January 2003, comdirect bank AG acquired a holding in WST-Broker GmbH, Frankfurt/Main. WST-Broker GmbH routed customer orders to execution on the trading floors on behalf of comdirect bank AG. With effect from 5 October 2011, its shareholders comdirect bank AG (54%) and Commerzbank AG (36%) resolved to close WST-Broker-GmbH. The company has been in liquidation since then.

comdirect bank AG received tax reimbursement in financial years 2011 and 2012 resulting from the retrospective recognition of write-downs on foreign holdings from the year 2001. comdirect bank AG received an amount of €4.0m as part of a settlement in order to meet potential claims of comdirect bank AG vis-à-vis Commerzbank AG resulting from the tax relationship between the companies at that time.

The Board of Managing Directors reports separately on the scope and appropriateness of the intra-group services of comdirect bank AG with affiliated companies as part of its dependency report (Section 312 German Stock Corporation Act (AktG)).

Government-related entity disclosures

The Federal Republic of Germany holds a stake of 25% plus one share in Commerzbank AG, which allows it as the responsible party for the Federal Agency for Financial Market Stabilisation (Bundesanstalt für Finanzmarktstabilisierung – FMSA) to exert a considerable influence over Commerzbank AG. This gives it indirect influence over the comdirect group.

As at the reporting date, the comdirect group held bonds from the government and government-related entities with a book value of €79.0m (prior-year reporting date: €105.6m). The comdirect group generated interest income of €2.5m from these bonds during the reporting year (2011: €2.6m).

Other related party disclosures

In the financial year, there were financial relations with related natural persons (members of the Board of Managing Directors and the Supervisory Board and members of their immediate family), including through the use of products of comdirect group as part of the normal product and service offering. All products and services were carried out at normal third party terms and conditions and are of secondary importance for the company. The related parties did not accrue any unjustified advantage from their position with the comdirect group, nor did comdirect group suffer any financial losses.

In addition to the financial relations as part of the product and service offering of comdirect group, related parties received compensation on the basis of their position as members of the boards (see note (69)). The employee representatives in the Supervisory Board additionally receive payment as a result of their employment by comdirect bank AG in an amount that is usual for the company in accordance with the corresponding works agreement and the associated grading of the respective job profile.

There were no other financial relations with related natural persons in the financial year.

Notes to the income statement

27 Net interest income

€ thousand	2012	2011	*Change in %*
Interest income from fixed-income securities held in the "available-for-sale" portfolio	97,704	115,205	*−15.2*
Interest income from credit and money market transactions	164,894	152,576	*8.1*
Operating income from investments, shares and other variable-yield securities	1,272	1,309	*−2.8*
Interest income and similar income	**263,870**	**269,090**	*−1.9*
Interest expenses for deposits	109,691	117,779	*−6.9*
Balance of interest from derivative hedging instruments	2,079	394	*427.7*
Other interest expenses	299	70	*327.1*
Interest expenses	**112,069**	**118,243**	*−5.2*
Total	**151,801**	**150,847**	*0.6*

Interest income and interest expenses for financial instruments measured in accordance with IAS 39 "At fair value through profit or loss – sub-category: held for trading", are reported under trading result (see note (31) Trading result).

28 Provisions for possible loan losses

€ thousand	Allowance	Reversal	Direct write-downs	Income received on written-down claims	Total 2012
Provisions for possible loan losses for on-balance sheet lending transactions	**1,555**	**1,159**	**809**	**57**	**−1,148**
Claims on customers	1,555	1,150	809	57	−1,157
– Significant lending business	0	0	0	0	0
– Non-significant lending business	1,555	1,150	809	57	−1,157
Claims on banks	0	9	0	0	9
Provisions for credit risks	**4,001**	**719**	**0**	**0**	**−3,282**
Total	**5,556**	**1,878**	**809**	**57**	**−4,430**

€ thousand	Allowance	Reversal	Direct write-downs	Income received on written-down claims	Total 2011
Provisions for possible loan losses for on-balance sheet lending transactions	**1,423**	**1,012**	**783**	**35**	**−1,159**
Claims on customers	1,423	994	783	35	−1,177
– Significant lending business	0	4	0	0	4
– Non-significant lending business	1,423	990	783	35	−1,181
Claims on banks	0	18	0	0	18
Provisions for credit risks	**799**	**627**	**0**	**0**	**−172**
Total	**2,222**	**1,639**	**783**	**35**	**−1,331**

29 Net commission income

€ thousand	2012	2011	*Change in %*
Securities transactions	146,965	165,975	*−11.5*
Payment transactions	9,936	9,600	*3.5*
Other commission	9,515	7,010	*35.7*
Total	**166,416**	**182,585**	*−8.9*

30 Result from hedge accounting

The results shown from hedged items and hedging instruments only include measurement effects from effective fair value hedges.

€ thousand	2012	2011	*Change in %*
Results from hedging instruments	−698	−2,493	*−72.0*
Results from hedged items	690	2,542	*−72.9*
Total	**−8**	**49**	*−116.3*

comdirect bank reports these in line with the hedge accounting regulations under IAS 39. Individual bonds (hedged items) in the balance sheet line item “financial investments” are hedged against fluctuations in fair value due to changes in market rates using interest rate swaps (hedging instruments).

31 Trading result

€ thousand	2012	2011	*Change in %*
Result from interest rate related transactions	0	−1,128	*−100.0*
Trading result	**0**	**−1,128**	*−100.0*

All financial instruments in the trading portfolio are measured at fair value. The trading result includes all interest income, interest expenses and measurement results for financial instruments measured in accordance with IAS 39 in the category “At fair value through profit or loss – sub-category: held for trading”.

32 Result from financial investments

The disposal results and gains and losses from impairments and recoveries in the "available-for-sale" securities portfolio and holdings in subsidiaries which have not been consolidated are shown in the result from financial investments.

€ thousand	2012	2011	*Change in %*
Disposal gains	5,123	3,415	*50.0*
Disposal losses	−813	−6,518	*−87.5*
Impairment	−620	−2,886	*−78.5*
Total	**3,690**	**−5,989**	–

Impairments relate entirely to shares and other non-fixed income securities (2011: shares and other non-fixed income securities €1,184 and bonds €1,702 thousend).

33 Administrative expenses

The comdirect group's administrative expenses consist of personnel expenses, other administrative expenses and depreciation of office furniture and equipment as well as on intangible assets.

Personnel expenses

€ thousand	2012	2011	*Change in %*
Wages and salaries	57,823	56,674	*2.0*
Compulsory social security contributions	9,371	9,115	*2.8*
Expenses for pensions and other employee benefits	1,764	1,676	*5.3*
Total	**68,958**	**67,465**	*2.2*

The item "wages and salaries" includes share-based payments (IFRS 2) totalling €961 thousand (2011: €2,013 thousand).

Breakdown of expenses for pensions and other employee benefits

€ thousand	2012	2011	*Change in %*
Company pension scheme	1,454	1,406	*3.4*
Expenses for early retirement	286	248	*15.3*
Contributions to Versicherungsverein des Bankgewerbes a.G. (BVV)	24	22	*9.1*
Total	**1,764**	**1,676**	*5.3*

Other administrative expenses

€ thousand	2012	2011	Change in %
Marketing expenses	56,000	57,208	−2.1
Communication expenses	8,790	6,450	36.3
Consulting expenses	11,698	10,832	8.0
Expenses for external services	38,094	36,467	4.5
Sundry administrative expenses	37,667	36,920	2.0
Total	**152,249**	**147,877**	3.0

Sundry administrative expenses includes rental and lease payments for business premises as well as contributions to the Deposit Protection Fund of €14,536 thousand.

Depreciation of office furniture and equipment and intangible assets

€ thousand	2012	2011	Change in %
Office furniture and equipment	4,528	4,050	11.8
Intangible assets	10,967	12,682	−13.5
Total	**15,495**	**16,732**	−7.4

The depreciation of office furniture and equipment includes an unexpected depreciation of €658 thousand.

34 Other operating result

€ thousand	2012	2011	Change in %
Other operating income	**17,640**	**20,910**	−15.6
Tax matters from previous years	4,961	9,232	−46.3
Income from writing-back of provisions and accruals	7,779	4,079	90.7
Income from service level agreements	3,314	3,060	8.3
Project grants	0	1,267	−100.0
Insurance payments	131	660	−80.2
Income from other accounting periods	369	892	−58.6
Income from recoverable input taxes	577	581	−0.7
Sundry income items	509	1,139	−55.3
Other operating expenses	**6,121**	**5,793**	5.7
Goodwill payments and price differences in security transactions	1,526	709	115.2
Non-income-related taxes including interest from previous years	2,396	664	260.8
Losses on the disposal of fixed assets	2	0	–
Loan loss provisions and write-downs outside retail lending	62	682	−90.9
Sundry expense items	2,135	3,738	−42.9
Total	**11,519**	**15,117**	−23.8

35 Taxes on income

€ thousand	2012	2011	*Change in %*
Current taxes on income current year	24,150	30,641	*–21.2*
Current taxes on income from previous years	849	–31,703	*–102.7*
Deferred taxes	–6,071	–2,625	*131.3*
Total	**18,928**	**–3,687**	–

Reconciliation of taxes on income

€ thousand	2012	2011
Profit from ordinary activities of comdirect bank AG and ebase GmbH	**92,286**	**108,076**
multiplied by the respective income tax rate for the company		
= Calculated income tax paid in financial year	24,229	28,223
Effect of tax-free income from financial investments	–248	–78
Effect of losses from financial investments; not tax deductible	96	750
Effect of taxes from previous years recognised in the financial year	–5,426	–32,875
Other effects	277	293
Total	**18,928**	**–3,687**

The tax income from previous years results primarily from further settlement resulting from a positive ruling in appeal proceedings upheld with regard to the recognition of write-downs to the going concern value of shares in foreign subsidiaries in financial year 2001.

The income tax rate selected as a basis for the reconciliation is composed of the corporation income tax rate of 15.0% applicable in Germany, plus a solidarity surcharge of 5.5% and a rate for trade earnings tax of 10.3% for comdirect bank AG (Quickborn location) and 11.55% for ebase GmbH (Aschheim location).

This produces an income tax rate of around 26.13% for comdirect bank AG and around 27.38% for ebase GmbH.

Notes to the balance sheet

36 Cash reserve

€ thousand	31.12.2012	31.12.2011	*Change in %*
Cash on hand	181	176	*2.8*
Balances held at central banks	551,579	527,673	*4.5*
Total	**551,760**	**527,849**	*4.5*

The minimum reserve requirement to be met at the end of December 2012 totalled €110,214 thousand (31.12.2011: €197,186 thousand).

37 Claims on banks

€ thousand	Total			Due on demand		Other claims	
	31.12.2012	31.12.2011	*Change in %*	31.12.2012	31.12.2011	31.12.2012	31.12.2011
German banks	7,929,839	6,711,938	*18.1*	661,728	353,579	7,268,111	6,358,359
Foreign banks	0	0	–	0	0	0	0
Total	**7,929,839**	**6,711,938**	*18.1*	**661,728**	**353,579**	**7,268,111**	**6,358,359**

The claims on banks include foreign currency amounts of €119,590 thousand (2011: €94,998 thousand).

Claims on banks primarily comprise promissory notes in the amount of €6,691,070 thousand (2011: €5,575,261 thousand) as well as overnight money and fixed-term deposits totalling €1,026,704 thousand (2011: €990,979 thousand).

38 Claims to customers

€ thousand	Total			Due on demand		Other claims	
	31.12.2012	31.12.2011	*Change in %*	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Claims on German customers	**197,388**	**217,323**	*–9.2*	**197,388**	**217,323**	**0**	**0**
– Companies and financial institutions	19,925	16,189	*23.1*	19,925	16,189	0	0
– Private customers	177,463	201,134	*–11.8*	177,463	201,134	0	0
Claims on international customers	**5,208**	**7,368**	*–29.3*	**5,208**	**7,368**	**0**	**0**
– Private customers	5,208	7,368	*–29.3*	5,208	7,368	0	0
Total	**202,596**	**224,691**	*–9.8*	**202,596**	**224,691**	**0**	**0**

Claims on customers include €123,578 thousand (2011: €149,959 thousand) from loans against securities. These claims are secured by securities. The claims to customers include amounts in foreign currency totalling €0.5 thousand (2011: €0.7 thousand).

39 Provisions

Provisions for possible loan losses by class of receivables € thousand	As of 1.1.2012	Utilised	Reversal	Allowance	As of 31.12.2012
Provisions for possible loan losses for on-balance sheet lending transactions	**1,883**	**238**	**1,159**	**1,555**	**2,041**
Claims on customers	1,874	238	1,150	1,555	2,041
– Significant lending business	0	0	0	0	0
– Non-significant lending business	1,874	238	1,150	1,555	2,041
related to transactional accounts	1,549	213	952	1,219	1,603
related to securities accounts and other accounts	325	25	198	336	438
Claims on banks	9	0	9	0	0
Provisions for credit risks	**1,358**	**13**	**719**	**4,001**	**4,627**
Total	**3,241**	**251**	**1,878**	**5,556**	**6,668**

Provisions for possible loan losses by class of receivables € thousand	As of 1.1.2011	Utilised	Reversal	Allowance	As of 31.12.2011
Provisions for possible loan losses for on-balance sheet lending transactions	**1,680**	**208**	**1,012**	**1,423**	**1,883**
Claims on customers	1,653	208	994	1,423	1,874
– Significant lending business	4	0	4	0	0
– Non-significant lending business	1,649	208	990	1,423	1,874
related to transactional accounts	1,386	192	836	1,191	1,549
related to securities accounts and other accounts	263	16	154	232	325
Claims on banks	27	0	18	0	9
Provisions for credit risks	**1,194**	**8**	**627**	**799**	**1,358**
Total	**2,874**	**216**	**1,639**	**2,222**	**3,241**

Provisions for credit risks relate exclusively to payment transaction products. The increase in 2012 primarily resulted from the conversion of the comdirect Visa debit card to a credit card.

Provisions for possible loan losses by individual and portfolio risks € thousand	Total			Single loan loss provisions		Portfolio loan loss provisions	
	2012	2011	*Change in %*	2012	2011	2012	2011
Balance as of 1 January	**1,883**	**1,680**	*12.1*	**0**	**0**	**1,883**	**1,680**
Allowances	1,555	1,423	*9.3*	0	0	1,555	1,423
Deductions	1,397	1,220	*14.5*	0	0	1,397	1,220
– of which utilised	238	208	*14.4*	0	0	238	208
– of which reversals	1,159	1,012	*14.5*	0	0	1,159	1,012
Provisions for possible loan losses as of 31 December	**2,041**	**1,883**	*8.4*	**0**	**0**	**2,041**	**1,883**

As in the previous year, there were no losses or defaults to report with regard to significant commitment.

40 Financial investments

The item "financial investments" consists of the bonds and other fixed-income securities, equities and other variable-yield securities not held for trading purposes, as well as holdings in subsidiaries not included in the consolidation.

The financial instruments shown in the financial investments portfolio are allocated to the category "available-for-sale" and, with the exception of holdings in subsidiaries not included in the consolidation, are valued at fair-value.

€ thousand	**31.12.2012**	**31.12.2011**	*Change in %*
Bonds and other fixed-income securities of the "available-for-sale" portfolio	3,671,472	3,829,733	*−4.1*
– Money market instruments	4,999	0	–
issued by other borrowers	4,999	0	–
– Bonds and notes	3,666,473	3,829,733	*−4.3*
issued by public sector borrowers	69,125	125,265	*−44.8*
issued by other borrowers	3,597,348	3,704,468	*−2.9*
Equities and other variable-yield securities of the "available-for-sale" portfolio	38,169	31,827	*19.9*
Holdings in subsidiaries	27	27	*0.0*
Total	**3,709,668**	**3,861,587**	*−3.9*

Financial investments include amounts in foreign currency totalling €29,636 thousand (2011: €26,483 thousand).

As part of its securities lending transactions, comdirect bank AG has transferred bonds and notes with a nominal value of €1,692,850 thousand (2011: €2,236,700 thousand). The book values of the transferred bonds and notes as of the reporting date amounted to €1,776,375 thousand (2011: €2,311,080 thousand).

In securities lending transactions, the risks and rewards of the securities loaned remain with the lender of securities. The lender bears the credit and market price risks and is entitled to the current income and other rights accruing from this paper.

(41) Intangible assets

€ thousand	31.12.2012	31.12.2011	*Change in %*
Internally generated software	19,018	17,975	*5.8*
Software purchased	9,911	8,764	*13.1*
Acquired customer relationships	2,880	3,840	*−25.0*
Total	**31,809**	**30,579**	*4.0*

Changes in intangible assets are shown in the schedule of assets (Note (43)).

(42) Fixed assets

€ thousand	31.12.2012	31.12.2011	*Change in %*
Office furniture and equipment	11,772	11,790	*−0.2*
Total	**11,772**	**11,790**	*−0.2*

Changes in fixed assets are shown in the schedule of assets (Note (43)).

43 Schedule of assets

€ thousand	Intangible assets					
	Internally generated software		Software purchased		Acquired customer relationships	
	2012	2011	2012	2011	2012	2011
Book value as of 1 January	**17,975**	**19,689**	**8,764**	**4,277**	**3,840**	**5,868**
Cost of acquisition/manufacture as of 1 January	83,149	76,925	39,811	37,717	11,592	11,592
– Additions	7,313	6,224	4,884	7,212	0	0
– Disposals	0	0	252	5,118	0	0
Cost of acquisition/manufacture as of 31 December	90,462	83,149	44,443	39,811	11,592	11,592
Cumulative write-downs as of 1 January	65,174	57,236	31,047	33,440	7,752	5,724
– Additions	6,270	6,715	3,736	2,717	960	1,174
– Impairments	0	1,223	0	0	0	854
– Disposals	0	0	251	5,110	0	0
Cumulative write-downs as of 31 December	71,444	65,174	34,532	31,047	8,712	7,752
Book value as of 31 December	**19,018**	**17,975**	**9,911**	**8,764**	**2,880**	**3,840**

€ thousand	Fixed assets	
	Office furniture and equipment	
	2012	2011
Book value as of 1 January	**11,790**	**12,880**
Cost of acquisition/manufacture as of 1 January	60,510	62,419
– Additions	4,521	3,034
– Disposals	11,007	4,943
Cost of acquisition/manufacture as of 31 December	54,024	60,510
Cumulative write-downs as of 1 January	48,720	49,539
– Additions	3,871	4,050
– Impairments	658	0
– Disposals	10,997	4,869
Cumulative write-downs as of 31 December	42,252	48,720
Book value as of 31 December	**11,772**	**11,790**

€ thousand	Investments		Holdings in subsidiaries	
	2012	2011	2012	2011
Book value as of 1 January	**0**	**0**	**27**	**27**
Cost of acquisition/manufacture as of 1 January	10,500	10,500	27	27
– Additions	0	0	0	0
– Disposals	10,500	0	0	0
Cost of acquisition/manufacture as of 31 December	0	10,500	27	27
Cumulative write-downs as of 1 January	10,500	10,500	0	0
– Additions	0	0	0	0
– Impairments	0	0	0	0
– Disposals	10,500	0	0	0
Cumulative write-downs as of 31 December	0	10,500	0	0
Book value as of 31 December	**0**	**0**	**27**	**27**

44 Income tax assets

€ thousand	31.12.2012	31.12.2011	*Change in %*
Current income tax assets	1,892	4,091	*−53.8*
Total	**1,892**	**4,091**	*−53.8*

The deferred income tax assets and liabilities are offset as they relate to the same tax authorities.

In financial year 2012, offsetting deferred income tax assets and liabilities produced an income tax liability. A breakdown is given in note (50).

Of the current income tax assets of €1,892 thousand (2011: €4,091 thousand), €777 thousand will probably be realised after the end of 2013 (2011: €1,086 thousand after the end of 2012).

45 Other assets

€ thousand	31.12.2012	31.12.2011	*Change in %*
Deferred items	374	275	*36.0*
Receivables from local advisory services	1	1	*0.0*
Claims on product providers	2,014	2,120	*−5.0*
Claims on group companies	228	310	*−26.5*
Receivables from securities transactions	70	116	*−39.7*
Trade receivables	200	209	*−4.3*
Salary advances	775	784	*−1.1*
Other	2,542	2,081	*22.2*
Total	**6,204**	**5,896**	*5.2*

We assume an average remaining lifetime for “other assets” of less than one year. This also applied in the previous year.

The valuation allowances applied to receivables from local advisory services were as follows:

€ thousand	2012	2011	*Change in %*
As of 1 January	**3,326**	**4,811**	*−30.9*
Additions	66	721	*−90.8*
Utilisations	1,457	2,206	*−34.0*
Loan loss provisions as of 31 December	**1,935**	**3,326**	*−41.8*

46 Liabilities to banks

€ thousand	31.12.2012	31.12.2011	*Change in %*
German banks	1,901	3,244	*−41.4*
Total	**1,901**	**3,244**	*−41.4*

Liabilities to banks exclusively comprise liabilities due on demand (see note (54) "Maturities, by remaining lifetime").

47 Liabilities to customers

€ thousand	Total			Due on demand		With agreed maturity or withdrawal notice	
	31.12.2012	31.12.2011	*Change in %*	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Liabilities to German customers	**11,454,128**	**10,471,279**	*9.4*	**10,482,146**	**9,472,492**	**971,982**	**998,787**
– Private customers	11,403,988	10,422,233	*9.4*	10,435,415	9,426,223	968,573	996,010
– Corporate customers and self-employed private individuals	50,140	49,046	*2.2*	46,731	46,269	3,409	2,777
Liabilities to international customers	**283,361**	**251,736**	*12.6*	**250,339**	**221,299**	**33,022**	**30,437**
– Private customers	282,607	251,736	*12.3*	249,585	221,299	33,022	30,437
– Corporate customers and self-employed private individuals	754	0	–	754	0	0	0
Total	**11,737,489**	**10,723,015**	*9.5*	**10,732,485**	**9,693,791**	**1,005,004**	**1,029,224**

Liabilities to customers include foreign currency amounts of €149,076 thousand (2011: €121,880 thousand).

Through the Deposit Protection Fund of the Association of German Banks (Bundesverband deutscher Banken e.V.), each customer is insured for deposits of up to €116.9m (comdirect bank AG customers) or €6.1m (ebase GmbH customers). In addition, comdirect bank AG and ebase GmbH are members of Entschädigungseinrichtung deutscher Banken GmbH (German Banks' Compensation Fund).

48 Negative fair values from derivative hedging instruments

Derivative financial instruments used for hedging purposes and covered by hedge accounting and showing a negative fair value are disclosed in this item:

€ thousand	31.12.2012	31.12.2011	Change in %
Negative fair values from allocated effective fair value hedges	**5,278**	**4,496**	*17.4*

Only interest rate swaps are used for hedging purposes. They are carried at fair value. The nominal volume of the financial instruments amounts to €118m (2011: €123m).

49 Provisions

€ thousand	31.12.2012	31.12.2011	Change in %
Provisions for pensions and similar commitments	16,681	15,823	*5.4*
Other provisions	22,989	25,334	*−9.3*
Total	**39,670**	**41,157**	*−3.6*

Provisions for pensions and similar commitments comprise pension obligations, deferred compensation, partial retirement contracts and early retirement funds (for details see note (19)). €390 thousand (2011: €534 thousand) are attributed to partial retirement and early retirement obligations. Pension obligations and deferred compensation are explained in the following.

Breakdown of pension obligations and deferred compensation shown in the balance sheet:

€ thousand	31.12.2012	31.12.2011	Change in %
Net present value of pension obligations	26,166	20,300	*28.9*
Market value of plan assets	−4,118	−3,786	*8.8*
Unrecognised actuarial gains and losses	−5,757	−1,226	*369.6*
Total	**16,291**	**15,288**	*6.6*

Breakdown of allocations to provisions for pensions as recognised in the income statement:

€ thousand	2012	2011	Change in %
Current service expenses	511	544	*−6.1*
Interest expenses	962	926	*3.9*
Expected returns from plan assets	−203	−205	*−1.0*
Actuarial gains and losses	88	107	*−17.8*
Total allocations	**1,358**	**1,372**	*−1.0*

All the types of expenses indicated above are reported under administrative expenses.

The expenses for old-age pensions (€1,764 thousand, see note (33), 2011: €1,676 thousand) also include the costs for partial retirement contracts and early retirement scheme of €328 thousand (2011: €247 thousand), for pension insolvency insurances of €13 thousand (2011: €7 thousand) as well as costs for the Versicherungsverein des Bankengewerbes a.G. (BVV) amounting to €24 thousand (2011: €22 thousand). The actual gains on plan assets amounted to €482 thousand (2011: €268 thousand). A return of 5.35% (2011: 5.45%) p.a. was used to calculate the expected return.

Changes in the net present value of pension obligations and the fair value of plan assets during the financial year:

€ thousand	**2012**	**2011**	*Change in %*
Net present value of pension obligations as of 1 January	**20,300**	**19,151**	*6.0*
Allocations			
Current service expenses	511	544	*−6.1*
Contributions from employees from salary sacrifice	69	97	*−28.9*
Interest expenses	962	926	*3.9*
Migrations	0	86	*−100.0*
Utilised			
Pension benefits paid	−557	−511	*9.0*
Actuarial gains and losses	**4,881**	**7**	*–*
Net present value of pension obligations as of 31 December	**26,166**	**20,300**	*28.9*

€ thousand	**2012**	**2011**	*Change in %*
Market value of plan assets as of 1 January	**3,786**	**3,763**	*0.6*
Allocation to plan assets	69	97	*−28.9*
Refunds for pension benefits	−201	−336	*−40.2*
Expected returns from plan assets	203	205	*−1.0*
Actuarial gains and losses	261	57	*357.9*
Market value of plan assets as of 31 December	**4,118**	**3,786**	*8.8*

Almost all the plan assets are invested in investment units.

Overview of pension obligations and plan assets:

€ thousand	31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008
Net present value of pension obligations	26,166	20,300	19,151	17,384	13,890
Plan assets	4,118	3,786	3,763	3,739	3,851
Deficit	22,048	16,514	15,388	13,645	10,039
Experience-based adjustments to pension obligations	709	−334	−340	2,304	−1,233
Experience-based adjustments to fair value of plan assets	261	57	123	−34	−386

The calculations are based on the Heubeck RT 2005G mortality tables (modified). Furthermore the following parameters are included in the actuarial calculations:

in %	31.12.2012	31.12.2011
Calculatory interest rate	3.80	4.80
Changes in salaries	2.50	2.50
Changes in pensions	1.80	1.80
Expected interest earned on plan assets	5.35	5.45

Changes in other provisions:

€ thousand	As of 1.1.2012	Utilised	Written-back	Allocation	As of 31.12.2012
Provisions for non-income related taxes	5,832	2,720	1,488	167	1,791
Provisions for staff	10,084	8,683	534	6,292	7,159
Provisions for interest from additional tax claims	3,448	0	443	2,411	5,416
Provisions for restructuring	1,155	400	431	0	324
Other provisions	4,815	1,381	1,317	6,182	8,299
Total	**25,334**	**13,184**	**4,213**	**15,052**	**22,989**

The provisions for staff mainly relate to provisions for variable compensation components, which are scheduled to be used in financial year 2013. This item also includes provisions for anniversary expenses of €771 thousand (2011: €645 thousand) as well as €432 thousand (2011: €1,292 thousand) for performance shares.

Other provisions include provisions for credit risks amounting to €4,627 thousand (2011: €1,358 thousand). The increase is primarily due to the conversion of the VISA card to a credit card with weekly billing.

Within other provisions we expect a remaining lifetime of more than one year in particular for the majority of provisions for non-income related taxes and provisions for interest from additional tax claims. This was also the case in the previous year.

Provisions for restructuring include the following measures:

€ thousand	As of 1.1.2012	Utilised	Written-back	Allocation	Reclassification	As of 31.12.2012
Measures related to the withdraw from the local advisory services	688	68	387	0	0	233
Measures to improve efficiency and realign the sales of ebase GmbH	467	332	44	0	0	91
Provisions for restructuring	**1,155**	**400**	**431**	**0**	**0**	**324**

We expect a remaining lifetime of less than one year for the majority of the restructuring provisions.

50 Income tax liabilities

€ thousand	31.12.2012	31.12.2011	*Change in %*
Current income tax liabilities	21,625	14,527	*48.9*
Deferred income tax liabilities	7,849	2,996	*162.0*
Total	**29,474**	**17,523**	*68.2*

Current income tax liabilities include liabilities for the current and previous financial years.

Deferred income tax assets and liabilities are offset, since they are due to the same tax authority. In financial year 2012 the offsetting of deferred income tax assets and liabilities produces a passive income tax liability.

Deferred income tax liabilities breakdown as follows:

€ thousand	Income tax assets	Income tax liabilities	31.12.2012 balance	Income tax assets	Income tax liabilities	31.12.2011 balance
Negative fair values from derivative hedging instruments	−1,429	0	−1,429	−1,168	0	−1,168
Provisions for possible loan losses	−367	0	−367	−302	0	−302
Financial investments						
– Recognised as income	−8,958	498	−8,460	−7,616	386	−7,230
– Not recognised as income	0	19,546	19,546	−17	8,638	8,621
Intangible assets	−589	2,604	2,015	0	4,733	4,733
Liabilities to customers	0	0	0	−20	0	−20
Provisions	−4,109	653	−3,456	−1,975	337	−1,638
Total	**−15,452**	**23,301**	**7,849**	**−11,098**	**14,094**	**2,996**

Of the current income tax liabilities in the amount of €21,625 thousand (2011: €14,527 thousand), €12,582 thousand (2011: €12,607 thousand after the end of 2012) are expected to be due after the end of 2013. Of the deferred income tax assets in the amount of €15,452 thousand, €10,495 thousand, of the deferred tax income liabilities of €23,301 thousand, €12,434 thousand are expected to be due after the end of 2013. In the previous year, deferred tax assets of €9,489 thousand and deferred tax liabilities of €4,605 thousand had a remaining lifetime of more than one year.

As in the previous year, as of 31 December 2012 the deferred income tax assets and liabilities were measured at the current valid German tax rates.

The applicable income tax rate used to measure the liabilities comprises the corporation tax rate in Germany valid as of 1 January 2008 of 15.0% plus the solidarity surcharge of 5.5% and the trade tax rate of 10.3% for comdirect bank AG (Quickborn location) and 11.55% for ebase GmbH (Aschheim location).

This produces a German income tax rate of around 26.13% for comdirect bank AG and around 27.38% for ebase GmbH.

51 Other liabilities

€ thousand	31.12.2012	31.12.2011	*Change in %*
Deferred income	0	500	*−100.0*
Liabilities from final withholding tax	11,799	6,153	*91.8*
Trade accounts payable	22,176	26,709	*−17.0*
Liabilities to affiliated companies	3,345	3,492	*−4.2*
Other	8,663	4,864	*78.1*
Total	**45,983**	**41,718**	*10.2*

Other liabilities do not include any material items with a remaining lifetime of more than 12 months. This was also the case in the previous year.

52 Equity

€ thousand	31.12.2012	31.12.2011	*Change in %*
Subscribed capital	141,221	141,221	*0.0*
Capital reserve	223,296	223,296	*0.0*
Retained earnings	103,572	92,350	*12.2*
Revaluation reserve	55,519	11,317	*390.6*
Consolidated profit	62,137	79,084	*−21.4*
Equity	**585,745**	**547,268**	*7.0*

Subscibed capital

Subscribed capital comprises no-par value shares.

	Number
Number of shares held as of 1.1.2012	**141,220,815**
Issue of new shares	0
Number of shares held as of 31.12.2012	**141,220,815**

There are no privileges or restrictions related to dividend distribution at comdirect bank AG. All shares issued are fully paid up.

Capital reserve

The capital reserve shows free reserves as well as the amount exceeding the subscribed capital from the exercise of stock options.

Retained earnings

Retained earnings show the net profit which has not been distributed.

Revaluation reserve

Gains or losses on remeasurement of the financial investment portfolio, which is broken down into interest-bearing and dividend-based instruments, are shown at fair value in the revaluation reserve, taking into account deferred taxes. Gains and losses only affect the income statement when the asset is sold or impairments or write-ups are carried out.

The change in the revaluation reserve amounting to €44,203 thousand after tax (2011: €–19,400 thousand) comprises an increase in the revaluation reserve before tax of €59,397 thousand (2011: decline of €26,090 thousand), current tax expenses totalling €4,269 thousand (2011: €2,488 thousand) and deferred tax expenses of €10,925 thousand (2011: tax income €9,178 thousand).

Additional information

53 Equity management

Through equity management, comdirect bank aims to meet regulatory capital requirements, to maintain adequate capital levels at all times to ensure that the bank has the capacity to act, and to achieve an appropriate return on equity.

Risk-bearing capacity analysis

The risk-bearing capacity analysis, i.e. the economically required capital as compared with the available risk cover potential, is used to limit the overall risk of the bank in conjunction with the capital levels. The overall risk position represents comdirect's economically required capital for all key risk types (operational risk, credit risk, market risk, model risk and business risk). The risk cover potential comprises the subscribed capital, capital reserve and retained earnings, result and the revaluation reserve after tax. Other intangible assets, such as software licences or internally generated software and deferred tax are deducted from the risk cover potential as correction items. The risk-bearing capacity is guaranteed as long as the risk cover potential available exceeds the overall risk position.

The economically required capital is measured using the value-at-risk (VaR) approach based on a confidence level of 99.91% and a holding period of one year.

The risk cover potential comprised as the following:

€ million	31.12.2012	31.12.2011
Profit after tax [1]	72.9	111.8
Subscribed capital	141.2	141.2
Revaluation reserve	55.5	11.3
General reserves	315.7	283.0
Other intangible assets	−31.8	−30.6
Deferred tax assets and liabilities	−16.8	−6.4
Economic capital	**536.7**	**510.3**
Reserve for fluctuations in economic capital	−101.7	−76.3
Risk cover potential	**435.0**	**434.0**

1) After-tax profit/loss in 2012 in accordance with the income statement of the comdirect group after allowing for a deduction of €0.5m for expected loss from financial investments recognised at fair value in equity (no adjustment to comparative 2011 figure).

comdirect bank's overall risk position as of year-end was €159.4m (2011: €235.2m). As of the end of the financial year, utilisation of risk cover potential was thus 36.6% (2011: 54.2%). The risk report contains further details on the overall risk position.

Equity resources in accordance with Section 10, German Banking Act (KWG)
comdirect bank AG is an institution registered in Germany and is a subordinate company within an institution group pursuant to Section 10a (1) of the German Banking Act (KWG). In this capacity, comdirect bank AG has exercised the waiver under Section 2a of the German Banking Act (KWG). comdirect bank AG is included in the regulatory report of the Commerzbank Group.

The regulatory capital of comdirect bank AG is determined on the basis of the regulations of the German Banking Act (KWG) and the results of the calculation are used for internal management purposes. A separate notification of this is not submitted to the regulatory authorities. The equity in comdirect bank AG's individual financial statements in accordance with the requirements of the German Commercial Code (HGB) is used as a basis.

Banking regulatory capital requirements were complied with at all times during the reporting year. At comdirect bank AG, the own funds ratio as of the end of the financial year stood at 46.08% (in accordance with Section 2 (6) of the Solvency Regulation (SolvV), previous year: 40.14%).

€ thousand	**31.12.2012**	**31.12.2011**	*Change in %*
Subscribed capital	141,221	141,221	*0.0*
General reserves	255,367	218,110	*17.1*
Deducted items	−10,642	−3,406	*212.4*
Core capital	**385,946**	**355,925**	*8.4*
Liable equity	**385,919**	**355,898**	*8.4*
Own funds for SolvV	**380,259**	**351,263**	*8.3*
Risk-weighted assets	635,481	513,871	*23.7*
Eligible amount for operational risks, multiplied by 12.5	189,749	361,213	*−47.5*
Total	**825,230**	**875,084**	*−5.7*

54 Maturities, by remaining lifetime

€ thousand	**Remaining lifetimes as of 31 December 2012**					
	Total	**Due on demand and unlimited in time**	**Up to three months**	**More than three months to one year**	**More than one to five years**	**More than five years**
Claims on banks	7,929,839	661,728	472,843	1,196,768	5,428,500	170,000
Claims on customers	202,596	202,596	0	0	0	0
Bonds and other fixed-income securities in the "available-for-sale" portfolio	3,671,472	0	398,378	1,046,937	2,140,387	85,770
Total	**11,803,907**	**864,324**	**871,221**	**2,243,705**	**7,568,887**	**255,770**
Liabilities to banks	1,901	1,901	0	0	0	0
Liabilities to customers	11,737,489	10,732,485	224,542	171,930	424,004	184,528
Total	**11,739,390**	**10,734,386**	**224,542**	**171,930**	**424,004**	**184,528**

€ thousand	Remaining lifetimes as of 31 December 2011					
	Total	Due on demand and unlimited in time	Up to three months	More than three months to one year	More than one to five years	More than five years
Claims on banks	6,711,938	353,579	771,106	860,512	4,586,741	140,000
Claims on customers	224,691	223,757	934	0	0	0
Bonds and other fixed-income securities in the "available-for-sale" portfolio	3,829,733	0	335,473	1,223,281	2,193,685	77,294
Total	**10,766,362**	**577,336**	**1,107,513**	**2,083,793**	**6,780,426**	**217,294**
Liabilities to banks	3,244	3,244	0	0	0	0
Liabilities to customers	10,723,015	9,693,791	291,534	130,780	463,626	143,284
Total	**10,726,259**	**9,697,035**	**291,534**	**130,780**	**463,626**	**143,284**

Time remaining to maturity is considered as the period between the balance sheet date and the contractual maturity of the claim or obligation.

55 Claims on/liabilities to affiliated companies

€ thousand	31.12.2012	31.12.2011	*Change in %*
Assets			
Claims on banks	7,917,570	6,665,625	*18.8*
Financial investments	2,257,512	2,662,514	*−15.2*
Other assets	361	310	*16.5*
Total	**10,175,443**	**9,328,449**	*9.1*
Liabilities			
Liabilities to banks	0	2,709	*−100.0*
Other liabilities	5,081	5,923	*−14.2*
Total	**5,081**	**8,632**	*−41.1*

Money and capital market investments carried out via companies in the Commerzbank Group are collateralised within the scope of a general assignment agreement.

56 Risk reporting on financial instruments

Risk management

The risk strategy is determined by the Board of Managing Directors of comdirect bank, which also bears the responsibility for the group-wide risk management and risk controlling system.

At comdirect bank, the CFO is responsible for monitoring and implementing the risk strategy.

The implementation and monitoring of the risk strategy is carried out through risk managment on the one hand and risk controlling on the other. The task of risk management is to proactively and consciously manage all risks in the relevant divisions. For effective value-oriented overall bank management, risk management is carried out on a decentralised basis in the individual divisions. The task of risk controlling is to identify, evaluate, limit and continually monitor risks and to report to the Board of Managing Directors regularly on the respective risk situation.

Credit risk

The credit risk describes the risk of a financial loss as a result of a borrower being unable to pay or to pay on time the contractually agreed consideration.

One of the methods used to monitor credit risk is the monthly calculation of the CVaR for lending to customers as well as for the treasury business. Credit risks are therefore part of global bank management.

Maximum credit risk

The maximum default risk from financial instruments in the unlikely case of simultaneous complete default by all borrowers is equal to the book value of the finacial instrumens in question.

The maximum default risk for Commerzbank group companies is €10,175m (2011: €9,328m). These default risks are fully covered by collateral via an assignment agreement with Commerzbank AG. Of the €202.6m (2011: €224.7m) in claims on customers on the balance sheet, default risks from loans against securities in the amount of €123.6m (2011: €150.0m) are covered by securities pledged as collateral by customers.

Credit quality of financial assets that are neither overdue nor impaired

€ thousand	31.12.2012	31.12.2011	*Change in %*
Banks	**12,083,946**	**10,944,255**	*10.4*
Cash reserve	551,760	527,849	*4.5*
Claims on banks	7,929,839	6,711,938	*18.1*
Financial investments	3,602,347	3,704,468	*−2.8*
– Bonds	3,602,347	3,704,468	*−2.8*
Retail customers	**177,275**	**202,069**	*−12.3*
– Claims on customers	177,275	202,069	*−12.3*
Public sector issuers	**69,125**	**125,265**	*−44.8*
Financial investments	69,125	125,265	*−44.8*
– Bonds	69,125	125,265	*−44.8*
Corporates	**19,925**	**16,189**	*23.1*
Claims on customers	19,925	16,189	*23.1*
Total	**12,350,271**	**11,287,778**	*9.4*

Overdue, but as yet unimpaired financial assets

€ thousand	Claims on customers		
	31.12.2012	31.12.2011	*Change in %*
Age structure			
– 30 to 90 days	2,233	2,757	*−19.0*
– 91 to 179 days	411	653	*−37.1*
– 180 days and over	2,113	2,337	*−9.6*
Total	**4,757**	**5,747**	*−17.2*

Individually impaired financial assets

€ thousand	Claims on customers		
	31.12.2012	31.12.2011	*Change in %*
Volume of claims individually impaired	1,390	1,269	*9.5*
Impairment	−750	−583	*28.6*
Book value	**640**	**686**	*−6.7*

The risk report contains further details on the origin and cause of credit risk, on risk quantification and management as well as information on the current risk situation.

Liquidity risk

Liquidity risk in the narrower sense is understood as the risk that the bank will be unable to meet or to meet on time its current and future payment obligations. The wider definition of liquidity risk also encompasses refinancing risk, that is the risk that the liquidity will no be sufficient if required or that it can only be acquired in the money and capital markets at terms that are significantly less favourable than expected – as well as market liquidity risk.

The latter describes the risk of being unable to close out positions to the desired extent or only at a loss as a result of inadequate market depth or market disturbances.

Payment claims under financial assets in accordance with contractually agreed maturities

€ thousand	Remaining lifetimes as of 31 December 2012				
	Book value	Due on demand	Up to one year	More than one to five years	More than five years
Non-derivative financial instruments					
– Cash reserve	551,760	551,760	0	0	0
– Claims on banks	7,929,839	661,728	1,678,329	5,757,051	230,602
– Claims on customers	202,596	204,638	0	0	0
– Bonds and notes	3,671,472	0	1,474,228	2,255,679	96,112
Total	**12,355,667**	**1,418,126**	**3,152,557**	**8,012,730**	**326,714**

€ thousand	Remaining lifetimes as of 31 December 2011				
	Book value	Due on demand	Up to one year	More than one to five years	More than five years
Non-derivative financial instruments					
– Cash reserve	527,849	527,849	0	0	0
– Claims on banks	6,711,938	353,579	1,645,014	4,997,366	195,881
– Claims on customers	224,691	226,565	0	0	0
– Bonds and notes	3,829,733	0	1,583,859	2,339,257	97,833
Total	**11,294,211**	**1,107,993**	**3,228,873**	**7,336,623**	**293,714**

Payment obligations under financial liabilities in accordance with contractually agreed maturities

€ thousand	Remaining lifetimes as of 31 December 2012				
	Book value	Due on demand	Up to one year	More than one to five years	More than five years
Non-derivative financial liabilities					
– Liabilities to banks	1,901	1,901	0	0	0
– Liabilities to customers	11,737,489	10,732,485	396,624	459,906	244,024
Derivative financial liabilities					
– Negative fair values from derivative hedging instruments	5,278	0	3,518	3,398	0
Credit obligations					
– Private customers	0	3,614,001	0	0	0
of which from loans against securities	0	2,411,443	0	0	0
Total	**11,744,668**	**14,348,387**	**400,142**	**463,304**	**244,024**

€ thousand	Remaining lifetimes as of 31 December 2011				
	Book value	Due on demand	Up to one year	More than one to five years	More than five years
Non-derivative financial liabilities					
– Liabilities to banks	3,244	3,244	0	0	0
– Liabilities to customers	10,723,015	9,693,791	423,161	508,977	193,614
Derivative financial liabilities					
– Negative fair values from derivative hedging instruments	4,496	0	3,624	7,234	0
Credit obligations					
– Private customers	0	3,270,831	0	0	0
of which from loans against securities	0	2,736,039	0	0	0
Total	**10,730,755**	**12,967,866**	**426,785**	**516,211**	**193,614**

The loan commitments result from credit facilities granted, less those utilised as at the reporting date.

The possible loan utilisation for loans against securities is limited by the specific collateral value of each securities portfolio.

The risk report contains further details on the origin and cause of liquidity risk, on risk quantification and management as well as information on the current risk situation.

Market risk

Market price risks encompass the risk of loss from changes in market parameters (in particular interest rates, credit spreads, exchange rates and share prices).

The statistical/mathematical approach of historic simulation to calculate the value-at-risk values is used to quantify and monitor general market price risks on a daily basis. The value-at-risk describes the maximum loss under normal market conditions for a specific probability (confidence level) and specific holding period. The underlying statistical parameters are based on a historic monitoring period of the past 255 trading days, a holding period of one day and a confidence level of 97.5%.

The key feature of the historic simulation is that it does not use a parametric model for the risk factors. Historic market data and its empirical distribution function is used directly. A portfolio value is obtained for every day of the historic monitoring period. For a monitoring period of 255 days, a confidence level of 97.5% and a holding period of one day, the value-at-risk is the seventh highest daily loss in the historic monitoring period.

Stress tests are carried out at comdirect bank AG to monitor extreme market movements. The stress figure shows the maximum portfolio loss under worst case conditions. The respective maximum losses in the scenarios for the share price, interest rate, credit spreads and foreign currency risk factors are added together and are shown in the overall stress volume.

Market risks

€ thousand	As of 31.12.2011	As of 31.12.2012	Year high	Year low	Median 2012	Median 2011
Total VaR 97.5% Holding period 1 day	4,348	2,689	4,443	2,257	3,518	5,263
Stress test – overall result [1)]	**62,539**	**108,284**	**119,627**	**102,278**	**110,966**	**83,363**

1) The increase in stress since the beginning of financial year 2012 is a result of the implementation of a new calculation method for the credit spread stress test from a standalone perspective (more consideration given to the risk concentration of the treasury portfolio in Commerzbank Group positions).

The risk report contains further details on the origin and cause of market risk, on risk quantification and management as well as information on the current risk situation.

57 Fair Value of financial instruments

The table below shows the fair values of balance sheet items compared with their book values. The fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Where stock market prices were available, these were used for the measurement of financial instruments. In the event that no market price was available, measurements were carried out using internal measurement models with current market price parameters. In this connection, the net present value method was used in particular.

€ thousand	Fair value		Book value	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Loans and receivables				
– Cash reserve	551,760	527,849	551,760	527,849
– Claims on banks	8,156,766	6,680,670	7,929,839	6,711,938
– Claims on customers	202,596	224,691	202,596	224,691
Total	**8,911,122**	**7,433,210**	**8,684,195**	**7,464,478**
Available for sale financial assets				
– Financial investments	3,709,668	3,861,587	3,709,668	3,861,587
Total	**3,709,668**	**3,861,587**	**3,709,668**	**3,861,587**
Liabilities measured at amortised cost				
– Liabilities to banks	1,901	3,244	1,901	3,244
– Liabilities to customers	12,010,273	10,707,396	11,737,489	10,723,015
Total	**12,012,174**	**10,710,640**	**11,739,390**	**10,726,259**
Other				
– Negative fair values from derivative hedging instruments	5,278	4,496	5,278	4,496

For short-term claims on banks of €1,238,768 thousand (2011: €1,136,677 thousand), short-term claims on customers of €202,596 thousand (2011: €224,691 thousand), short-term liabilities to banks of €1,901 thousand (2011: €3,244 thousand) and short-term liabilities to customers of €279,623 thousand (2011: €3,305,102 thousand), the fair value was equated to the book value for simplification purposes. The level of liabilities to customers, where the economic maturities are subject to modelling, was again extended significantly in the reporting year.

58 Fair Value hierarchy

The following table contains the full portfolio of financial instruments that have been valued at fair value. The fair values are also classified into three levels:

Level 1:

Prices quoted in active markets (not adjusted) for identical assets or liabilities.

Level 2:

Exemplary prices calculated with the exception of the quoted prices included in Level 1, which can be observed for assets or liabilities either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3:

Exemplary prices calculated for assets or liabilities, which are not based on observable market data (non-observable input data).

€ thousand	31.12.2012			
	Total	Level 1	Level 2	Level 3
Available for sale financial assets				
– Financial investments	3,709,641	1,785,826	1,923,815	0
Other				
– Negative fair values from derivative instruments	5,278	0	5,278	0
Total	**3,714,919**	**1,785,826**	**1,929,093**	**0**

€ thousand	31.12.2011			
	Total	Level 1	Level 2	Level 3
Available for sale financial assets				
– Financial investments	3,861,560	1,684,092	2,177,468	0
Other				
– Negative fair values from derivative instruments	4,496	0	4,496	0
Total	**3,866,056**	**1,684,092**	**2,181,964**	**0**

There were no significant transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy.

59 Net result from financial instruments

The following table shows the net result before income tax per financial instrument category within the meaning of IAS 39.

€ thousand	31.12.2012	31.12.2011	*Change in %*
Loans and receivables			
– Interest income	164,894	152,575	*8.1*
– Provisions for possible loan losses	–1,148	–1,159	*–0.9*
Net result	**163,746**	**151,416**	*8.1*
Available for sale financial assets			
– Fair value changes (recognised in equity)	63,087	–32,079	–
– Valuation results reposted from the revaluation reserve to the income statement	620	2,886	*–78.5*
– Results of sales reposted from the revaluation reserve to the income statement	–4,310	3,103	*–238.9*
Sub-total: change in revaluation reserve before tax	**59,397**	**–26,090**	–
– Interest income	97,704	115,205	*–15.2*
–Amortisation hedge adjustments	–26	0	–
– Dividends and similar income	1,272	1,309	*–2.8*
– Results from financial investments	3,690	–5,989	–
– Change in hedged fair value from hedging instruments	690	2,542	*–72.9*
Net result	**162,727**	**86,977**	*87.1*
Liabilities measured at amortised cost			
– Interest expenses	–109,691	–117,778	*–6.9*
Net result	**–109,691**	**–117,778**	*–6.9*
At fair value through profit or loss: held for trading			
– Trading result	0	–1,128	*–100.0*
Net result	**0**	**–1,128**	*–100.0*
Other: derivative hedging instruments			
– Net interest income	–2,079	–394	*427.7*
– Change in fair value from hedging instruments	–698	–2,493	*–72.0*
Net result	**–2,777**	**–2,887**	*–3.8*

60 Average number of employees during the reporting period

	2012			2011			*Change (Total) in %*
	Total	**Female**	**Male**	**Total**	**Female**	**Male**	
At comdirect bank AG	**938**	**475**	**463**	**918**	**462**	**456**	*2.2*
– in the call centre	359	203	156	357	204	153	*0.6*
– in the back office	135	103	32	130	99	31	*3.8*
– in other areas	444	169	275	431	159	272	*3.0*
At ebase GmbH	**224**	**139**	**85**	**216**	**133**	**83**	*3.7*
Average number of employees during the reporting period	**1,162**	**614**	**548**	**1,134**	**595**	**539**	*2.5*

The employee details listed above include full-time and part-time staff. The number of employees does not include the average number of trainees in the group in financial year 2012.

	2012			2011			*Change (Total) in %*
	Total	**Female**	**Male**	**Total**	**Female**	**Male**	
At comdirect bank AG	**24**	**10**	**14**	**23**	**8**	**15**	*4.3*

61 Income statement of comdirect group according to IAS/IFRS – year-to-year comparison

€ thousand	1.1. to 31.12.2012	1.1. to 31.12.2011	1.1. to 31.12.2010	1.1. to 31.12.2009	1.1. to 31.12.2008
Interest income	263,870	269,090	211,280	265,865	482,303
Interest expenses	112,069	118,243	109,206	157,172	318,898
Net interest income before provisions	**151,801**	**150,847**	**102,074**	**108,693**	**163,405**
Provisions for possible loan losses	–4,430	–1,331	–255	1,299	–1,172
Net interest income after provisions	**147,371**	**149,516**	**101,819**	**109,992**	**162,233**
Commission income	287,015	292,434	281,227	248,539	314,475
Commission expenses	120,599	109,849	108,455	99,782	137,441
Net commission income	**166,416**	**182,585**	**172,772**	**148,757**	**177,034**
Result from hedge accounting	–8	49	–22	0	–133
Trading result	0	–1,128	0	836	540
Result from financial investments	3,690	–5,989	9,919	20,850	–19,294
Administrative expenses	**236,702**	**232,074**	**210,028**	**198,918**	**242,774**
– Personnel expenses	68,958	67,465	62,563	62,341	58,795
– Other administrative expenses	152,249	147,877	133,404	124,201	171,836
Marketing expenses	56,000	57,208	53,021	41,441	80,210
Communication expenses	8,790	6,450	4,353	7,022	8,810
Consulting expenses	11,698	10,832	7,334	11,702	14,019
Expenses for external services	38,094	36,467	30,258	25,435	30,347
Sundry administrative expenses	37,667	36,920	38,438	38,601	38,450
– Depreciation of office furniture and equipment and intangible assets	15,495	16,732	14,061	12,376	12,143
Other operating result	11,519	15,117	6,414	3,421	5,148
Operating result	**92,286**	**108,076**	**80,874**	**84,938**	**82,754**
Restructuring expenses	0	0	0	8,945	0
Pre-tax profit/ Profit from ordinary activities	**92,286**	**108,076**	**80,874**	**75,993**	**82,754**
Taxes on income	18,928	–3,687	21,240	19,369	21,916
Net profit	**73,358**	**111,763**	**59,634**	**56,624**	**60,838**

Statement of comprehensive income of comdirect group according to IAS/IFRS – year-to-year comparison

€ thousand	1.1. to 31.12.2012	1.1. to 31.12.2011	1.1. to 31.12.2010	1.1. to 31.12.2009	1.1. to 31.12.2008
Net profit	**73,358**	**111,763**	**59,634**	**56,624**	**60,838**
Change in the revaluation reserve before tax	59,397	–26,090	–28,583	83,280	–2,504
Taxes	–15,194	6,690	7,708	–21,659	–363
Change in the revaluation reserve after tax	44,203	–19,400	–20,875	61,621	–2,867
Comprehensive income	**117,561**	**92,363**	**38,759**	**118,245**	**57,971**

The figures for financial year 2008 were adjusted to account for the contributions from ebase GmbH.

62 Income statement of comdirect group according to IAS/IFRS on a quarterly comparison

€ thousand	2012			
	Q1	Q2	Q3	Q4
Interest income	73,619	68,010	63,258	58,983
Interest expenses	31,608	30,381	25,830	24,250
Net interest income before provisions	**42,011**	**37,629**	**37,428**	**34,733**
Provisions for possible loan losses	–119	–859	–3,435	–17
Net interest income after provisions	**41,892**	**36,770**	**33,993**	**34,716**
Commission income	72,418	68,888	71,456	74,253
Commission expenses	28,247	29,533	29,726	33,093
Net commission income	**44,171**	**39,355**	**41,730**	**41,160**
Result from hedge accounting	14	–18	6	–10
Trading result	0	0	0	0
Result from financial investments	1,549	686	603	852
Administrative expenses	**59,506**	**53,214**	**60,413**	**63,569**
– Personnel expenses	16,366	17,459	17,683	17,450
– Other administrative expenses	39,650	32,104	38,281	42,214
Marketing expenses	15,775	9,679	12,800	17,746
Communication expenses	1,765	1,933	2,613	2,479
Consulting expenses	3,045	2,956	3,322	2,375
Expenses for external services	8,446	9,120	10,620	9,908
Sundry administrative expenses	10,619	8,416	8,926	9,706
– Depreciation of office furniture and equipment and intangible assets	3,490	3,651	4,449	3,905
Other operating result	1,117	290	3,814	6,298
Pre-tax profit	**29,237**	**23,869**	**19,733**	**19,447**
Taxes on income	7,175	6,373	5,359	21
Net profit	**22,062**	**17,496**	**14,374**	**19,426**

Statement of comprehensive income of comdirect group according to IAS/IFRS on a quarterly comparison

€ thousand	2012			
	Q1	Q2	Q3	Q4
Net profit	**22,062**	**17,496**	**14,374**	**19,426**
Change in the revaluation reserve before tax	42,558	–574	17,285	128
Taxes	–10,994	–155	–4,182	137
Change in the revaluation reserve after tax	31,564	–729	13,103	265
Comprehensive income	**53,626**	**16,767**	**27,477**	**19,691**

€ thousand	2011			
	Q1	Q2	Q3	Q4
Interest income	59,777	64,858	70,912	73,543
Interest expenses	26,515	27,234	31,560	32,934
Net interest income before provisions	**33,262**	**37,624**	**39,352**	**40,609**
Provisions for possible loan losses	−148	−419	−474	−290
Net interest income after provisions	**33,114**	**37,205**	**38,878**	**40,319**
Commission income	79,649	68,449	77,369	66,967
Commission expenses	29,505	28,141	27,107	25,096
Net commission income	**50,144**	**40,308**	**50,262**	**41,871**
Result from hedge accounting	−60	−231	297	43
Trading result	−255	222	−1,088	−7
Result from financial investments	−1,201	147	−1,364	−3,571
Administrative expenses	**58,724**	**52,322**	**59,092**	**61,936**
– Personnel expenses	15,792	17,005	18,176	16,492
– Other administrative expenses	39,437	31,788	36,781	39,871
Marketing expenses	14,599	11,294	13,793	17,522
Communication expenses	2,493	−25	1,938	2,044
Consulting expenses	1,989	2,638	2,355	3,850
Expenses for external services	9,837	9,300	10,127	7,203
Sundry administrative expenses	10,519	8,581	8,568	9,252
– Depreciation of office furniture and equipment and intangible assets	3,495	3,529	4,135	5,573
Other operating result	1,840	236	303	12,738
Pre-tax profit	**24,858**	**25,565**	**28,196**	**29,457**
Taxes on income	6,623	6,709	7,738	−24,757
Net profit	**18,235**	**18,856**	**20,458**	**54,214**

Statement of comprehensive income of comdirect group according to IAS/IFRS on a quarterly comparison

€ thousand	2011			
	Q1	Q2	Q3	Q4
Net profit	**18,235**	**18,856**	**20,458**	**54,214**
Change in the revaluation reserve before tax	−31,353	11,295	−7,632	1,600
Taxes	8,084	−2,951	1,559	−2
Change in the revaluation reserve after tax	−23,269	8,344	−6,073	1,598
Comprehensive income	**−5,034**	**27,200**	**14,385**	**55,812**

63 Segment reporting by business line

€ thousand	1.1. to 31.12.2012			
	B2C	B2B	Consolida-tion	comdirect group total
Interest income	263,151	1,165	−446	263,870
Interest expenses	112,016	499	−446	112,069
Net interest income before provisions	151,135	666		151,801
Provisions for possible loan losses	−4,430	0		−4,430
Net interest income after provisions	146,705	666		147,371
Commission income	134,518	152,509	−12	287,015
Commission expenses	14,179	106,420		120,599
Net commission income	120,339	46,089	−12	166,416
Result from hedge accounting	−8	0		−8
Trading result	0	0		0
Result from financial investments	3,878	−188		3,690
Administrative expenses	198,662	38,222	−182	236,702
Other operating result	10,683	1,006	−170	11,519
Pre-tax profit	**82,935**	**9,351**		**92,286**
Segment investments	11,010	5,699		16,709
Segment depreciation	12,093	3,402		15,495
Cost/income ratio	69.5%	80.3%		71.0%
Segment income	419,244	155,032		
– of which external income	419,074	154,574		
– of which inter-segmental income	170	458		
Segment expenses	336,309	145,681		

The management manages the comdirect group via two business lines: Business to Customer (B2C) and Business to Business (B2B). The B2C business line is comprised of comdirect bank AG and its five separate assets; ebase GmbH is comprised of the B2B business line.

The segmentation carried out reflects the internal perspective of the comdirect group and corresponds to the management approach. The respective customer groups in particular constitute the main delimitation feature of the business segments.

The figures for the B2B business segment were derived from the internal reporting of ebase GmbH and correspond to the contributions of ebase GmbH included in the income statement of the comdirect group.

In the comdirect group, net interest income is essentially generated by reinvesting customer deposits in the money and capital markets, whereby Commerzbank is a major business partner (see information on related party disclosures, note (26)). The interest income from money and capital market transactions in the amount of €188.6m exceeds 10% of the total income for the segments. This was earned almost exclusively in the B2C business line.

€ thousand	1.1. to 31.12.2011			
	B2C	B2B	Consolidation	comdirect group total
Interest income	266,992	2,116	−18	269,090
Interest expenses	117,033	1,228	−18	118,243
Net interest income before provisions	149,959	888		150,847
Provisions for possible loan losses	−1,331	0		−1,331
Net interest income after provisions	148,628	888		149,516
Commission income	157,113	135,321		292,434
Commission expenses	15,699	94,150		109,849
Net commission income	141,414	41,171		182,585
Result from hedge accounting	49	0		49
Trading result	−1,128	0		−1,128
Result from financial investments	−5,758	−231		−5,989
Administrative expenses	197,475	34,769	−170	232,074
Other operating result	13,763	1,524	−170	15,117
Pre-tax profit	**99,493**	**8,583**		**108,076**
Segment investments	12,153	4,317		16,470
Segment depreciation	13,603	3,129		16,732
Cost/income ratio	66.2%	80.2%		68.0%
Segment income	446,154	139,931		
– of which external income	445,984	139,913		
– of which inter-segmental income	170	18		
Segment expenses	346,661	131,348		

Net commission income in the B2C segment results predominantly from custody account business with private customers. In addition, commission is generated from payment services and other commission, e.g. from advisory services. In the B2C business segment impairments on financial investments amounting to €459 thousand were necessary (2011: €1,005 thousand). Furthermore, unscheduled depreciations were carried out on office furniture and equipment in the amount of €658 thousand.

Material non-cash income resulted from accrued interest. Non-cash income totalled €109.6m (2011: €107.2m).

Non-cash expenses mainly stemmed from depreciations, allocations to provisions, recognition of other liabilities and accrued interest in customer business. Non-cash expenses totalled €77.1m (2011: €69.6m).

In the B2B business line, net commission income is generated from securities services for institutional and private customers. Other sources of income, such as deposit business, are not material. Impairments on financial assets of €160 thousand were taken into account (2011: €178 thousand).

Material non-cash income resulted from deferred commission. Non-cash income totalled €36.5m (2011: €33.6m).

Non-cash expenses mainly stemmed from allocations to provisions. Non-cash expenses totalled €24.7m (2011: €21.7m).

The segment income and expenses reported relates to IFRS values and therefore correspond to the values stated in the consolidated income statement.

No total figures are stated for segment assets or segment debt as these values are not the object of reporting to management for management purposes.

64 Other liabilities

€ thousand	31.12.2012 Up to one year	31.12.2011 Up to one year	31.12.2012 More than one year up to five years	31.12.2011 More than one year up to five years	31.12.2012 More than five years	31.12.2011 More than five years
Rental payments	4,392	3,888	13,269	11,440	3,294	4,392
Lease payments	465	382	549	337	0	0
Total	**4,857**	**4,270**	**13,818**	**11,777**	**3,294**	**4,392**

The above table contains minimum lease payments under non-cancellable operating leases.

65 Fees for auditors

€ thousand	31.12.2012	31.12.2011	*Change in %*
Annual audits	376	336	*11.9*
Other certification services	172	147	*17.0*
Tax advisory services	112	250	*−55.2*
Other services	5	7	*−28.6*
Total	**665**	**740**	*−10.1*

The expenses shown in the table for services provided by PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft are stated net of VAT.

66 Corporate Governance Code

comdirect bank AG has submitted the Declaration of Compliance with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG) and has made it permanently available to shareholders on its website www.comdirect.de.

67 The company's Boards

Supervisory Board

Martin Zielke
Chairman
Member of the Board of Managing Directors of Commerzbank AG,
Frankfurt/Main

Frank Annuscheit
Deputy Chairman
Member of the Board of Managing Directors of Commerzbank AG,
Frankfurt/Main

Thorben Gruschka
Staff member IT Support department of comdirect bank AG,
Quickborn

Angelika Kierstein
Works Council Chairwoman of comdirect bank AG,
Department Support Finance, Controlling & Risk Management of comdirect bank AG,
Quickborn

Georg Rönnberg
Certified accountant and tax consultant,
Neu-Anspach

Sabine Schmittroth
Divisional Head of Sales Management in the Private Customers & Private Banking segments
of Commerzbank AG,
Frankfurt/Main
(from 9 May 2012)

Karin Katerbau
Member of the Board of Managing Directors of BRE Bank SA,
Warsaw, Poland
(until 15 April 2012)

Board of Managing Directors

Dr. Thorsten Reitmeyer
Chairman of the Board of Managing Directors, CEO

Dr. Christian Diekmann
Member of the Board of Managing Directors, CFO

Martina Palte
Member of the Board of Managing Directors, COO
(from 1 July 2012)

Carsten Strauß
Member of the Board of Managing Directors, COO
(until 30 June 2012)

68 Seats on supervisory boards and other executive bodies

Members of the Supervisory Board of comdirect bank AG

Martin Zielke
Seats on statutory supervisory boards:
- Allianz Global Investors Kapitalanlagegesellschaft mbH, Frankfurt/Main
  (until 31 August 2012)
- Commerz Real AG, Eschborn
  Chairman
  (until 19 June 2012, from 14 August 2012)
- Commerz Real Investmentgesellschaft mbH, Wiesbaden
  Chairman
  (until 19 June 2012, from 16 August 2012)

Sabine Schmittroth (from 9 May 2012)
Seats on statutory supervisory boards:
- Commerz Direktservice GmbH, Duisburg
  Chairwoman

Karin Katerbau (until 15 April 2012)
Seats on comparable supervisory bodies:
- BRE Bank Hipoteczny SA, Warsaw
- BRE Leasing Sp. z.o.o., Warsaw
  Deputy Chairwoman

Members of the Board of Managing Directors of comdirect bank AG

Dr. Thorsten Reitmeyer
Seats on statutory supervisory boards:
- Commerz Direktservice GmbH, Duisburg
  (until 31 March 2012)

Seats on comparable supervisory bodies:
- European Bank for Fund Services GmbH (ebase), Aschheim

Dr. Christian Diekmann
Seats on comparable supervisory bodies:
- European Bank for Fund Services GmbH (ebase), Aschheim
  Chairman

Martina Palte (from 1 July 2012)
Seats on comparable supervisory bodies:
- European Bank for Fund Services GmbH (ebase), Aschheim
  (from 18 July 2012)

Carsten Strauß (until 30 June 2012)
Seats on statutory supervisory boards:
- Commerz Direktservice GmbH, Duisburg

Seats on comparable supervisory bodies:
- European Bank for Fund Services GmbH (ebase), Aschheim

69 Remuneration and loans to Board members

Remuneration for the Board of Managing Directors

The remuneration for the Board of Managing Directors of comdirect bank AG is set by the Supervisory Board. In addition to the non-performance related fixed compensation comprising the annual fixed salary and fringe benefits, the compensation also comprises a performance-related variable compensation component, which comprises a component due in the short term (short term incentive, STI) and a component with a long-term incentive effect (long term incentive, LTI). The STI and LTI will each be awarded half in the form of a cash payout and half as a share-based payment.

The variable compensation of the Board of Managing Directors therefore comprises the following components: STI cash payout, share-based STI, LTI cash payout and share-based LTI, whereby entitlement to a payout in respect of the LTI components is linked to suspensive conditions.

All members of the Board of Managing Directors also receive a company pension for their activities at comdirect bank AG.

Details of the compensation system for the Board of Managing Directors are provided in the Compensation Report.

In accordance with commercial law regulations, the overall remuneration for financial year 2012 includes the following compensation components: fixed remuneration, fringe benefits, STI cash payout, share-based STI and share-based LTI. In accordance with commercial law regulations, the portion of the 2012 LTI component to be settled as a cash payout is not reported until the suspensive conditions have been fulfilled and is shown as part of the overall compensation in 2015 in the amount to be determined at that time. The individual components below relate to the subheadings under IAS 24.16.

Mr Strauß stood down from the Board of Managing Directors with effect from the end of 30 June 2012. Ms Martina Palte was appointed member of the Board of Managing Directors for a period of three years with effect from 1 July 2012.

Taking into account commercial law regulations, compensation for the Board of Managing Directors totalling €1,311 thousand (2011: €1,533 thousand) was reported for financial year 2012.

Short-term benefits

€ thousand	Non-variable components		Value of fringe benefits		STI cash payout	
	2012	2011	2012	2011	2012	2011
Dr. Thorsten Reitmeyer	360	360	18	141	61	77
Dr. Christian Diekmann	270	230	18	16	43	47
Martina Palte (from 1 July 2012)	90	0	3	0	16	0
Carsten Strauß (until 30 June 2012)	115	230	3	6	65	103
Total	**835**	**820**	**42**	**163**	**185**	**227**

In financial year 2012, expenses were recorded in the income statement for the variable components due in the short term for Dr. Reitmeyer €64 thousand (2011: €101 thousand), Dr. Diekmann €45 thousand (2011: €62 thousand), for Ms Palte €17 thousand (2011: €0 thousand) and Mr Strauß €65 thousand (2011: €124 thousand).

Mr Strauß received continuous payments from comdirect bank until the expiration of his employment contract, amounting to €59 thousand, in the period from 30 June 2012 until 30 September 2012.

Share-based payment

Share-based components of variable compensation (compensation model from 2011)

One STI and one LTI component is settled in shares in Commerzbank AG as the ultimate parent company of comdirect bank AG. These are consequently to be viewed as share-based payment in accordance with IFRS 2. With regard to the LTI component, the expense is posted over a vesting period of four years. The full amount for the STI component is recognised as an expense in financial year 2012.

The compensation components shown in the table below are subject to suspensive conditions. The figures indicated represent the total amount of the volume granted for these compensation components and are determined on an indicative basis. They are deemed to constitute part of the overall remuneration for the specified year, even though they can be reduced or cancelled depending on the performance evaluation at the end of the waiting period or as a result of infringements of the objectives of the bank.

€ thousand	Share-based STI (Value upon granting)		Share-based LTI [1)2)] (Value upon granting)	
	Tranche 2012	Tranche 2011	Tranche 2012	Tranche 2011
Dr. Thorsten Reitmeyer	61	77	91	115
Dr. Christian Diekmann	43	47	28	31
Martina Palte (from 1 July 2012)	16	0	10	0
Carsten Strauß (until 30 June 2012)	0	0	0	53
Total	**120**	**124**	**129**	**199**

1) The table shows the indicative figures calculated in the performance evaluation in respect of the performance-related variable compensation with long-term incentive effects (LTI component) upon granting. No entitlement is acquired in this regard until the end of a three-year waiting period, at the earliest. The amount can be reduced or cancelled depending on the results of a renewed performance evaluation at the end of the waiting period and will be settled in shares in the fourth year after the end of the financial year for which the remuneration components are granted, at the earliest. The value also fluctuates in line with the performance of Commerzbank shares until the time of issue. In accordance with DRS 17, the share-based LTI component has to be reported as part of the overall remuneration for the financial year in which the duty was performed.
2) The table shows the portion of the variable compensation for financial year 2011 granted to Mr Strauß in the form of Commerzbank share awards. The value fluctuates in line with the performance of Commerzbank shares during a three-year waiting period until the planned payout date. Furthermore, the amount can be reduced or cancelled if during the waiting period individual breaches of regulations and risk limits or individual misconduct in the sense of an infringement of the operating or strategic objectives or regulations of the bank are ascertained.

Performance share-based components

€ thousand	Share-based STI Tranche 2011		Share-based LTI Tranche 2011	
	Due for payment in the reporting year	Value upon granting	Evaluation as of 31.12.2012	Value upon granting
Dr. Thorsten Reitmeyer	68	77	104	115
Dr. Christian Diekmann	41	47	28	31
Martina Palte (from 1 July 2012)	0	0	0	0
Carsten Strauß (until 30 June 2012)	0	0	0[1)]	53
Total	**109**	**124**	**132**	**199**

1) Mr Strauß was allocated 32,717 Commerzbank share awards as part of his variable compensation for 2011. The equivalent value of the shares was calculated on the basis of the average XETRA closing price for the period from June to August 2012, and Mr Strauß received a payment of €42 thousand in September 2012.

In financial year 2012, expenses were recorded in the income statement for Dr. Reitmeyer €111 thousand (2011: €135 thousand), Dr. Diekmann €59 thousand (2011: €71 thousand), for Ms Palte €19 thousand (2011: €0 thousand) and Mr Strauß €23 thousand (2011: €19 thousand) arising from the share-based compensation components illustrated.

Performance shares (compensation model until 2010)

In previous years, a compensation component was granted in the form of virtual, non-tradeable shares in comdirect bank AG (performance shares). These comprise the conditional right to a cash payout after a three-year waiting period. The performance shares were last issued in financial year 2010. Dr. Diekmann was the only active member of the Board of Managing Directors to hold performance shares from this tranche as at the reporting date; the 7,077 shares were granted to him for his activity on the board. These performance shares were valued at €5.41 per share as at the reporting date (€6.02 when granted). This corresponds to a total amount of €38 thousand (€43 thousand when granted). The realisable compensation from the performance shares may vary considerably from the figures stated and in particular may not apply at all as the final amounts for disbursement are not determined until the end of the term (blocking period) of the respective tranches.

Payments were made in the reporting period on performance shares relating to the tranche granted under the programme in financial year 2009. Dr. Diekmann received €114 thousand and Ms Palte €18 thousand. With regard to Ms Palte, this payment related to performance shares granted to her for her role as department head at comdirect. The value of Mr Strauß's remaining claim for performance shares was determined using a fair value measurement as at 23 April 2012 and compensated with a one-time payment of €159 thousand.

In the reporting year, €62 thousand (2011: €55 thousand) was recognised as an expense in the income statement for the performance shares granted to Dr. Diekmann and €92 thousand (2011: €107 thousand) to Mr Strauß for their activities on the Board of Managing Directors.

Other long term benefits (compensation model from 2011 onwards)

The following table shows the indicative figures calculated in the performance evaluation when granted. No entitlement is acquired in this regard until the end of a three-year waiting period at the earliest. The amount can be reduced or cancelled depending on the results of a renewed performance evaluation at the end of the waiting period and will be paid out in the fourth year after the end of the financial year in which the underlying duty was performed, at the earliest. Only then are the amounts included in the overall remuneration of the Board of Managing Directors.

Presentation of LTI component cash payout

€ thousand	Value upon granting	
	Tranche 2012	Tranche 2011
Dr. Thorsten Reitmeyer	91	115
Dr. Christian Diekmann	28	31
Martina Palte (from 1 July 2012)	10	0
Total	**129**	**146**

The amounts for each tranche are recognised as an expense on a pro rata basis over a total period of four years. In the reporting year, expenses relating to the LTI component with cash payout were incurred in the amount of €53 thousand (2011: €37 thousand) for Dr. Reitmeyer, €15 thousand (2011: €10 thousand) for Dr. Diekmann, and €3 thousand (2011: €0) for Ms Palte.

Post-employment benefits

The members of the Board of Managing Directors receive a pension commitment for their activities at comdirect bank AG. Accordingly, members of the Board of Managing Directors who were active as of the balance sheet date, are eligible for a claim to a capital payment. The company has formed pension provisions under IFRS for these future claims, the amount of which depends on the length of service, pensionable salary and current actuarial interest rate. The valuation is based on actuarial assessments, using the projected unit credit method, which are conducted by an independent actuary.

The pension obligations under IFRS towards members of the Board of Managing Directors who were active during the financial year developed as follows:

€ thousand	Dr. Thorsten Reitmeyer		Dr. Christian Diekmann		Martina Palte		Carsten Strauß	
	2012	2011	2012	2011	2012	2011	2012	2011
Pension obligation under IFRS (DBO) as of 1.1.	**121**	**87**	**32**	**20**	**0**	**0**	**74**	**30**
Change in financial year	90	34	29	12	3	0	–4	44
– of which service cost recognised in income statement	25	23	13	13	0	0	11	11
Pension obligation under IFRS (DBO) as of 31.12.	**211**	**121**	**61**	**32**	**3**	**0**	**70**	**74**

Regulations governing termination of employment

If comdirect bank prematurely terminates the appointment to the Board of a member of the Board of Managing Directors, the respective contract of employment is in principle continued until the end of the original term of office. Members of the Board of Managing Directors active as at the reporting date receive a maximum amount of up to two years' annual compensation, whereby the calculation is based on the compensation in the last full financial year prior to termination. There is no entitlement to further remuneration where termination takes place for good cause.

Mr Strauß stood down from the Board of Managing Directors with effect from the end of 30 June 2012. He received a severance payment of €772 thousand as compensation for the disadvantages associated with the early termination of his activities as member of the Board of Managing Directors.

Other information on active members of the Board of Managing Directors

In the past financial year, no member of the Board of Managing Directors has received payments, considerations or corresponding commitments from a third party in relation to their activities as a member of the Board of Managing Directors.

Members of the Board of Managing Directors performing board functions at subsidiaries or affiliated companies during the financial year only received reimbursement of expenses.

Information relating to former members of the Board of Managing Directors

The bank provides old-age provision for former members of the Board of Managing Directors or their surviving dependents. As of the balance sheet date, pension obligations under IFRS (defined benefit obligations) for former members of the Board of Managing Directors amounted to €3,886 thousand (2011: €3,367 thousand).

In financial year 2012, a total of €357 thousand (2011: €404 thousand) was paid to former members of the Board of Managing Directors of comdirect bank AG. A payment in performance shares was made to former members of the Board of Managing Directors amounting to €147 thousand (2011: €202 thousand) in the reporting year.

Remuneration for the Supervisory Board

The compensation of the Supervisory Board members is stipulated in the Articles of Association. In addition to a fixed compensation, the compensation scheme includes a separate component for committee activities and a variable component, which depends on the amount of the dividend to be distributed.

Provided that the financial statements of comdirect bank AG are adopted in their present form and that the annual general meeting approves the proposed appropriation of profit, the remuneration of members of the Supervisory Board will total €125 thousand (2011: €152 thousand). This comprises any applicable VAT and the remuneration breakdown by the members of the Supervisory Board is as follows:

€ thousand	Non-variable components		Variable components		Remuneration for committee activities		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Martin Zielke	0	0	0	0	0	0	0	0
Frank Annuscheit	0	0	0	0	0	0	0	0
Thorben Gruschka	12	12	17	23	0	0	29	35
Angelika Kierstein	12	12	17	23	3	3	32	38
Georg Rönnberg	12	12	17	23	6	3	35	38
Sabine Schmittroth (from 9 May 2012)	8	0	11	0	2	0	21	0
Dr. Achim Kassow (until 30 June 2011)	0	9	0	16	0	7	0	32
Karin Katerbau (until 15 April 2012)	3	3	5	5	1	0	9	8

Mr Zielke and Mr Annuscheit waived their compensation as members of the Supervisory Board for financial years 2011 and 2012.

Neither advance payments nor loans were extended. comdirect bank AG did not take on any contingent liabilities.

70 Holdings

Affiliated companies included in the consolidated financial statements:

Name	Domicile	Share of capital held in %	Equity in € thousand
European Bank for Fund Services GmbH (ebase)	Aschheim/Germany	100.0	33,095

SPEs (special funds) included in the consolidated financial statements as per IAS 27/SIC-12:

Name	Domicile	Share of capital held in %	Funds volume in € thousand
CDBS-Cofonds	Frankfurt/Main, Germany	100.0	109,156
CDBS-Cofonds II	Frankfurt/Main, Germany	100.0	94,041
CDBS-Cofonds III	Frankfurt/Main, Germany	100.0	105,881
CDBS-Cofonds IV	Frankfurt/Main, Germany	100.0	106,433
OP-Fonds CDBS V	Cologne/Germany	100.0	97,857

Other affiliated companies not included in the consolidated financial statements:

Name	Domicile	Share of capital held in %	Equity in € thousand
WST-Broker GmbH i. L.	Frankfurt/Main, Germany	54.0	93

> Declaration of the Board of Managing Directors

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the material opportunities and risks associated with the expected development of the group.

Quickborn, 20 February 2013
The Board of Managing Directors

Dr. Thorsten Reitmeyer

Dr. Christian Diekmann

Martina Palte

> Auditor’s report

We have audited the consolidated financial statements prepared by the comdirect bank Aktiengesellschaft, Quickborn, comprising the balance sheet, income statement and statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2012. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB (“Handelsgesetzbuch”: German Commercial Code) is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and in the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in consolidation, the determination of the companies to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company’s Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these provisions. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hamburg, 21 February 2013

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Gero Martens	ppa. Uwe Gollum
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

> Glossary

A

Accruals
Sub-category of financial liabilities according to IFRS. They are distinguishable from provisions by a significantly higher degree of certainty in terms of amount or time of settlement obligation.

Act on the Appropriateness of Management Board Compensation (VorstAG)
Amendment of the German Stock Corporation Act in the wake of the financial market crisis. The regulations are intended to provide incentives for measures in favour of sustainable company development, for example by making it easier to cut salaries of management board members if the company's situation deteriorates.

Advanced Internal Ratings Based Approach (AIRB)
Advanced approach to calculating the minimum capital requirements for credit risk in accordance with the Solvency Regulation (SolvV)/Basel III.

Advanced Measurement Approach (AMA)
Advanced approach for calculating the minimal capital requirements for operational risks in accordance with the Solvency Regulation (SolvV)/Basel II.

Available-for-sale
IAS 39 classification which describes financial instruments available to sell immediately.

Available net liquidity concept
Instrument used to manage liquidity risk. The available net liquidity is determined and monitored for both a basic scenario taking account of current market conditions as well as stress scenarios.

B

Banking book
All balance sheet and off-balance sheet items of a bank that cannot be allocated to the trading book.

Basel II
Capital Accord published by the Basel Committee on Banking Supervision which stipulates how much equity banks require to cover risks, which methods should be used to assess risks and how risks are to be published. The Accord also defines standards for the risk management of banks and its appraisal by the banking supervisory authority.

Basel III
Additional regulations published by the Basel Committee on Banking Supervision which specify new requirements regarding the capital requirements, the leverage ratio and the liquidity standards of banks. These regulations are to be successively introduced as of 2013.

C

Capital Requirements Directive (CRD III)
Third revision of the EU capital requirements for credit institutions. The CRD III specifies higher capital requirements for securitisation transactions, increased disclosure requirements for securitisation transactions, adjustment of the risk assessment of assets in trading books and changes in the remuneration policy.

Close-out risks
Risks associated with the premature termination of financial assets due to an unexpectedly high outflow of customer deposits.

Committee of European Banking Supervisors (CEBS-Guidelines)
Independent committee of the European banking supervisors, which advises the EU Commission, advances the implementation of the EU guidelines and contributes to the cross-border exchange of information.

Confidence level
Indicates the probability that a potential loss will not exceed a specified amount.

Contracts for Difference (CFD)
An OTC derivative enabling investors to participate in rising and falling prices of an underlying asset.

Conversion factor
This parameter forecasts over a 12-month period the proportion of an open credit line that will additionally be utilised at the time of default.

Core capital
Bank regulatory core capital essentially comprises the paid-up capital, contributions by silent partners, general reserves, special reserve for general banking risks in accordance with Section 340g German Commercial Code (HGB) and, to a limited extent, innovative capital instruments such as hybrid capital. Also known as Tier 1 capital. The core capital ratio shows the core capital in relation to the weighted risk positions of a bank (for comdirect this applies without silent capital contributions, special reserves, innovative instruments).

Cost/income ratio
Used to measure cost efficiency. The relationship between administrative expenses and earnings recorded in a financial year.

Credit spread
Measure of the premium or discount on a reference interest rate whose level depends on the credit rating and market positioning of the respective debtor.

Credit value-at-risk (CVaR)
Risk indicator. Unexpected, maximum, anticipated loss from credit risks, which is determined using the VaR concept (see Value-at-risk).

D

DAXSector Financial Services Performance Index
One of 18 sector indices which make up Deutsche Börse's Prime Standard. Various financial service providers are listed in the index, including comdirect bank AG.

Deferred compensation
Deferred remuneration. Under an occupational old age pension, part of an employee's salary is invested to later be converted into pension payments.

Deferred taxes
Income taxes to be paid or received in the future, which mainly result from the different valuation bases used for the tax balance sheet and the commercial balance sheet. They do not constitute actual tax office claims or liabilities at the time the balance sheet is prepared.

E

Economically required capital
The amount that with a high level of certainty covers unexpected losses from risk carrying positions. Not identical to balance sheet or regulatory capital.

ErC allocation
Allocation of economically required capital (ErC).

European Interbank Offered Rate (EURIBOR)
The rate at which a prime bank is willing to lend funds in euro to another prime bank. The EURIBOR is calculated daily for interbank deposits with a maturity of one week and one to 12 months as the average of the daily offer rates of a representative panel of prime banks, rounded to three decimal places.

Exchange Traded Commodities (ETC)
Open-ended securities enabling investors to invest in commodities. They are traded on the stock exchange like equities, have an unlimited term and offer a high degree of liquidity.

Exchange Traded Funds (ETF)
ETFs are traded on the stock exchange and track an index (e.g. share, bond or commodities index).

Exchange Traded Notes (ETN)
Stock exchange traded debt securities which track the performance of underlying reference indices.

Executive compensation regulation for banks (InstitutsVergV)
Regulation governing the regulatory requirements for the compensation system of banks aimed at preventing incentives for excessive risk-taking.

F

Fair value
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Forward Rate Agreement (FRA)
An agreement whereby one party undertakes to pay another party a certain interest rate on a certain principal amount for a certain period of time beginning at some point in the future.

H

Hedge accounting
Accounting for hedging relationships between hedge items (e.g. fixed income securities) and derivative financial instruments used for hedging purposes (e.g. interest rate swaps), in order to minimise the effects of changes in value in the income statement.

I

Impairment
Unscheduled write-down in the value of assets as a result of an anticipated decrease in value.

Interest rate swap
Contractual agreement between two parties relating to the exchange of differently structured payment flows for a specific period of time. Interest rate swaps can be used to hedge against an increase or decrease in interest rates.

Internal Capital Adequacy Assessment Process (ICAAP)
Key element of the second pillar of Basel II regulated by Section 25a German Banking Act (KWG) in conjunction with the Minimum Requirements for Risk Management (MaRisk). ICAAP comprises all procedures to identify and measure the relevant banking risks and their appropriate backing with internal capital.

Investment Grade
Upper ratings categories of a rating scale, e.g. at Moody's ratings Aaa to Baa.

L

Leverage ratio (LR)
Ratio within the framework of Basel III which limits the banks' level of indebtedness and stipulates that the ratio of Tier I capital to total lending may not fall below 3%.

Liquidity coverage ratio (LCR)
New liquidity ratio in Basel III which describes the short-term liquidity risk profile of the banks. In future, the bank must maintain a minimum portfolio of highly liquid assets to safeguard their liquidity requirement in stress situations for at least 30 days.

M

Minimum Requirements for Risk Management (MaRisk)
These include, in particular, setting up a proper business organisation (e.g. function separation of sales and back office) and implementing a system of appropriate internal controls for the trading and lending divisions.

Multi-tier server structure
Multi-layered software infrastructure in which the software components are shared between several systems.

N

Net Stable Funding Ratio (NSFR)
Ratio in Basel III which describes the ratio of the available amount of stable funding to the required amount of stable funding.

O

Order Desk Depot custody account
Individualised ebase collective custody account with open fund spectrum and SWIFT connection.

P

PIIGS
Acronym for the five euro countries Portugal, Ireland, Italy, Greece and Spain.

Prime Standard
Sub-segment of the Regulated Market with additional admission requirements compared with the General Standard. Prime Standard companies must comply with high international transparency standards.

Projected unit credit method
Method used to determine pension obligation, which takes account of future rates of increase in salaries and pensions among other factors.

R

Revaluation reserve
The market value changes in securities and participations are shown in the revaluation reserve with an income-neutral effect. The figures shown in the balance sheet net of deferred taxes.

Risk assets
Risk-weighted positions, which have to be backed by regulatory capital. At comdirect bank, risk assets are calculated taking account of Section 10c German Banking Act (KWG) (zero weighting of intragroup receivables).

Risk-bearing capacity
The risk-bearing capacity is adequate if the economically required capital is sufficiently covered by the available risk cover potential.

Risk cover potential
These comprise the maximum available equity, which can be used to hedge against unexpected losses.

S

Sales follow-up commission
Annual fee paid by an investment company to the brokers of its funds.

Solvency Regulation (SolvV)
Regulation governing the capital adequacy of institutions, groups of institutions and financial holding groups which came into force on 1 January 2007.

Stop loss/Take profit
Lower price limit (stop loss) or upper price limit (take profit) at which the sell order is automatically executed.

Stress test
Simulation of impact of crisis situations in the capital market on the risk and earnings position.

T

Trailing stop
Lower price limit for selling (stop loss), which is automatically adjusted upwards when prices are rising, or upper price limit for buying (stop buy) which is automatically adjusted downwards when prices are falling.

V

Value-at-risk (VaR)
The maximum loss of value of a portfolio in line with a specific probability and within a specific holding period.

W

Waiver regulation
Exemption of subsidiaries of a banking group from certain regulatory requirements (for example capital requirements and major loan provisions) in accordance with Section 2a of the German Banking Act (KWG).

Warrant
The owner of a warrant is entitled (but not obliged) to buy (call option) or sell (put option) a certain number of shares or other securities at a stipulated price within a certain period of time.

White labelling
Sale of a product under a name other than the company's own brand name.

> Six-year overview of comdirect group

		2012	Change in %	2011	Change in %
Customers, assets under custody and key products					
comdirect group*		**31.12.**		**31.12.**	
Customers	number	2,755,257	*4.7*	2,630,525	*14.6*
Custody accounts	number	1,702,021	*1.1*	1,683,301	*13.6*
Total assets under custody	in € million	48,854	*17.5*	41,587	*−2.2*
– of which: portfolio volume	in € million	37,134	*20.2*	30,882	*−4.1*
– of which: deposit volume	in € million	11,720	*9.5*	10,705	*3.6*
business-to-customer (B2C) business line					
Customers	number	1,716,783	*5.2*	1,632,467	*4.7*
Custody accounts	number	806,417	*2.9*	783,616	*4.7*
Current accounts	number	901,419	*16.4*	774,518	*19.7*
Tagesgeld PLUS ("call money plus") accounts	number	1,344,940	*8.8*	1,235,770	*9.3*
Total assets under custody	in € million	27,909	*12.1*	24,896	*−5.4*
– of which: portfolio volume	in € million	16,286	*13.7*	14,324	*−11.1*
– of which: deposit volume	in € million	11,623	*10.0*	10,571	*3.6*
Credit volume	in € million	173	*−8.5*	189	*−4.5*
business-to-business (B2B) business line					
Customers	number	1,038,474	*4.0*	998,058	*35.4*
Custody accounts	number	895,604	*−0.5*	899,685	*22.6*
Total assets under custody	in € million	20,945	*25.5*	16,692	*2.9*
– of which: portfolio volume	in € million	20,848	*25.9*	16,558	*2.9*
– of which: deposit volume	in € million	97	*−27.6*	134	*2.3*
Orders and order volume		**2012**		**2011**	
Executed orders	number	17,988,010	*−3.7*	18,677,910	*22.0*
– of which: B2C	number	8,472,017	*−7.4*	9,151,389	*17.0*
– of which: B2B	number	9,515,993	*−0.1*	9,526,521	*27.3*
Average order activity per custody account (B2C)	number	8.8	*−26.1*	11.9	*11.2*
Order volume per executed order (B2C)	in €	4,759	*−10.3*	5,308	*3.9*
Earnings ratios		**2012**		**2011**	
Net commission income	in € thousand	166,416	*−8.9*	182,585	*5.7*
Net interest income before provisions	in € thousand	151,801	*0.6*	150,847	*47.8*
Administrative expenses	in € thousand	236,702	*2.0*	232,074	*10.5*
Pre-tax profit	in € thousand	92,286	*−14.6*	108,076	*33.6*
Net profit	in € thousand	73,358	*−34.4*	111,763	*87.4*
Earnings per share	in €	0.52	*−34.2*	0.79	*88.1*
Return on equity before tax[1]	in %	17.3	–	21.2	–
Cost/income ratio	in %	71.0	–	68.0	–
Dividend per share	in €	0.44[2]	*−21.4*	0.56	*33.3*
Balance sheet key figures		**31.12.**		**31.12.**	
Balance sheet total	in € million	12,446	*9.4*	11,378	*3.1*
Equity	in € million	586	*7.1*	547	*6.4*
Equity ratio[3]	in %	4.3	–	4.7	–
Employees' figures		**31.12.**		**31.12.**	
Employees	number	1,176	*2.4*	1,148	*2.5*
Employees full-time basis	number	1,050.2	*2.5*	1,024.8	*2.2*

*) B2C: comdirect bank AG; B2B: ebase GmbH
1) Pre-tax profit/average equity (excluding revaluation reserve) in the reporting period
2) Dividend proposal
3) Equity (excluding revaluation reserve)/balance sheet total

2010	Change in %	2009	Change in %	2008 (including ebase)	2008 (excluding ebase)	Change in %	2007
31.12.		**31.12.**		**31.12.**	**31.12.**		**31.12.**
2,296,075	*6.8*	2,150,563	*3.4*	2,078,850	1,349,297	*34.8*	1,000,722
1,482,023	*4.4*	1,419,037	*−0.6*	1,427,359	697,806	*8.0*	645,893
42,535	*19.6*	35,572	*15.0*	30,933	20,342	*−0.2*	20,373
32,197	*21.7*	26,463	*29.4*	20,454	9,876	*−22.2*	12,688
10,338	*13.5*	9,110	*−13.1*	10,479	10,466	*36.2*	7,686
1,559,021	*7.5*	1,450,720	*7.5*	1,349,297	1,349,297	*34.8*	1,000,722
748,151	*4.0*	719,194	*3.1*	697,806	697,806	*8.0*	645,893
647,048	*21.2*	533,928	*25.6*	425,149	425,149	*25.9*	337,578
1,130,998	*17.7*	960,935	*18.0*	814,516	814,516	*> 100*	400,414
26,319	*18.3*	22,241	*9.3*	20,342	20,342	*−0.2*	20,373
16,113	*22.5*	13,158	*33.2*	9,876	9,876	*−22.2*	12,688
10,207	*12.4*	9,083	*−13.2*	10,466	10,466	*36.2*	7,686
198	*12.4*	176	*−11.3*	198	198	*−6.8*	216
737,054	*5.3*	699,843	*−4.1*	729,553	–	–	–
733,872	*4.9*	699,843	*−4.1*	729,553	–	–	–
16,216	*21.6*	13,331	*25.9*	10,591	–	–	–
16,084	*20.9*	13,305	–	–	–	–	–
131	*> 100*	26	–	–	–	–	–
2010		**2009**		**2008**	**2008**		**2007**
15,305,203	*4.4*	14,661,234	*−17.1*	17,682,007	9,231,378	*−7.2*	9,950,097
7,824,053	*6.9*	7,319,045	*−20.7*	9,231,378	9,231,378	*−7.2*	9,950,097
7,481,150	*1.9*	7,342,189	*−13.1*	8,450,629	–	–	–
10.7	*3.9*	10.3	*−25.0*	13.7	13.7	*−13.8*	15.9
5,110	*13.3*	4,512	*4.8*	4,304	4,304	*−18.4*	5,273
2010		**2009**		**2008**	**2008**		**2007**
172,772	*16.1*	148,757	*−16.0*	177,034	138,441	*−9.4*	152,724
102,074	*−6.1*	108,693	*−33.5*	163,405	162,372	*27.7*	127,164
210,028	*5.6*	198,918	*−18.1*	242,774	208,748	*11.4*	187,437
80,874	*6.4*	75,993	*−8.2*	82,754	77,760	*−14.1*	90,480
59,634	*5.3*	56,624	*−6.9*	60,838	57,692	*0.0*	57,697
0.42	*5.3*	0.40	*−6.8*	0.43	0.41	*0.0*	0.41
16.8	–	17.6	–	17.0	16.0	–	16.3
72.1	–	70.4	–	74.3	72.6	–	67.0
0.42	*2.4*	0.41	*0.0*	0.41	0.41	*0.0*	0.41
31.12.		**31.12.**		**31.12.**	**31.12.**		**31.12.**
11,040	*12.8*	9,785	*−12.3*	11,158	11,070	*34.5*	8,233
514	*−3.6*	533	*12.2*	475	476	*−0.5*	478
4.4	–	4.9	–	4.4	4.4	–	5.9
31.12.		**31.12.**		**31.12.**	**31.12.**		**31.12.**
1,120	*−3.0*	1,155	*−0.7*	1,163	906	*10.0*	824
1,002.9	*−2.6*	1,029.2	*−0.4*	1,033.3	806.4	*11.8*	721.5

> Financial calendar 2013

19 February	Press-/Analysts' conference in Frankfurt/Main
26 March	Annual report 2012
25 April	Quarterly report
16 May	Annual General Meeting in Hamburg
24 July	Half-year report
23 October	Nine-month report

> Contacts

Investor Relations
Dr. André Martens
Phone + 49 (0) 41 06 - 704 19 66
Fax + 49 (0) 41 06 - 704 19 69
email investorrelations@comdirect.de

Tobias Vossberg
Phone + 49 (0) 41 06 - 704 19 80
Fax + 49 (0) 41 06 - 704 19 69
email investorrelations@comdirect.de

Stefanie Wallis
Phone + 49 (0) 41 06 - 704 13 83
Fax + 49 (0) 41 06 - 704 19 69
email investorrelations@comdirect.de

comdirect bank AG
Pascalkehre 15
D-25451 Quickborn
www.comdirect.de

Concept, layout and translation
ergo Unternehmenskommunikation,
Cologne/Frankfurt am Main/Berlin/Munich/
Hamburg

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Werner Bartsch, Hamburg

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Press
Johannes Friedemann
Phone + 49 (0) 41 06 - 704 13 40
Fax + 49 (0) 41 06 - 704 34 02
email presse@comdirect.de

Annette Siragusano
Phone + 49 (0) 41 06 - 704 19 60
Fax + 49 (0) 41 06 - 704 34 02
email presse@comdirect.de

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