> comdirect bank AG

Financial Report 2013

> Key figures of comdirect group

		2013	2012	Change in %
Customers, assets under custody and key products		**31.12.**	**31.12.**	
comdirect group*				
Customers	number	2,825,067	2,755,257	*2.5*
Custody accounts	number	1,697,006	1,702,021	*–0.3*
Total assets under custody	in € million	55,046	48,854	*12.7*
– of which: portfolio volume	in € million	41,579	37,134	*12.0*
– of which: deposit volume	in € million	13,467	11,720	*14.9*
business-to-customer (B2C) business line				
Customers	number	1,823,579	1,716,783	*6.2*
Custody accounts	number	839,945	806,417	*4.2*
Current accounts	number	1,043,192	901,419	*15.7*
Tagesgeld PLUS (“daily money plus”) accounts	number	1,461,471	1,344,940	*8.7*
Total assets under custody	in € million	31,891	27,909	*14.3*
– of which: portfolio volume	in € million	18,564	16,286	*14.0*
– of which: deposit volume	in € million	13,327	11,623	*14.7*
Credit volume	in € million	159	173	*–8.1*
business-to-business (B2B) business line				
Customers	number	1,001,488	1,038,474	*–3.6*
Custody accounts	number	857,061	895,604	*–4.3*
Total assets under custody	in € million	23,156	20,945	*10.6*
– of which: portfolio volume	in € million	23,015	20,848	*10.4*
– of which: deposit volume	in € million	140	97	*44.3*
Orders and order volume		**2013**	**2012**	
Executed orders	number	19,189,622	17,988,010	*6.7*
– of which: B2C	number	9,989,086	8,472,017	*17.9*
– of which: B2B	number	9,200,536	9,515,993	*–3.3*
Average order activity per custody account (B2C)	number	12.1	10.7	*13.1*
Order volume per executed order (B2C) 1)	in €	5,759	4,759	*21.0*
Earnings ratios		**2013**	**2012**	
Net commission income	in € thousand	188,330	167,699	*12.3*
Net interest income before provisions for possible loan losses	in € thousand	138,641	150,983	*–8.2*
Administrative expenses	in € thousand	259,866	235,911	*10.2*
Pre-tax profit	in € thousand	80,032	93,542	*–14.4*
Net profit	in € thousand	60,534	74,280	*–18.5*
Earnings per share	in €	0.43	0.53	*–18.9*
Return on equity before tax 2)	in %	15.1	17.5	–
Cost/income ratio	in %	76.1	70.7	–
Balance sheet key figures		**31.12.**	**31.12.**	
Balance sheet total	in € million	14,163	12,451	*13.7*
Equity	in € million	552	586	*–5.8*
Equity ratio 3)	in %	3.7	4.3	–
Regulatory indicators under Basel II 4)		**31.12.**	**31.12.**	
Risk weighted assets 5)	in € million	640	635	*0.8*
Eligible amount for operational risks	in € million	16	15	*6.7*
Core capital	in € million	392	386	*1.6*
Own funds for solvency purposes	in € million	385	380	*1.3*
Own funds ratio 6)	in %	45.8	46.1	–
Employees’ figures		**31.12.**	**31.12.**	
Employees	number	1,233	1,176	*4.8*
Employees full-time basis	number	1,100.6	1,050.2	*4.8*

*) B2C: comdirect bank AG; B2B: ebase GmbH
1) excluding CFD trades
2) Pre-tax profit/average equity (excluding revaluation reserve) in the reporting period
3) Equity (excluding revaluation reserve)/balance sheet total
4) 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
5) Risk weighted assets in accordance with Section 10c of the German Banking Act (KWG) (intragroup receivables are zero weighted)
6) Own funds for solvency purposes/(risk weighted assets + 12.5 x eligible amounts for operational risks)

Dr Thorsten Reitmeyer
CEO of comdirect bank AG

Dear Shareholders,

2013 was another good year for the comdirect group, its customers and shareholders. We reached our growth targets. We gained a large number of new customers, especially through our current account, which is used by over a million people, and increased the deposit volume by €1.7bn in an environment of low interest rates. In the custody accounts, our customers achieved solid increases in value, partly through active trading and partly through ongoing savings, and also invested a substantial amount of new money in equities, ETFs and certificates. As a result, we also performed well in terms of earnings once again. The market-related decline in net interest income was limited by the increased deposit volume and adjustment of the interest rates we offer – and was more than offset by the rise in net commission income. In spite of significantly higher investment in growth, the comdirect group achieved pre-tax profit of €80.0m. Less than in the previous year, which was influenced by extraordinary effects, but considerably more than forecast.

»2013 was a good year. We achieved our growth targets and outperformed our forecast with pre-tax profit of €80m.«

At the same time, for savers in Germany 2013 was, to put it plainly, another lost year. Once again they forfeited billions of euros because the interest they earned, if any, was only just as high as the rate of inflation. The reason for this situation is clear. Although investors know that they have to make their own arrangements for old-age provisioning, they mistrust the securities essential for this, not to mention the investment advisers.

Savings are consequently ending up in passbooks. Consultation records and information sheets may have been introduced, but additional regulation has not bolstered confidence in share and fund investments, and moreover frequently means that providing advice is no longer worthwhile for banks. Consequently, regulation has had precisely the opposite effect. Traditional investment advice at the local bank branch is becoming a thing of the past.

comdirect offers a model for the future. We aim to facilitate access to profitable investments for large numbers of investors and enable them to confidently select the most suitable investments from the multitude of useful and fair options available. The ingredients required for this recipe for success are all in place. We are on hand to act as coach to investors, to help them assess their own capabilities, convey securities-related knowledge and offer proximity with advice via video-telephony and round the clock personal service. And naturally, we have all of the investment products from a wide range of providers that are required to implement investment strategies on a straightforward and cost-efficient basis.

»comdirect is building a future model for investing in securities. We facilitate access to profitable investments and support our customers as coach.«

We continue to invest in this model for the future. Boosting investments in securities is a key growth and value driver for the comdirect group and allows us to reap above-average benefit from the growing acceptance of direct banking models. But it's about more than that for us. It's about strengthening the securities culture in Germany. It's about the positive macroeconomic effects of inflation-resilient provisioning and asset accumulation. And it's about providing advice that already incorporates investor protection, since for comdirect, self-directed customers are exactly that. Rather than having decisions made for them, these customers actually determine the course of action themselves, supported by good coaching and good information.

Our strategy is essentially structured on two levels. The more successful we are in attracting broad-based customer groups with strong products and services in direct banking and a strong brand, the more customers we will be able to inspire to use our advice and guidance formats for securities. We have made further progress here in the past year. Our current account has become a personal financial manager as well, providing support for individual budget planning. And the satisfaction guarantee has been joined by our security promise for online banking.

»We will raise awareness of the comdirect brand in 2014. We are seizing opportunities for growth and maintaining the balance between short-term profitability and long-term increase in value.«

In 2014, we will drive forward profitable investing for everyone, including in our business via institutional partners. ebase will continue to roll out the ebase Managed Depot custody account, its solution for standardised fund asset management, among financial intermediaries and banks, and at the same time establish the open custody account among insurance companies. But 2014 is also about further developing the comdirect brand and improving brand awareness in particular. Providing market conditions are suitable, we will turn up the volume on marketing by several levels. If earnings remain stable, the additional spending on growth is likely to lead to a decline in pre-tax profit. Given the promising potential, comdirect is seizing the opportunities ahead and thus maintaining the balance between short-term profitability and long-term increase in value.

Sincerely yours,

Dr Thorsten Reitmeyer

> 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 2013, 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 members of the Board of Managing Directors. He maintained frequent contact with the CEO and in particular, conferred with him with respect to the strategy, business development, medium-term planning 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 2013

The Supervisory Board met at four regularly convened meetings in financial year 2013 on 21 March, before the annual general meeting on 16 May, on 22 August and 21 November 2013.

As in previous years, progress reports on the status of implementation of the "complus" programme, which was completed in 2013, 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 informed with regard to the various projects carried out in 2013, such as the introduction of Personal Financial Manager and launch of the CFD mobile app. Another focus was the future strategic direction of comdirect bank AG. Together with the Board of Managing Directors, a new strategy was agreed which focuses on four key areas:

- Upscaling broad-based growth,
- Expanding advice and guidance formats,
- Differentiated product and service offering,
- Enhancing performance and efficiency in organisational terms.

Furthermore, together with the Board of Managing Directors we discussed the strategic further development of ebase and the B2B business line.

As part of our deliberations, we obtained information on the market and competitive environment and the bank's development on the basis of the medium-term planning. In addition, we looked at the associated agenda for the following year against the backdrop of the new strategy. 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 16 May 2013 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. Other subjects discussed by the Supervisory Board were the compensation of the Board of Managing Directors and the change in the Board of Managing Directors. The Supervisory Board also appointed Dr Thorsten Reitmeyer as CEO for a further five years in the financial year 2013.

In addition to the ordinary meetings, the Supervisory Board adopted resolutions based on the recommendations of the Presiding Committee using the written circulation procedure. These related to

- the stipulation of the variable compensation component for the members of the Board of Managing Directors for financial year 2012,
- the stipulation of the target amount for the variable compensation component for the members of the Board of Managing Directors for financial year 2013,
- the approval of the rescission of the appointment and employment of Dr Christian Diekmann as a member of the Board of Managing Directors and
- the approval of the appointment and employment of Holger Hohrein as a member of the Board of Managing Directors.

Based on the recommendation of the Presiding Committee, at its ordinary meeting in November the Supervisory Board specified the criteria for assessing the variable compensation component for the Board of Managing Directors for financial year 2014.

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 to the Risk and Audit Committee for a decision or for the purpose of preparing resolutions.

The Risk and Audit Committee of the Supervisory Board met four times in the reporting year on 21 March, before the annual general meeting of comdirect bank AG on 16 May, on 22 August and 21 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 21 March 2013, the Risk and 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 Risk and 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 Risk and Audit Committee.

The Risk and Audit Committee received the report of the Compliance and Money Laundering Officer in March and was informed about the overall audit report from Internal Audit for financial year 2012. The Chairman of the Risk and 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 Risk and Audit Committee on 16 May 2013, 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 2013. During the year, the Risk and Audit Committee obtained information on the activities of Internal Audit and the Compliance function, at every meeting and on tax issues at its meeting in March.

Furthermore, in November the Risk and Audit Committee approved the commissioning of PwC, Pricewaterhouse-Coopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, Hamburg branch, with tax advisory services for financial year 2014. 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 Risk and Audit Committee of the Supervisory Board dealt with the results of the annual custody account/Securities Trading Act audit and the deposit insurance scheme audit as well as the main areas of the audit of the annual financial statements 2013, the status of the tax audit and the status of the audit of the consolidated financial statements/group management report and the annual financial statements/management report by the German Financial Reporting Enforcement Panel.

The Presiding Committee of the Supervisory Board adopted resolutions in the reporting year by means of the written circulation procedure as well as in two extraordinary meetings on 22 August and 21 November. The topics discussed included the recommendations to the Supervisory Board regarding issues relating to the compensation for the Board of Managing Directors, including

- the stipulation of the variable compensation component for the members of the Board of Managing Directors for financial year 2012,

- the stipulation of the target amount for the variable compensation component for the members of the Board of Managing Directors for financial year 2013 and

- the stipulation of the criteria for assessing the variable compensation component for the Board of Managing Directors for financial year 2014.

Other resolutions related to the recommendations to the full Supervisory Board regarding the appointment of Dr Thorsten Reitmeyer as CEO for another five years, changes in the Board of Managing Directors and identification of individuals whose activities have a material impact on the overall risk profile of comdirect bank AG for financial year 2014 (risk takers). 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 Risk and Audit Committee.

Efficiency of Supervisory Board activities

The Supervisory Board reviews the efficiency of its activities on an annual basis, most recently at its meeting on 21 March 2013. 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.

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 2013, 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 Risk and Audit Committee on 27 March 2014 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 Risk and Audit Committee. The Risk and 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 on completion of its examination. In its meeting on 27 March 2014, 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.

The report of the Board of Managing Directors on the bank's relationship with affiliated companies was also submitted to the Supervisory Board together with the associated auditors' report. 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

Dr Christian Diekmann resigned from office with effect from the end of 30 September 2013. The Supervisory Board approved his resignation on the recommendation of the Presiding Committee and appointed Holger Hohrein as a member of the Board of Managing Directors for a period of three years with effect from 1 October 2013. In addition to extensive professional expertise, Holger Hohrein has many years of experience in the financial sector as a result of his prior role as Divisional Manager for Finance, Controlling and Risk Management amongst others. The divisions headed by Dr Diekmann were taken over by Mr Hohrein. These include Finance & Controlling, Risk Management, Business Development, Human Resources, Compliance & Money Laundering Prevention and B2B activities. We would like to thank Dr Diekmann for his many years of commitment and outstanding achievements for the comdirect group, its employees and its shareholders.

Thanks for excellent performance

We would like to thank the members of the Board of Managing Directors and all of the employees of the comdirect group for an excellent performance once again in financial year 2013. We would like to thank the staff council for their constructive cooperation at all times.

Quickborn, 27 March 2014

The Supervisory Board

Group management report

> Foundations of the comdirect group

Business model of the comdirect group

Organisational structure, segments and locations

With 1.7 million custody accounts and 19.2 million executed securities transactions (as at the end of 2013 in each case), the comdirect group is the market leader in online securities business for modern investors as well as one of the leading direct banks in Germany with more than 1 million current accounts. The group is managed on the basis of two business segments which operate independently of each other and pursue their own business model and associated tailored strategy.

As the parent company of the comdirect group, comdirect bank AG is directly responsible for direct business with private customers. Together with its five special funds, comdirect bank constitutes the business-to-customer business line (B2C). Its subsidiary ebase GmbH (European Bank for Financial Services) is in charge of business with institutional partners and their end customers (B2B business line).

The registered office of comdirect bank AG is in Quickborn near Hamburg and the registered office of ebase GmbH is in Aschheim near Munich. In addition, face-to-face local advice for the placement of building finance is offered 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 – Dr Thorsten Reitmeyer, Holger Hohrein and Martina Palte. With effect from 1 October 2013, Holger Hohrein (42) succeeded the previous CFO and HR Director, Dr Christian Diekmann (47), who resigned from office on 30 September. In addition to Finance & Controlling and Risk Management, Holger Hohrein is responsible for HR, Business Development, Compliance & Money Laundering Prevention as well as B2B activities. Since 1 October 2013, Mr Hohrein has also been Chairman of the Supervisory Board of ebase.

Responsibilities of the members of the Board of Managing Directors (at the end of 2013)

Dr Thorsten Reitmeyer Chief Executive Officer	Information Technology Marketing & Sales Product Management & Treasury Internal Audit Corporate Communications
Holger Hohrein	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 in the compensation report on pages 56 to 62.

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 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 the published documents are also available on the website.

Inclusion in the Commerzbank Group

The comdirect group is quoted on the Prime Standard (Regulated Market) and with a market capitalisation of €1.17bn (as of end 2013) is listed in the SDAX. 81.13% of the shares are held by Commerz Bankenholding Nova GmbH, a wholly-owned subsidiary of Commerzbank AG. As a result, 18.87% of the shares are in free float. Commerzbank AG provides services for comdirect bank, such as the processing of securities trading transactions as well as some payment transactions and part 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.

A detailed overview of the business relations can be found in the group notes on pages 81 to 83.

B2C business line

Products, services and business processes

In the B2C business line, the range of products and services is designed to enable customers to make better financial decisions – both with regard to financial and securities investments as well as payment transactions and financing. The offering is pooled in the brokerage, banking and advice fields of competence.

Online business activities are carried out primarily via the website and to a growing extent via mobile banking. The bank offers round the clock Customer Services for contact with customers by email, telephone, fax or letter.

In the brokerage field of competence, comdirect facilitates speedy, secure and cost-effective stock exchange and OTC 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 and to a lesser extent from interest on credit lines and overdrafts. There is also commission income from placing consumer loans.

The advice field of competence comprises Baufinanzierung PLUS and Anlageberatung PLUS as well as the provisioning products offered together with the cooperation partner CosmosDirekt. Advisory services are predominantly provided by telephone, via co-browsing or by video telephony. Face-to-face local advice on building finance is additionally available at four office locations. 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

Brokerage	Custody account offering (comdirect Depot, JuniorDepot and VL-FondsDepot) Trading platforms (OTC trading, CFD trading) Trading services Loans against securities
Banking	Current account with Visa card Investment accounts (Tagesgeld PLUS, fixed-term deposit account, time deposit account and currency investment account) Money savings plan Consumer loans
Advice	Anlageberatung PLUS Baufinanzierung PLUS Provisioning

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 custody accounts and executed orders, comdirect bank is the market leader in online securities business for modern investors in Germany. Furthermore, in terms of the number of current accounts and deposit volume, it is one of Germany's leading direct banks.

The development of the money and capital market environment is a material factor influencing the business line's performance and earnings situation. 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 demand for investment funds and price effects also influences the fund volume and consequently the level of commission on portfolio holdings. In investment advice and provisioning, the general trends in asset accumulation for private households are likewise of particular importance.

The interest margin in the deposit business is primarily affected by the movements in interest rates, spreads and ratings in the bond markets as well as the money market environment. The extent to which an adverse development can be cushioned by adjusting deposit interest rates, or a favourable development can be passed onto customers, also depends on the terms and conditions offered by our competitors. Our building finance activities are impacted by conditions in the real estate markets and 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, the intensity of competition in our market segments as well as technical aspects such as the penetration of broadband technology. The long term industry trends are positive: direct banks have gained a large number of new customers in the past few years and still possess significant growth potential, including as a result of cuts in branch bank networks and the growing use of interactive communication channels.

B2B business line (ebase)

Products, services and business processes

ebase supports the business models of its cooperation partners with a comprehensive spectrum of tailored and B2B-type banking and brokerage products and services. In the past two years in particular, ebase has made further progress in its development to become a B2B full-service bank with the expansion of its securities offering, standardised asset management and comprehensive account and lending solutions. Since July 2013, ebase has had a new name that reflects its extended portfolio of products and services. "European Bank for Fund Services GmbH" became "European Bank for Financial Services GmbH", and continues to be known as ebase for short.

Custody accounts, deposit accounts and lending products are available in partner-specific configurations and, on request, as white label variants in the branding of the respective B2B partner.

The B2B partners are subdivided into different segments.

ebase’s partner segments

Insurance companies and banks
Investment management companies
Asset managers, independent financial advisors (IFA)
Corporates (non-financials)
Banking platforms

ebase's multichannel operation provides both end customers and cooperation partners with a comprehensive service and support offering. This includes commission processing and professional data management, as well as support for the partners in marketing, sales and reporting. The online portal and ebase app are increasingly being used for communication purposes.

The earnings model of ebase primarily centres on commission from securities business which is supplemented by custody account management fees and interest income. There is also fee income from asset management.

ebase’s product range

Investment custody account	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)
Custody account	Equities, bonds, certificates, warrants
Investment accounts	Daily money account Fixed-term accounts
Loans	Overdrafts Loans against securities
Asset management	Standardised fund asset management

Market, competitive position and key influencing factors

ebase is in competition with other fund platforms and direct banks with B2B activities. In terms of custody assets 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 advisor (IFA) customer segment. Over 200 cooperation partners and their intermediaries and sales organisations use ebase as the partner for maintaining customers’ accounts and custody accounts.

Targets and strategies

The comdirect group’s strategy is geared towards growth. With its direct banking business model, it intends to achieve greater benefit from growth in online and mobile banking than its competitors and thus increase its market share.

By the end of its planning horizon in 2017, the group intends to:

- maintain its market leadership in online brokerage,
- with the aid of its current account as the central growth driver, become the main bank for significantly more customers and thus increase its market share in direct banking,
- establish itself as a leading online financial institution for investments and asset accumulation.

To achieve these objectives, three key strategic directions are being pursued in the B2C business line:

More broad-based growth: The comdirect brand is being further developed and brand awareness increased through a stronger media presence. This is aimed at convincing even more banking customers of the benefits of the range of products and services. The offering itself is also being extended.

Expansion of formats for online-savvy branch bank customers: With precisely tailored advice and guidance formats, we intend to introduce today's branch bank customers to our direct banking model and enable them to make their financial decisions themselves online. We are thus delivering an attractive alternative to the advice services presently offered by branch banks. Here we are focusing on customers with mid-range incomes and assets.

Even more performance in brokerage: comdirect provides state-of-the-art technology at attractive prices for particularly demanding traders. Through the continual further development of trading tools and platforms, with our offering we intend to be seen as the benchmark in the market.

In the B2B business line, ebase aims to position itself as Germany's leading B2B direct bank for financial intermediaries with the depth of products and services offered by a fund platform and the breadth of products and services offered by a full-service bank. Here ebase is focusing on two strategic priorities:

Growth in core business: Using the existing range of products and services, ebase intends to strengthen its market position in the target segments and gain new cooperation partners. On the product side, the focus centres on its standardised fund asset management as a white label solution. The stronger focus on legal liability issues and growing cost pressures in investment advice are opening up opportunities among small and medium-sized banks. In the insurance company segment, ebase intends to convince additional partners, primarily via its open custody account.

Establishing new business models: By further developing the range of products and services together with its partners, ebase aims to increasingly target those end customers that use online and mobile banking. Furthermore, ebase intends to develop new target segments for its white label financial services, including via start-ups with innovative business models.

Management

The Board of Managing Directors manages the comdirect group on a holistic basis, taking account of all material opportunities and risks 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.

Performance indicators

Pre-tax profit is the key performance indicator (KPI) for the group and its two segments. This is determined by the development in net interest and commission income and other income on the one hand, and in administrative expenses on the other.

Net commission income in turn depends largely on how the number of orders develop. We therefore view the number of trades in the B2C business line as a key indicator.

Other key indicators relating to business performance are:

- Assets under management in the comdirect group. These comprise both the portfolio and deposit volume. The development of assets under management depends in part on price effects which are outside the comdirect group's control. We therefore also use customer net fund inflows in the portfolio and deposit volumes as management indicators in the B2C business line.

- The number of current accounts in the B2C business line. In the past few years, the current account has been the central growth driver in the business line and the decisive indicator for growth momentum in direct banking. Moreover, the current account is the critical product for establishing and intensifying customer-bank relationships and thus the most important anchor product when it comes to the use of additional products.

KPIs

		2013	2012
comdirect group			
Pre-tax profit	€ million	80.03	93.54
Assets under management	€ billion	55.05	48.85
B2C business line			
Pre-tax profit	€ million	69.68	84.29
Assets under management	€ billion	31.89	27.91
Net fund inflows	€ billion	2.1	1.9
Number of current accounts		1,043,192	901,419
Number of trades		9,989,086	8,472,017
Net Promoter Score (NPS)		48	39
Unaided brand awareness	in %	3.1	3.2
B2B business line			
Pre-tax profit	€ million	10.35	9.25
Assets under management	€ billion	23.16	20.95

In addition to the financial indicators and their key influencing variables, growth in the value of the company is also affected by non-financial performance indicators. They reflect comdirect's relationship with its customers and institutional partners as well as its appeal for shareholders (see capital market relations page 35).

The net promoter score (NPS) and unaided brand awareness are key performance indicators. The NPS measures the willingness of customers to recommend comdirect to friends and acquaintances and is thus a key indicator of customer satisfaction and loyalty in the B2C business line. It is based on customer feedback, which is obtained on a voluntary basis at the end of phone calls with customers, and corresponds to the proportion of customers who would actively recommend comdirect bank's Customer Services (promoters), minus the "detractors" who are unlikely to make a recommendation.

Unaided brand awareness is surveyed on a monthly basis by means of a representative multi-client study conducted by TNS, which comprises 2,000 interviews and also relates to the B2C business line. It corresponds to the share of respondents who spontaneously and without being prompted name comdirect bank as an online banking provider as a proportion of the population as a whole (aged 14 years and over).

> Market and economic review

Macroeconomic framework conditions

Economic environment

The global economy grew more slowly than expected in 2013. This was due in particular to decreased momentum in the major emerging economies. In contrast, growth picked up somewhat in the advanced economies, although the USA fell short of its potential because of the fiscal dispute. The eurozone achieved flat growth over the year, thanks to the moderate improvement in the economic situation in peripheral countries on the one hand, and ongoing robust development in Germany on the other.

Disposable income in Germany was up by 1.0% year-on-year, while the savings ratio declined slightly. Historically low deposit interest rates led once more to greater investment in real assets, including property, and prices here increased again substantially in major conurbations.

Framework conditions for brokerage

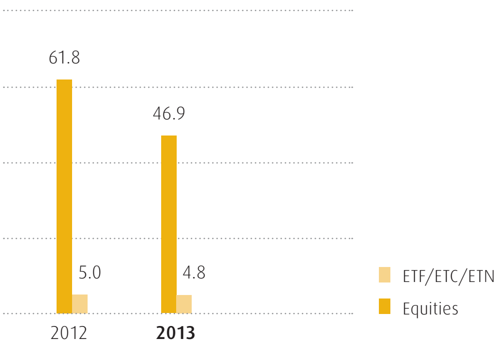
Although at 9,552 points the DAX was up 25.5% on the end of 2012 and hit an all-time high in December, trading activities on the German stock exchanges overall did not match the previous year's level. Although in terms of value, the volume of trading in the German spot market (XETRA, Frankfurt and Tradegate) was on a par with the previous year, the number of orders for equities declined by 22.4% and orders for exchange traded index funds (ETF) including exchange traded commodities (ETC) and exchange traded notes (ETN) were down by 3.5%.

Nevertheless, the downturn in trading activity on the stock exchanges does not necessarily reflect the behaviour of private investors, but was heavily influenced by the restraint exercised by institutional investors. This group seemed distinctly wary of the positive development in the DAX in the second half of the year in particular.

In derivatives trading (Euwax and Frankfurt stock market), stock exchange turnover was down 4.8% on the figure for 2012. The decrease in leveraged certificates (7.4%) was bigger than in investment certificates (3.1%).

The retail funds included in the statistics of the Bundesverband Investment und Asset Management e.V. (BVI) posted inflows of €14.4bn in the first eleven months of 2013 (previous year: €20.7bn). Bond funds and mixed funds were particularly popular with investors, as were open-ended property funds. Equity funds recorded net outflows, which at €5.7bn were almost as high as in the previous year.

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



Source: Deutsche Börse AG

* XETRA and Frankfurt Stock exchange

DAX development from 28.12.2012 to 30.12.2013
(in points)

Source: Bloomberg

The ebase fund barometer, which is published four times a year and illustrates the trading volume of over 50 thousand fund advisers, showed a significant gain in the first half of the year: rising prices prompted an upswing in fund trading and reallocations within numerous custody accounts. In the second half of the year, the trend towards share-based strategies was overshadowed by profit-taking. The proportion of mixed funds and ETFs in end customer custody accounts increased, while unit redemptions predominated for funds of funds and money market funds. Interest in open-ended property funds also waned significantly, after the implementation of the EU Directive on Alternative Investment Fund Managers (AIFM-UmsG) in July led to stricter terms and conditions for the redemption of units.

Demand for private provisioning products (Riester pensions) remained low again in 2013. The Federal Ministry of Labour and Social Affairs recorded an increase in the number of contracts of 0.7% in the first nine months of the year, primarily as a result of the "Eigenheimrente" pension provisioning scheme. There was only a marginal change in the number of insurance, bank saving and fund contracts.

Framework conditions for banking

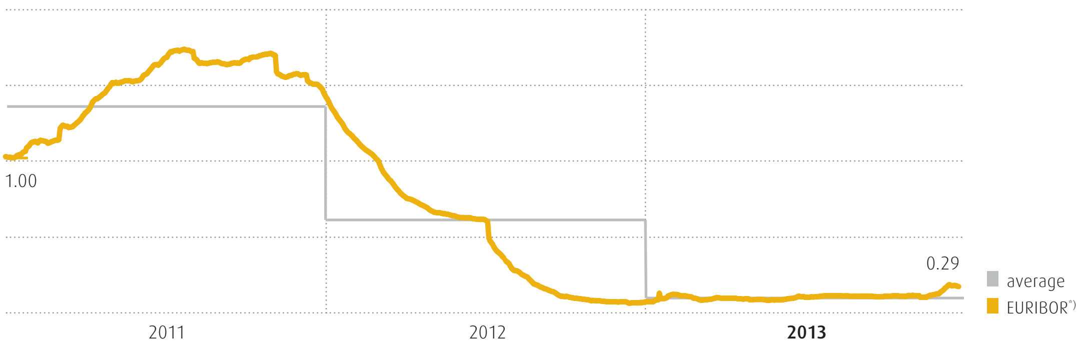
The central banks in Europe and the USA retained their expansive money market policy in spite of the small economic recovery in both regions. The European Central Bank (ECB) cut its main lending rate in May and November 2013 by 25 basis points each time to the record low of 0.25%, and as in previous years continued to provide an almost unlimited supply of liquidity.

Three-month EURIBOR, which is the decisive rate for some of our investments, reached new lows as a result of the expansive monetary policy. At 0.22% on average for the year, the rate was 35 basis points below the respective figure for 2012 (0.57%).

The bond markets were characterised by temporarily higher volatilities on the interest rate side and spread tightening. Risk premiums on bonds from peripheral euro countries reduced again during the course of the year, while top-rated paper, such as German government bonds, posted modest rises in yields.

comdirect's Treasury portfolio, which focuses on low probabilities of default, saw declining yields on average for the year. This is particularly due to the reinvestment of maturing securities at substantially lower interest rates and spread levels. Development of the spread component with regard to Commerzbank AG, our biggest counterparty by far, was largely stable. On the whole, margins in the deposit business remained under pressure due to market developments, even though interest rates for customers were also adjusted downwards.

Three-month EURIBOR 2011 – 2013
(in %)



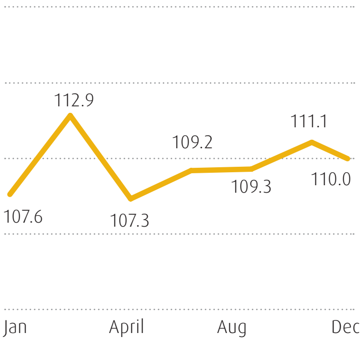
Source: EURIBOR EBF

* Three-month money

Framework conditions for advice

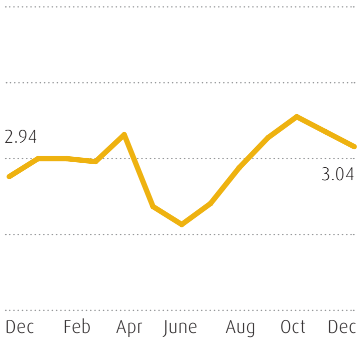
Favourable interest rate levels meant that demand for home financing remained strong despite the rise in property prices. The volume of loans for residential property construction increased by 2.9% in 2013. comdirect's Building Finance Sentiment Index, which is calculated in conjunction with opinion research institute Forsa, stayed considerably above 100 throughout the entire year and stood at 110.0 points at the year-end. Consequently, it indicated a high level of willingness to take out building finance loans.

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



Source: comdirect bank

Ten-year mortgage interest rates (December 2012 – December 2013)
(in %)



Source: Deutsche Bundesbank

Industry framework conditions

The market for online banking and brokerage recorded only marginal growth in the past year. According to the Eurostat survey, 47% of Germans (population aged between 17 and 74) had an online account – slightly more than in the previous year (45%). At the same time, the already fierce competition in the online banking market intensified again and is showing significant signs of cut-throat competition. In the long term however, there is considerable growth potential: when it comes to online banking, Germany still lags far behind other Northern European countries, some of which boast usage rates of over 80%.

As before, security concerns regarding online banking remain pronounced in Germany. According to a representative survey by the Association of German Banks in June 2013, only 46% of Germans (previous year: 43%) considered online banking to be secure. A poll by the Federal Association for Information Technology, Telecommunications and New Media (Bitkom) revealed in August 2013 that 30% do not carry out any internet banking at all for fear of fraud (previous year: 25%).

Within online banking, the mobile channel remains the most important growth market. According to a study by Initiative D21, 37% of people living in Germany had a smartphone in 2013 (previous year: 24%) and 13% owned a tablet (previous year: 5%). A survey by Bain & Company found that the number of mobile banking users in Germany had doubled in the past year.

The industry environment for B2B platforms and direct banks continued to be characterised by cut-throat competition for customers and assets.

In the IFA customer segment, changes in regulatory framework conditions (see below) led to consolidation in the market, which has affected the business activities of ebase's partners. The focus for these partners in 2013 was on obtaining a licence in accordance with Section 34 et seq. of the Trade Regulation (GewO) and the associated requisite training and administrative measures, with the result that interest in newly launched products, such as the ebase Managed Depot custody account or the open custody account, did not pick up until the second half of the year.

In view of low interest rate levels, the trend among customers in the insurance company segment reflected stronger demand again for fund-based products and individual portfolio solutions, which as a fund platform and specialist for partner-specific products, ebase is able to exploit.

Regulatory environment

With our range of products and services, we are active in highly regulated markets. The Federal Financial Supervisory Authority (BaFin) and the Deutsche Bundesbank are presently responsible for banking supervision in Germany. For selected banks, supervision will in future be carried out at European level by the ECB. The core topics under supervisory regulation 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 the extended documentation requirements for advisory services.

comdirect implemented the relevant issues relating to the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD IV), which come into force on 1 January 2014, in good time. Essentially, CRD IV and CRR contain stricter requirements for solvency and liquidity as well as specific reporting obligations.

One of the greatest challenges in 2013 comprised the preparations to switch over to the uniform euro payment procedure SEPA (Single Euro Payments Area), which started on 1 February 2014 and is definitively introduced with a transition period ending on 1 August. We have informed our customers of the relevant changes in detail, including via a series of webinars.

Other additional charges were also incurred through the implementation of the FATCA agreement (FATCA – Foreign Account Tax Compliance Act), which obliges financial institutions to disclose information about their US customers to the tax authorities. The first FATCA reports are due latest by 30 September 2014.

Tighter regulations also apply to intermediaries for financial investment products – an important target group for ebase. The new business licence under Section 34 et seq. of the Trade Regulation (GewO) came into force on 1 July 2013. Since this date, among other requirements, financial intermediaries for investment funds, closed-end funds or other assets must demonstrate to the competent Trade Office that they are sufficiently knowledgeable. The Investment Tax Act (InvStG) was aligned with the changes in investment law through the AIFM Tax Amendment Act (AIFM-StAnpG) announced at the end of 2013. Among other aspects, this provides for fiscal product regulation that is independent of supervisory legislation.

Another planned regulation that may affect the comdirect group is the intention to introduce a common financial transaction tax. This is likely to cover a wide range of financial instruments. However, the details and start date for the levy are still to determined.

Business performance and earnings situation at the comdirect group

Impact of new accounting standards

Various changes regarding the accounting treatment of pensions have resulted from the first-time application of the amended IAS 19 regulation. The relevant previous year's figures have been adjusted. Further information can be found in the Notes (see note (2) starting on page 71).

Overall assessment of the economic situation

The comdirect group achieved its growth targets and also performed well in terms of earnings in what was a challenging market environment as expected in financial year 2013.

In the B2C business line, the rise in the number of customers fulfilled expectations. In spite of persistently low interest rates, the desired growth in deposits was attained, with strong growth also registered in the number of current and investment accounts. The further enhancement of the product and service offering for a broad target group, for example through the photoTAN and Personal Financial Manager (PFM), also progressed to schedule. In brokerage, there was a pleasing rise in the number of trades compared with the previous year. New features such as the CFD app support our positioning as Germany's performance broker. Another very positive factor is that the increase in the deposit and portfolio volume was significantly attributable to net fund inflows from customers.

In the B2B business line, the range of products and services was extended to include the open custody account. Sales focused on the ebase Managed Depot custody account, but demand here still fell short of expectations since financial advisers were heavily preoccupied with regulatory-related changes. The slight drop in the number of customers did not impact ebase's earnings, as growth in customer and custody account numbers at ebase occurs in principle through the connection of new partners rather than in existing business. Assets under management increased through moderate fund inflows from institutional customers and corporates (fund-backed company pensions) as well as positive price effects.

The development in earnings considerably outperformed the original forecasts and comfortably reached the profit target, which had been revised upwards in October. This was essentially due to three factors. Firstly, the decline in net interest income was limited by adjusting interest rates for customers. Secondly, net commission income was substantially higher than in the previous year, primarily as a result of the increased number of trades. And thirdly, the budget had included an even sharper rise in administrative expenses. Here, we decided against further intensifying our marketing activities in the second and third quarters in particular, in order to maximise the impact of the resources employed.

Business performance

Number of customers and customer satisfaction

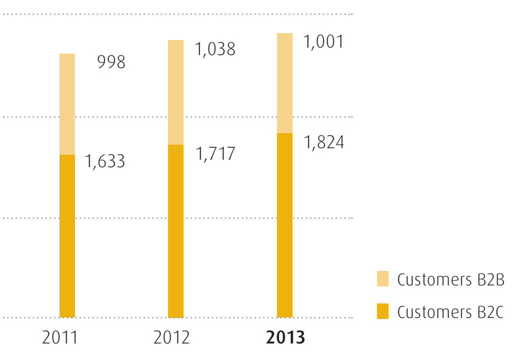
The comdirect group continued the growth trend of the previous year and increased the number of customers by 69.8 thousand to 2,825.1 thousand in 2013. With a total of 1,043.2 thousand current accounts (previous year: 901.4 thousand current accounts) at the end of 2013, the comdirect group remains one of the leading direct banks in Germany.

The B2C business line gained 106.8 thousand customers year-on-year, thus considerably surpassing the figure for the previous year (84.3 thousand). At the end of the year, as many as 1,823.6 thousand customers were using the products and services offered by the bank (end 2012: 1,716.8 thousand customers). A large proportion of new customers came to comdirect via the current account with satisfaction guarantee. The high level of customer satisfaction contributed significantly to customer growth (see non-finanical performance indicators, page 33) in terms of the total number of customers, the number of cancellations was at a record low.

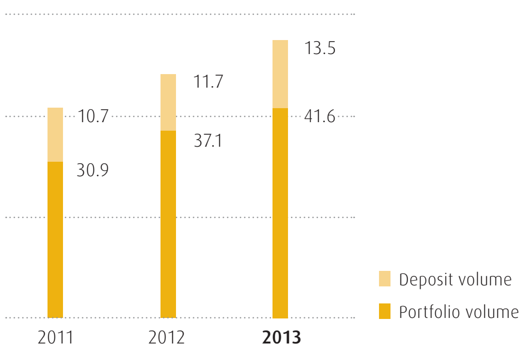
The total number of custody accounts, current accounts and Tagesgeld PLUS (daily money PLUS) accounts in the B2C business line was up by 9.6%, with the increase once again stronger than in the number of customers (6.2%). As a result, the number of products per customer was on average higher than a year ago. As in 2012, around one in four customers used comdirect as their main or even only bank. At the end of 2013, 57.2% of B2C customers had a current account and 80.1% a Tagesgeld PLUS account. At 12.1, order activity per custody account topped the respective figure for 2012 (10.7).

In the B2B business line, the number of customers decreased by 37.0 thousand to 1,001.5 thousand. On the one hand, this was due to the cancellation of custody accounts for capital-building payments (VL) following expiry of the corresponding VL contracts. On the other, as in previous years there was the typical downturn in the number of custody accounts holdings taken over from investment companies in earlier years. However, this natural churn in the partner custody accounts has only a minor impact on earnings at ebase. The number of ebase custody accounts and non-custody account customers remained virtually constant.

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)



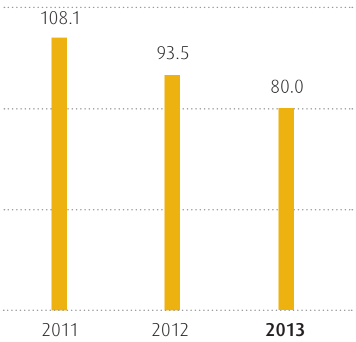
The 12.7% increase in assets under management in the comdirect group to €55.05bn (previous year: €48.85bn) stemmed from price effects, as well as net investments by customers which totalled €2.12bn in the B2C business line. The portfolio volume advanced to €41.58bn (previous year: €37.13bn). As in the previous year, it is attributable to 1.70 million custody accounts. Growth in the deposit volume of 14.9% to €13.47bn (end 2012: €11.72bn) results from the increased number of customers and accounts in the B2C business line.

Earnings situation

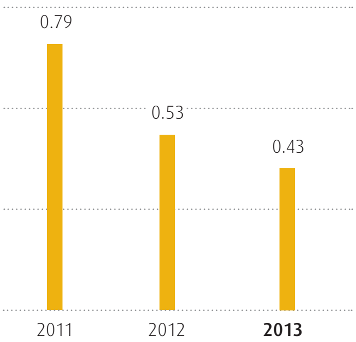
The comdirect group surpassed the profit target, which it had raised to €75m in October 2013, by 6.7% with pre-tax profit of €80.0m. The decline of 14.4% versus the respective figure for 2012 (€93.5m) was mainly due to higher administrative expenses, which largely reflect the growth initiatives of the comdirect group. The previous year's figure also included an exceptional effect of €4.9m resulting from a positive ruling in tax appeal proceedings.

The decrease in net interest income owing to low market interest rates was more than compensated by the upturn in net commission income, as well as the improved result from financial investments stemming from non-recurring effects in the first quarter. Overall, income was up by 2.2% at €341.3m. The cost/income ratio rose from 70.7% in the previous year to 76.1%. The return on equity (before tax) stands at 15.1% (previous year: 17.5%).

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



Earnings after tax per share
(in €)



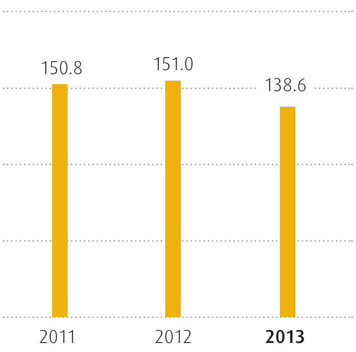
Of the total income, €148.2m (previous year: €154.7m), or 43.4% (previous year: 46.3%), was attributable to the income relating to deposit business and Treasury portfolio management: net interest income, result from financial investments, trading result and result from hedge accounting. These earnings components are viewed on a holistic basis, as market interest rate developments can sometimes trigger opposing movements.

Income taxes amounted to €19.5m. This equates to a tax rate of 24.4%. The previous year's figure (20.6%) reflected the impact of a tax refund.

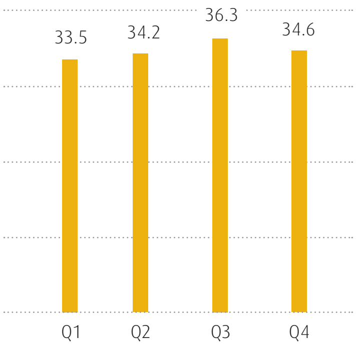
Consolidated net profit of €60.5m (previous year: €74.3m) corresponds to earnings per share of €0.43 (previous year: €0.53).

The comprehensive income of the comdirect group of €28.0m (previous year: €115.1m) also includes the change in the revaluation reserves (see note (54) page 101).

Net interest income before provisions for possible loan losses
(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 15 May 2014 that the distributable profit of comdirect bank AG calculated in accordance with the German Commercial Code (HGB) of €50.8m be used for a dividend of €0.36 per share (previous year: €0.44). Based on the comdirect group's consolidated net profit in accordance with IFRS, this results in a transfer to retained earnings of €9.7m.

Net interest income and provisions for possible loan losses
At €138.6m, net interest income before provisions for possible loan losses failed to match the previous year's level (€151.0m). The adjustment of deposit interest rates for daily money and fixed-term deposits during the course of the year was not enough to fully offset the development in money market interest rates and bond yields, and the interest margin fell as a result. In contrast, net interest income was positively affected by higher deposit volumes on average for the year.

Of the interest income amounting to €214.8m (previous year: €263.9m), 68.3% (previous year: 62.5%) was attributable to income from lending and money market transactions, with 31.0% (previous year: 37.0%) attributable to fixed-income and variable yield securities (available for sale). Interest expenses decreased to €76.2m (previous year: €112.9m).

At €–1.4m, provisions were at a low level. The previous year's figure of €–4.4m was dominated by additional provisions for credit risks following the change in the Visa card from a debit card to a credit card with weekly debiting. After provisions, net interest income for the comdirect group stands at €137.2m (previous year: €146.6m).

Result from financial investments
The increased result from financial investments of €9.2m (previous year: €3.7m) was essentially due to the disposal of securities on the part of the special funds in the first quarter. As a result, the investment strategy for these special funds, which are used in the Treasury department, was adjusted in line with the changed market conditions. Following completion of this reallocation, the financial result normalised again in the subsequent quarters. At €–0.3m, charges for impairments were lower than the previous year's figure year (€–0.6m). Losses on disposals were immaterial at €–0.4m.

Result from hedge accounting and trading result
At year-end 2013, comdirect held interest rate swaps with a nominal volume totalling €73m (previous year: €118m) to hedge interest rate-related changes in the market value of several bonds with the same volume and same maturity. In addition, especially forward rate agreements are used to manage the interest book. Their nominal volume amounted to €650m as of the reporting date (previous year: €0m).

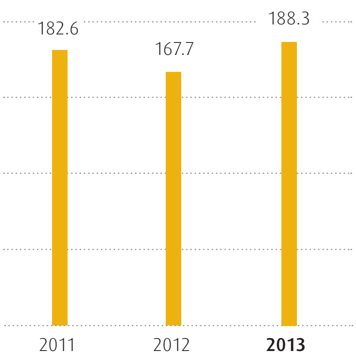
As a consequence of the above, the result from hedge accounting to be disclosed for the reporting period amounted to €9 thousand (previous year: €–8 thousand) and the trading result to €278 thousand (previous year: €0 thousand).

Net commission income

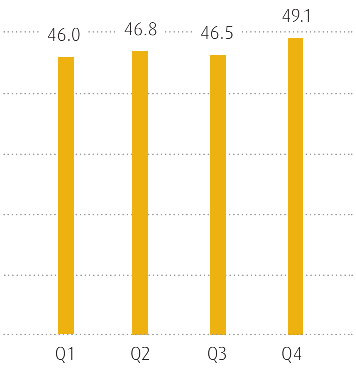
Net commission income of €188.3m was significantly higher than the previous year's figure (€167.7m). The sharp rise of 12.3% results in particular from an upturn in the number of trades in the B2C business line. Net commission income from the securities business climbed to €167.8m (previous year: €148.2m). Increased sales follow-up commission in the funds business due to the higher average fund volume additionally had a positive impact. The previous year's figure was increased retrospectively by €1.3m due to a change in methodology (see note (2) starting on page 71).

Net commission income from payment transactions increased by 20.7% to €12.0m (previous year: €9.9m). This is due to the increased number of current accounts and the fees associated with payment transactions as well as card income. The advisory business contributed net commission income of €8.6m, marginally below the level in the previous year.

Net commission income
(in € million)



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



Other operating result

By comparison with the previous year, the other operating result of €4.8m (previous year: €11.5m) comprises lower income from the reversal of some provisions and accruals. Moreover, the higher figure for the previous year included positive income contributions from tax issues as well as a one-off payment from Commerz Direktservice GmbH relating to the premature termination of the service agreement.

Administrative expenses

The rise in administrative expenses of 10.2% to €259.9m (previous year: €235.9) reflects the comdirect group's growth expenses. For the expansion of our range of products and services as well as to handle the growing number of customer contacts, we recruited new staff in Customer Services and IT in particular. Expenses were also increased by salary adjustments and higher deferrals for performance-related compensation components as well as higher social security contributions. Overall, personnel expenses were up 7.7% at €73.4m (previous year: €68.2m).

Among other factors, the 10.8% rise in other administrative expenses to €168.7m (previous year: €152.2m) was attributable to the 5.9% increase in marketing expenses. Expenses for communications were up as well, especially due to the reassessment of price data acquired in previous years. Expenses for external services and sundry administrative expenses also exceeded the previous year's figures. This stems largely from implementing growth projects and new regulatory requirements.

The 14.9% increase in depreciation to €17.8m (previous year: €15.5m) is due in particular to the extension and modernisation of IT infrastructure, expansion of server capacity and the acquisition of software in prior reporting periods and reflects the bank's growth course.

B2C business line

Business development in brokerage

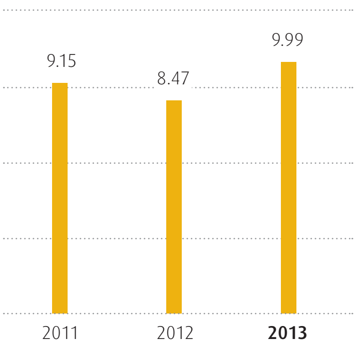
Securities trading

Trading by private investors was considerably more active in 2013 than in the previous year. The comdirect Brokerage Index, which is calculated monthly, shows that many customers invested in equities in the first quarter and took profits in autumn. Demand for options and certificates was very strong throughout the year, while selling continued to predominate for funds and bonds. At 9.99 million in total, the number of orders executed via comdirect, which we view as a key performance indicator, was up 17.9% on the previous year (8.47 million). Of these trades, 45% (previous year: 46%) were carried out via our OTC trading platform (LiveTrading). CFD trading accounted for around 20% of the total number of trades (previous year: 18%).

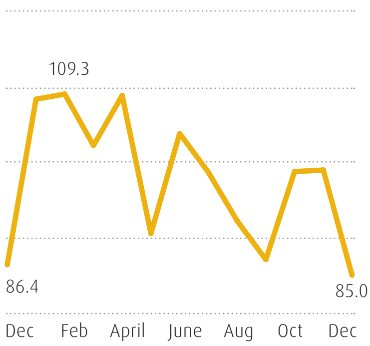
Securities turnover in the B2C business line (excluding CFDs but including securities savings plans) stood at €46.04bn (previous year: €33.21bn). This produces an average order volume of €5,759 (previous year: €4,759).

Campaigns offering particularly attractive terms and conditions for traders contributed to this especially active level of trading. For instance, warrants and certificates could be traded throughout the year at a fixed price in OTC trading regardless of the order volume. The ETF offensive featuring favourable terms and conditions for 50 special offer ETFs also ran all year. In addition, we paid a custody account transfer bonus for fund units. Our free CFD app has been available since September and facilitates access to all of the functions available on comdirect's CFD platform. The offering was flanked by an activity-linked bonus. For newly opened CFD accounts, cash bonuses based on the level of trading activity were offered up until the end of the year. In addition, currency trading was significantly extended. For the first time, non-euro pairs, such as GBP-USD or USD-JPY, can now be traded as well.

Executed orders B2C
(in million)



Brokerage Index (December 2012 – December 2013)
(in points)



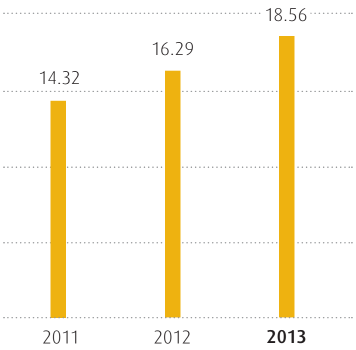
Portfolio volume

At the year-end, portfolio assets totalled €18.56bn, a rise of 14.0% on the volume at the end of 2012 (€16.29bn). The increase stemmed primarily from price effects and, to a small extent (€0.4m), from net investments by customers.

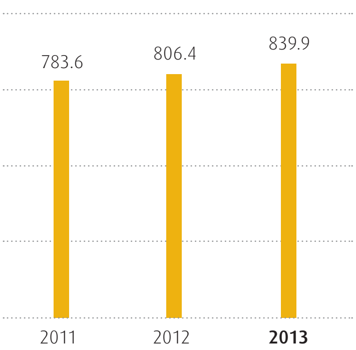
Net investments include regular payments into securities savings plans which are not taken into account in the comdirect Brokerage Index. The transfer of investment fund units to comdirect custody accounts had a minor impact.

At the year-end, the portfolio volume was attributable to 839.9 thousand (previous year: 806.4 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

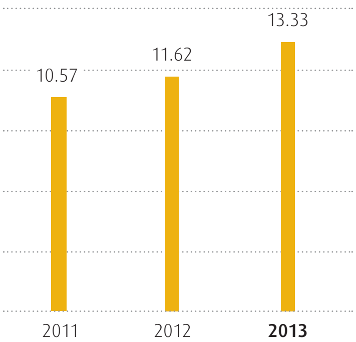
As the "Beste Bank" (€uro magazine, issue 5/2013) with high satisfaction scores, a wide range of products and services and excellent service quality, comdirect was able to benefit from the dynamic market environment for direct and mobile banking and sustain the growth trend in its deposit business.

Compared with the end of 2012 (901.4 thousand), the number of current accounts, which we view as a key performance indicator, rose by 141.8 thousand to 1,043.2 thousand. The number of Tagesgeld PLUS accounts, usually opened in conjunction with the current account, also increased to 1,461.5 thousand (end 2012: 1,344.9 thousand).

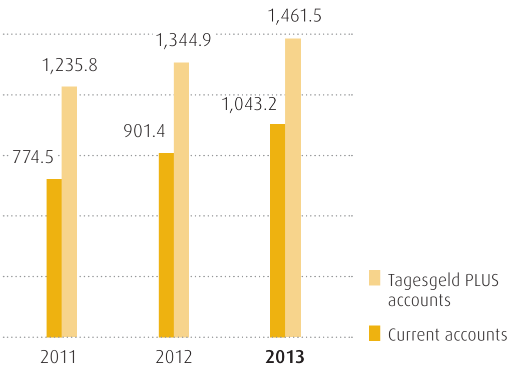
As a result of this successful new business, the deposit volume increased by 14.7% compared with the end of 2012 (€11.62bn) to €13.33bn, despite the adjustment in interest rates. Much of this growth was attributable to the current account.

We continued to invest in the current account during the reporting year, in order to enhance its appeal and address the broadest possible target group in line with our growth strategy. We are the first bank in Germany to offer our customers a Personal Financial Manager (PFM) that automatically allocates their income and expenditure to different categories and facilitates individual budget planning. Moreover, online banking with comdirect has been made even more secure with the introduction of the photoTAN procedure, and even easier with the optimised comdirect mobile app. Furthermore, to bolster confidence in the security of our offering, with the "You're safe with us promise" ("Bei-uns-sind-Sie-sicher-Versprechen") since the end of 2013 comdirect has officially assumed full responsibility for all losses in online banking incurred for example through phishing, hacking, data theft or cyber criminality, except for those caused by intent or gross negligence. The deductible for customers proposed by law of €150 is not applied.

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



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



Despite the unfavourable interest rate environment, net funds inflows for fixed-term deposits were balanced. There was a modest increase in the deposit volume in fixed-term deposit accounts (maturity 1 to 3 months), while development in time deposit accounts declined slightly across all terms from 4 to 120 months. The volume of money in settlement accounts increased again.

At the year-end, 92.6% (previous year: 91.4%) 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 31).

Lending business

The volume of utilisation of loans against securities and draws on overdraft facilities by our private customers was down by 8.1% on year-end 2012 (€173m) at €159m.

The volume of loans against securities decreased by €16.6m due to somewhat lower utilisation of settlement accounts for securities investments. In contrast, the volume of overdrafts exceeded the figure at year-end 2012 by 19.4% as a result of growth in the number of current accounts.

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 ensured strong demand for our Baufinanzierung PLUS advice service throughout the reporting year. On average, the Building Finance Sentiment Index surpassed the previous year's levels. At €509m, the volume of building finance placed was higher than the figure for the previous year (€443m).

The online live advice service by video telephony continued to be well received by our customers. In addition, 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. comdirect works with more than 250 financing partners and thus guarantees a high level of market coverage.

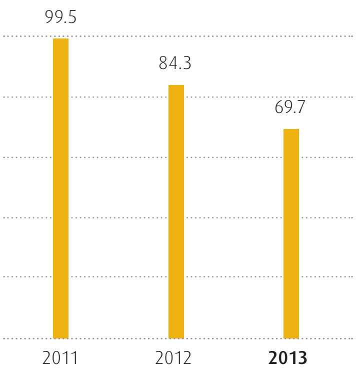
At the end of the year, our Anlageberatung PLUS investment advice service was being used by around 2,660 customers (end 2012: around 2,160 customers). Assets under advice totalled €227m.

Earnings situation in the B2C business line

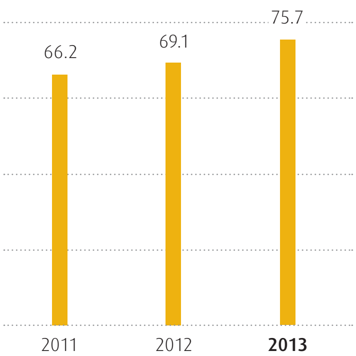
With pre-tax profit of €69.7m, the B2C business line achieved a sound result. As expected, this did not match the previous year's level (€84.3m), mainly owing to the investment in growth which led to higher administrative expenses. The cost/income ratio of the segment increased from 69.1% to 75.7%.

The earnings components related to the comdirect group's deposit business – net interest income, result from financial investments, trading result 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 22).

Pre-tax profit B2C
(in € million)



Cost/income ratio B2C
(in %)



Net commission income climbed by 14.5% to €139.3m (previous year: €121.6m) as a result of the increased number of trades and sales follow-up commission in funds business as well as growing revenue from payment transactions.

Administrative expenses amounted to €221.0m and exceeded the figure for the previous year (€198.5m) by 11.3%. At €3.8m, the other operating result was down on the respective figure for 2012 (€10.7m) which was influenced by extraordinary effects. The previous year's figure included interest income of €4.9m from a tax refund, as well as extraordinary income resulting from the termination of a service agreement with Commerz Direktservice GmbH.

B2B business line

Business development

The B2B direct bank ebase expanded its portfolio of products and services in the reporting year and made decisive progress in its development from fund platform to broad-based financial services provider.

Since 1 April for example, end customers of the B2B partners have been able to trade and hold all of the main types of securities, such as equities, bonds, certificates and warrants, in the new open custody account. Previously the range of securities was limited to investment funds and ETFs.

ebase is meeting the trend towards standardised and liability-reducing products that has emerged in response to the increasingly stringent regulatory framework conditions with its ebase Managed Depot custody account. This has been marketed since January 2013 and was showcased at a roadshow in five cities in October. Numerous training events were additionally held via the internet (webinars). The standardised asset management service features especially good terms and conditions, as well as differentiated investment strategies from the networked asset managers (sub-advisers).

As part of a strategic partnership with the PENSION.INVESTPLUS network, ebase also offers complete solutions for company pension schemes – from analysis and design through to balance sheet structuring and preparation of asset/liability studies, combined with the professional reinsurance of pension benefits and individual asset management.

To cultivate customer segments outside the financial sector as well, in the reporting year ebase developed a technical platform for the management of profit-sharing rights and is providing support to a retail company in respect of its capital raising activities in an initial project.

New offerings were also added in core business activities with funds. The mini-savings plan launched in October met with particularly strong demand in the IFA segment, and facilitates fund-based savings from savings rates of €10, making it unique in the market to date.

In addition, the online platform for fund selection was expanded to include seven sustainability criteria. Customers can now select funds on a targeted basis and choose those that are involved to a great degree in projects with a social or environmental focus, for example in accordance with the Global Compact guidelines of the United Nations. Furthermore, it only takes a few clicks to exclude specific investments where the investment strategy runs counter to the investor's own convictions.

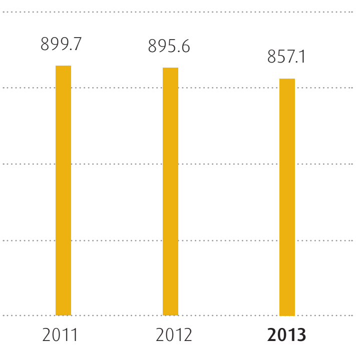
The number of customers at ebase fell by 37.0 thousand to 1,001.5 thousand. The cancellations primarily affected custody accounts for capital-building payments and other expiring savings plans, as well as portfolio holdings, which had been taken over via migration and are subject to a natural downturn.

Custody accounts and portfolio volume

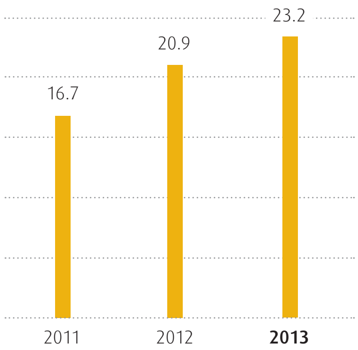
At the end of 2013, ebase maintained 857.1 thousand custody accounts (previous year: 895.6 thousand). The assets managed by ebase increased to €23.02bn (previous year: €20.85bn) as a result of price effects and moderate net fund inflows. The average portfolio volume was up by 15.4% to €26.9 thousand (previous year: €23.3 thousand).

Weak sales in investment funds continued to apply in the customer segment comprising IFAs, asset managers and "liability umbrellas"; the number of end customers fell slightly here, while assets under management increased due to moderate inflows as well as positive price effects. The funds volume attributable to custody accounts for company pensions (bAV) climbed by 6.9% to €1.55bn (end 2012: €1.45bn) over the course of the year.

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, around 85% of the custody accounts and account products were offered in a partner-specific configuration; the proportion is therefore on a par with the previous year.

Accounts and deposit volume

At €140m, the deposit volume was higher than at the end of 2012 (€97m). Most of the deposit volume (€113m) was attributable to the settlement accounts linked with the custody account (Flex account). At the moment, these accounts are still primarily being used for buying and selling transactions in securities business, but are also available to accept inflows from expiring insurance policies and as a fully fledged online-type account for payment transactions. In November, the number of settlement accounts exceeded the 100,000 mark for the first time.

Earnings situation in the B2B business line

At €10.3m, pre-tax profit in the B2B business line surpassed the figure for the previous year (€9.3m) by 11.8%.

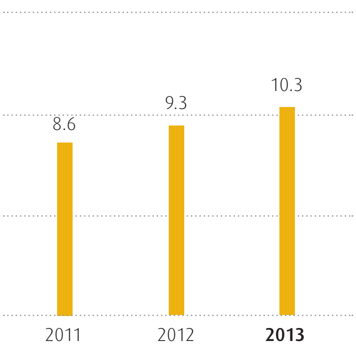
Earnings rose to €49.4m (previous year: €46.9m), while at €39.1m (previous year: €37.6m) the increase in administrative expenses was disproportionately low. The cost/income ratio improved to 79.0% (previous year: 80.3%).

Net commission income climbed by 6.6% to €49.1m (previous year: €46.1m), essentially due to the 10.4% rise in funds volume and resultant sales follow-up commission. Original net interest income from investments declined to €391 thousand (previous year: €666 thousand) because of lower interest rates. As of the first quarter of 2013, interest effects from pension provisions are reported in interest expenses, and net interest income was consequently slightly negative.

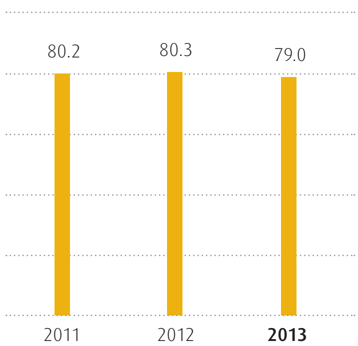
The rise in administrative expenses was mainly attributable to the increase in personnel expenses from €16.5m to €17.0m and higher depreciation on investments in new products in the previous year. Investments in the course of implementing regulatory issues additionally had an impact.

Among other factors, the other operating result of €1.2m (previous year: €1.0m) stemmed from the reversal of unutilised provisions and accruals as well as extraordinary income from linked partners.

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 and interest rate risk in particular (see pages 45 and 47). 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.

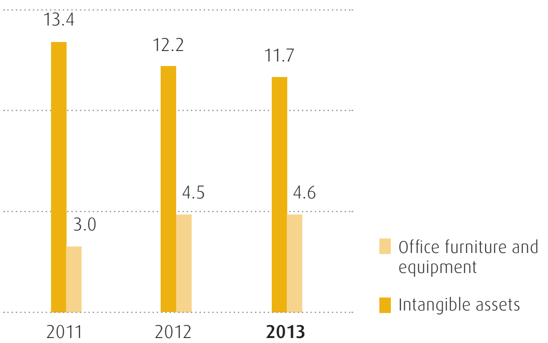
The use of derivative financial instruments is restricted to the hedging of interest rate risks from bonds and interest book management in the Treasury portfolio. As of 31 December 2013, the nominal volume of these derivatives amounted to €83m (end 2012: €118m).

No investments were made in the troubled countries in the eurozone in 2013. All of the existing positions, which relate exclusively to Spain and Portugal, were continually and closely watched as part of our intensive monitoring, and if necessary are sold before final maturity when market opportunities arise. At year-end 2013, these Treasury positions amounted to €11.5m (end 2012: €11.5m).

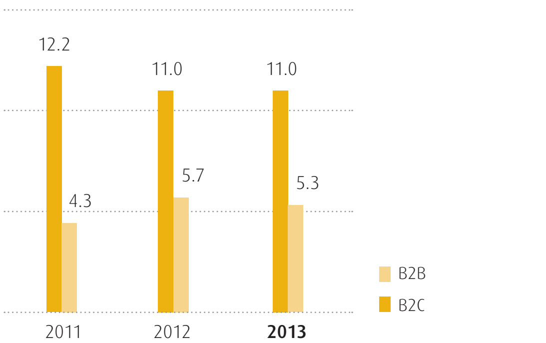
Investments

comdirect's growth course is reflected in the sustained high level of investments as well. At €16.3m, these were virtually unchanged on the previous year (€16.7m). The balance sheet additions in the B2C business line of €11.0m (previous year: €11.0m) are primarily due to the purchase and further development of software and the acquisition of hardware. In the B2B business line, the investment volume dipped slightly to €5.3m (previous year: €5.7m).

Investments
(in € million)



Investments by business lines
(in € million)



Intangible assets accounted for €11.7m of the investment volume (previous year: €12.2m). During the reporting year, we used €6.6m (previous year: €4.9m) for the acquisition of software, while €5.1m was attributable to the capitalisation of internally generated software (previous year: €7.3m). Taking account of depreciation on intangible assets, the net investment volume stood at €−1.4m (previous year: €1.2m).

Fixed asset investments of €4.6m (previous year: €4.5m) include server, other networking devices and PCs. As in the previous years net investments for fixed assets were essentially balanced. There are no material subsequent financial obligations under current investment projects for future financial years.

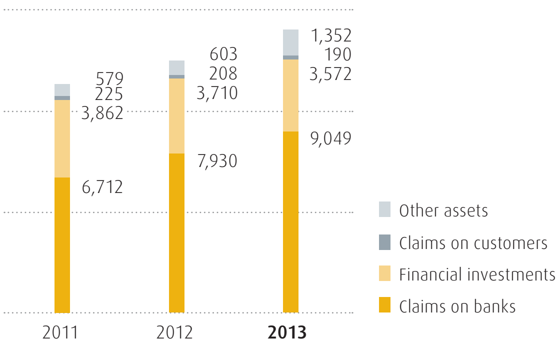
Balance sheet structure of the comdirect group

The rise in the deposit volume increased the consolidated balance sheet total to €14.16bn (end 2012: €12.45bn). Liabilities to customers accounted for 95.2% of the consolidated balance sheet total (previous year: 94.3%).

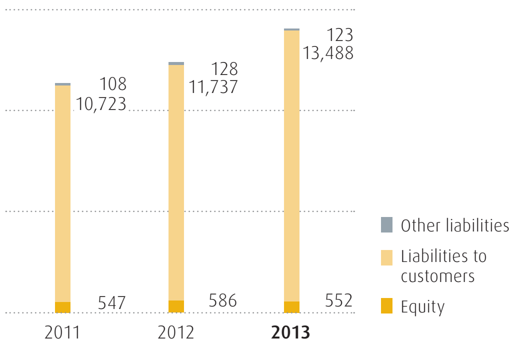
Assets

At €9.05bn, the volume of claims on banks, which essentially relate to promissory notes and fixed-term deposits, was up 14.1% on the end of 2012 (€7.93bn).

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

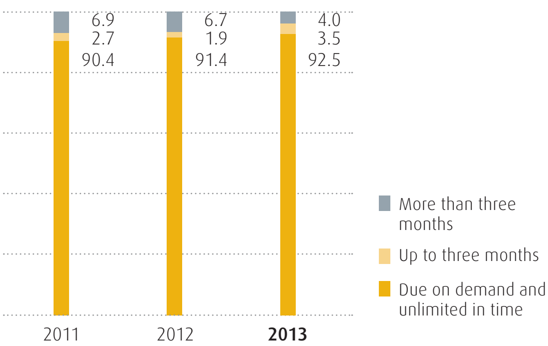


Structure of consolidated balance sheet – LIABILITIES
(in € million)

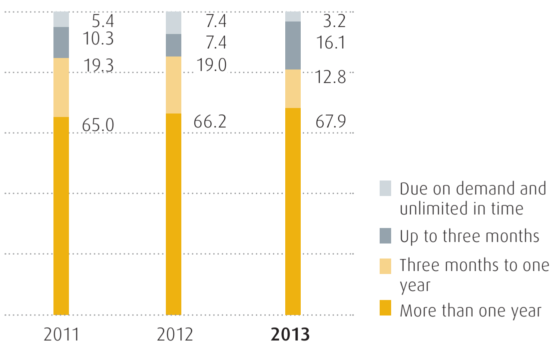


The volume of financial investments declined by 3.7% to €3.57bn (end 2012: €3.71bn). This line item comprises bonds and Pfandbriefe as well as notes. As in the previous year, equities and mutual funds only played a minor role in the Treasury portfolio.

Structure of customer deposits
(by residual maturities in %)



Structure of claims and financial investments
(by residual maturities in %)



Claims on customers dropped to €189.9m (end 2012: €208.2m). This was mainly due to the decrease in the volume of loans against securities.

The cash reserve increased as of 31 December 2013 to €1,292.8m (end 2012: €551.8m). Almost all of this amount relates to the credit balance at Deutsche Bundesbank. The minimum reserve requirement of the comdirect group stood at €122.3m as of 31 December 2013 (end 2012: €110.2m).

Current income tax liabilities of €3.2m (previous year: income tax assets of €1.9m) were partially attributable to corporate tax credit balances from previous years. Deferred income tax assets amounting to €3.1m (end 2012: deferred income tax liabilities of €7.8m) stem from price movements relating to financial investments and their effect on the valuation. Assets and liabilities are netted in the line item (see note (45) starting on page 94 and note (52) starting on page 100).

Financing
The financing side of the balance sheet essentially comprises the deposits of private customers. Liabilities to customers totalled €13.49bn (end 2012: €11.74bn). The share of deposits due on demand and unlimited in time rose again slightly to 92.5%, while at the same time, fixed-term deposits showed a shift towards shorter maturities of up to three months (see note (56) on page 103).

The modest rise in liabilities to banks to €2.1m (end 2012: €1.9m) reflects the balances of the current clearing accounts at Commerzbank.

As of the reporting date, the interest rate swaps used for hedging and forward rate agreements (FRA) showed a negative fair value of €2.6m (end 2012: €5.3m).

Provisions stood at €45.5m. The respective figure at the end of 2012 (€45.3m) is €5.6m higher than the figure published in the 2012 annual report, due to the application of amended IAS 19 to provisions for pensions.

These amounted to €21.8m as of 31 December 2013 (end 2012: €22.0m). Pension obligations with a net present value of €26.0m (previous year: €26.2m) were countered by plan assets with a market value of €4.2m (previous year: €4.1m) administered by Commerzbank Pension Trust e.V., (see note (51) starting on page 97). The moderate decline in the net present value is particularly due to the development of market interest rates. In addition, there are provisions for partial retirement and early retirement arrangements amounting to €0.2m (previous year: €0.3m).

The slight increase in other provisions from €23m at the end of 2012 to €23.5m is essentially due to higher personnel provisions for variable compensation components.

Other liabilities amounting to €62.8m (previous year: €46.0m) primarily comprise trade accounts payable.

Equity amounted to €551.6m (end 2012: €585.8m). The revaluation reserves included in this figure reduced by €33.3m compared with the end of 2012, primarily as a result of decreasing residual maturities for investments from earlier years when interest rates were higher and the realisation of price gains.

Cash flow statement of the comdirect group
The cash flow from operating activities of €819.5m (previous year: €119.7m) was essentially influenced by the use of some of the customer deposits to temporarily increase the cash reserve as part of operational liquidity management.

The cash flow from investment activities of €–16.3m (previous year: €–16.7m) reflects the moderate decrease in the investment volume in the B2B business line.

The cash outflows from financing activities amounting to €–62.1m (previous year: €–79.1m) stem from the dividend distribution of €0.44 (previous year: €0.56) per share in May 2013.

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 2013. This results in an amount of €114.1m for comdirect customers and €7.5m for ebase customers. In addition, customer deposits are legally insured under the compensation fund of German banks (Entschädigungsfonds deutscher Banken, EdB).

Non-financial performance indicators

Relationships with customers

comdirect measures the quality of its customer relationships by means of regular customer surveys in Customer Services and independent customer satisfaction analyses.

The net promoter score (NPS) is a central indicator for customer satisfaction and loyalty in the B2C business line. It is based on customer feedback, which is obtained when customers contact Customer Services. The NPS is additionally determined by independent market research organisations.

The NPS corresponds to the proportion of customers who would actively recommend comdirect bank's Customer Service (promoters), minus the "detractors" who are unlikely to make a recommendation. The score for 2013 was 48 (previous year: 39).

The external surveys additionally show that the quality of service improved again in the reporting year. As a result of its very good service offering among other factors, comdirect garnered the top spot in the overall rankings in the "Beste Bank 2013" competition organised by finance magazine "€uro" (issue 5/2013) in cooperation with S.W.I Finance. The Deutsches Institut für Servicequalität (DISQ – German Institute for Service Quality), which assessed ten direct banks in Germany in the categories of customer service, terms and conditions and security, also put comdirect in first place for service quality. As well as other aspects, these results are testament to the success of the projects and training carried out in 2012 and 2013 regarding clarity, empathy and emotional quality when talking with customers.

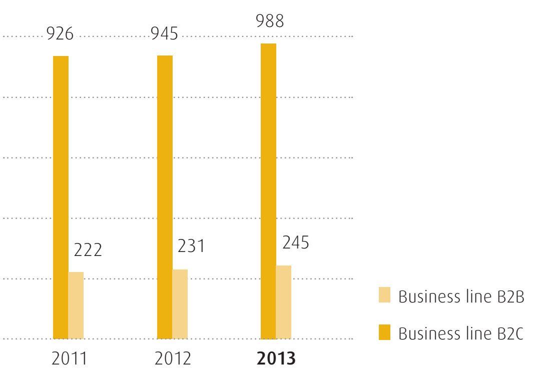
In addition to customer satisfaction, brand awareness and likeability are key competitive factors in existing and new customer business. This is especially true in the B2C business line. The scores for the comdirect brand are therefore continually checked by independent market research organisations. At 3.1% at the end of December, unaided brand awareness remained stable versus the previous year (3.2%). Moreover, the advertising for our fee-free current account with satisfaction guarantee again achieved high recall scores in the past year.

The results attained in performance comparisons also contribute to brand awareness. comdirect was not only named "Beste Bank 2013" once again in 2013, but also "Online Broker 2013" in the banking test conducted by financial magazine "€uro am Sonntag" (issue 7/2013).

Personnel

The service expertise, process intelligence, management quality and innovative power of the bank are particularly dependent on the expertise and commitment of its employees. Through focused measures for staff, executive and team development, as well as active employer branding, the comdirect group is positioning itself as an attractive and responsible employer, thereby ensuring its growth course in terms of personnel.

Number of employees of comdirect group as of 31.12.



Development in the number of employees

At the end of 2013, 1,233 members of staff were employed in the comdirect group, up 4.8% on the previous year (1,176 employees). The number increased to 988 (end 2012: 945 employees) in the B2C business line, and to 245 (end 2012: 231 employees) in the B2B business line. We recruited staff in Customer Services in particular, in order to maintain the customary high levels of service and customer satisfaction in line with growth in the number of customer contacts. Staffing levels in the IT department also increased, as the further development of the technology platform required for expansion of our product and service offering was largely handled in-house.

Personnel marketing
To attract qualified young talent, comdirect presented the company as an attractive employer at various internal and external events. During the Hamburg Company Tour, a total of 60 economics students took advantage of the opportunity to talk to interns, graduates and young professionals at comdirect and gained an insight into the different career paths and entry options. We were also represented at orientation and job fairs, such as "women & work" in Bonn, and took part in the North Germany Graduation Congress (Absolventenkongress), the Talent Day Hamburg (IT), the open house day at Nordakademie and the company contact day at Kiel University of Applied Sciences. In-house IT events were also organised for students and professionals.

Another highlight is our cooperation with the IT faculty at the University of Hamburg.

We offer graduates and interns fair terms and conditions, and this is confirmed by our renewed distinction as a fair employer by the Fair Company Initiative of careers and business magazine "Karriere" (Fair Company Guide 2013/2014).

comdirect also uses the social networks Facebook, Twitter and Xing to target talented individuals and position the company as an attractive employer.

Competence and talent management
On 1 August 2013, eight prospective bankers, two IT specialists in system integration and two students on the business information technology dual study programme commenced their training with comdirect, which means we had a total of 24 trainees at the year-end (previous year: 17).

Since October 2013, a further six university graduates have been preparing for specialist functions in various departments under the *comdirect graduates* training programme. At the same time, six trainees from the previous year have successfully completed the twelve-month programme and are now working in specialist roles. In summer, 23 employees completed the two-year professional programme for prospective executives and specialists in Customer Services, Advice and other functions. ebase's two-year training programme ended in October 2013, with five trainees taken on in permanent positions.

For new employees in Customer Services we offer the two-month "Training on the Job" (ToJ) programme. Experienced employees receive appropriately tailored training in the form of workshops and seminars as part of our continued professional development programme. The Chamber of Industry and Commerce (IHK) certification was obtained by 36 employees, who passed the "Customer Services – Financial Services (IHK)" exam in the reporting year. In total, as many as 115 employees are now certified.

In conjunction with the Frankfurt School of Finance & Management, we offered our first ever in-house project manager certification programme in the reporting year, with seven employees currently taking part. The certification exam will be held in the second quarter of 2014.

Executive and team development
comdirect promotes the development of its executives with seminars, coaching, workshops, development meetings and a systematic team feedback process.

In 2012 and 2013, more than 90 team workshops were held, where feedback from the respective team on issues such as management and teamwork was discussed extensively with liaison managers. In addition, all teams also looked in-depth at the bank's mission. Individual team development measures can be implemented in the period before the next team feedback process starts.

One particular concern is to provide targeted support to women in management positions and a focus group with female managers was established during the reporting year. As of 31 December, 27.3% of the managers in the comdirect group were female, compared with 25.6% at the end of 2012.

Compensation

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. In accordance with Article 7 of the executive compensation regulation for banks (InstitutsVergV), comdirect and ebase disclose information on the compensation system for employees each year on their respective websites. In each case, 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 2013 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, only the tranche issued in 2010 fell due for payment in December 2013.

Capital market relations

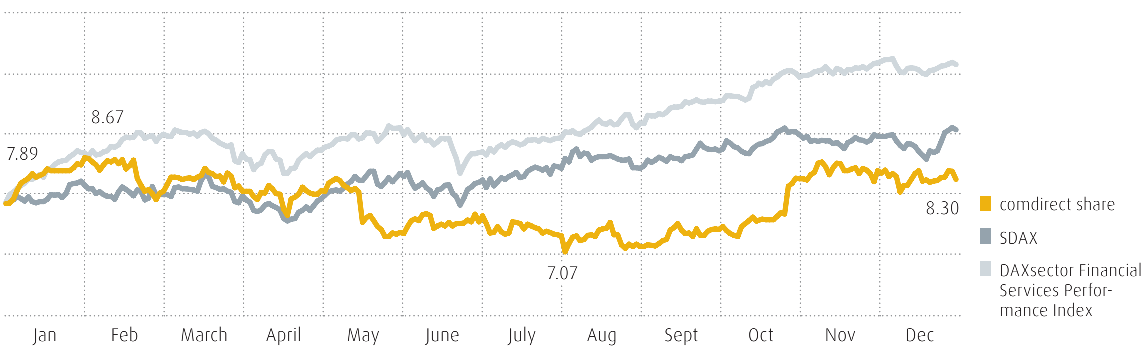
Share price performance, trading volume, shareholder structure

comdirect shares closed 2013 with a price rise of 5.2% to €8.30. The shares reached their high for the year at €8.67 on 30 January 2013. The price slide between February and August that reached a low of €7.07 on 1 August 2013 reflects the ex-dividend markdown as well as the general development of the market among other factors. By the end of the year, the share price recorded gains once more and benefited from the renewed price surge on the stock markets.

Following the annual general meeting on 16 May 2013, comdirect paid a dividend of €0.44 per share. Taking the dividend payment into account, the shareholders received a total shareholder return of 10.8% compared with 13.0% in the previous year. This total shareholder return means that comdirect did not equal the performance of the SDAX (29.3%) and the DAXsector Financial Services Performance Index (15.7%).

As of 31 December 2013, Commerzbank AG indirectly held 81.13% of the shares. Consequently, 18.87% of the shares were in free float. The closing price at year-end 2013 produces a market capitalisation of €1,172.3m, of which €221.2m was attributable to free float. On average, around 73.7 thousand units were traded a day (previous year: 69.5 thousand). Of this trading volume, 51% was traded on XETRA, 9% on Tradegate, 5% on the Frankfurt stock exchange and 8% on other stock exchanges, while 27% was traded OTC.

comdirect share price performance 28.12.2012 to 30.12.2013
(in €)



Source: Bloomberg; Indices normalised to the comdirect share price as of year-end 2012

Investor Relations

Once again in 2013, 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 German Investment Conference in Munich organised by UniCredit and Kepler Capital Markets as well as the German Equity Forum held by Deutsche Börse and DVA in Frankfurt/Main. comdirect also met investors in Frankfurt, London, Paris and Zurich.

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

Around 500 shareholders attended our annual general meeting on 16 May 2013, either in person in Hamburg or via the live online broadcast. With a presence of 85.33% of the share capital, all voting items on the agenda were passed with clear majorities of between 97.08% 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.

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 more, 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 2013 annual report is available in English and German as an interactive online version designed for tablets. In addition, we continue to publish the group management report and Notes to the consolidated financial statements in printed form.

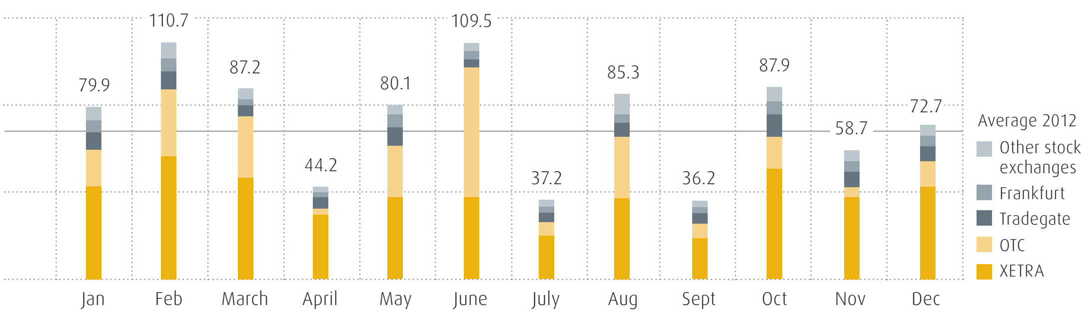
Data and key figures of the share 2013

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 2013		
Average daily turnover in units	XETRA	37,793
	Frankfurt	4,042
	Tradegate	6,617
	Other stock exchanges	5,534
	OTC	19,748
		73,734
Opening quotation XETRA (2.1.2013)	€7.89	
Highest price XETRA (30.1.2013)[2]	€8.67	
Lowest price XETRA (1.8.2013)[2]	€7.07	
Closing quotation XETRA (30.12.2013)	€8.30	
Market capitalisation (30.12.2013)	€1,172.3m	

1) Indirectly
2) Daily closing quotation

comdirect share – average turnover 2013
(in 1,000 units)



Source: Bloomberg

Key figures of comdirect share – five-year overview

		2013	2012	2011	2010	2009
Earnings per share	in €	0.43	0.53	0.79	0.42	0.40
Dividend per share	in €	0.36[1)]	0.44	0.56	0.42	0.41
Opening quotation	in €	7.89	7.46	7.30	6.60	6.18
Highest price[2)]	in €	8.67	8.86	8.65	8.30	7.02
Lowest price[2)]	in €	7.07	6.81	6.38	6.44	4.57
Closing quotation	in €	8.30	7.89	7.48	7.20	6.61
Number of shares		141,220,815	141,220,815	141,220,815	141,220,815	141,220,815
Market capitalisation (last trading day)	in € million	1,172.3	1,114.2	1,056.2	1,016.8	933.5
Performance[3)]	in %	5.2	5.5	3.9	8.9	7.0
Total shareholder return[4)]	in %	10.8	13.0	9.7	15.1	13.6
Dividend yield[5)]	in %	4.3	5.6	7.5	5.8	6.2
Price/earnings ratio[6)]		19.3	14.9	9.5	17.1	16.5
XETRA trading volume[7)]		37,793	34,473	63,926	54,853	62,693
Frankfurt trading volume[7)]		4,042	3,677	5,493	5,884	6,918

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

Supplementary report

No major events or developments of special significance have occurred since the 2013 reporting date.

> Outlook report

Forward-looking statements

We forecast future developments in the economy based on assumptions that are most plausible from today's perspective. However, the comdirect group'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.

Expected economic framework conditions

According to a forecast by Commerzbank, global economic growth is likely to be somewhat stronger in 2014 – primarily as a result of positive development in the USA and stabilisation in the eurozone.

We expect that the ECB will once again support the economic recovery in Europe in 2014 by keeping key lending rates low, buying up bonds and providing extensive liquidity. Money market interest rates and three-month EURIBOR are therefore set to remain very low again.

In the bond market, credit spreads look likely to tighten further, although not to the same extent as in 2013. Yields on German government bonds should see a modest rise, while countries in Southern Europe are expecting reduced yields due to slightly lower credit spreads.

The equity markets should be able to build on the upward trend of 2013, as long as the eurozone remains stable and growth in the global economy actually picks up. In principle, equities are likely to remain attractive by comparison with other forms of financial asset accumulation. However, because of the valuation levels already reached, the potential for setbacks is greater than in 2013 and the likelihood of stronger market volatility has increased.

Expected business performance and earnings situation

The strategic course adopted in 2013 (see page 14) will be maintained.

In the B2C business line, the focus on the product side centres on expanding the advice and guidance formats. These are aimed at enabling online-savvy branch bank customers in particular to make their own financial decisions online and execute their securities investments via comdirect. In banking, we intend to continue to grow via our current account.

In the B2B business line, sales activities will concentrate on standardised asset management (Managed Depot custody accounts) and target financial intermediaries and smaller banks in particular. In the insurance company segment, we aim to further improve our competitive position via our open custody account.

In the B2C business line, we expect to sustain our positive customer growth, and this will also be reflected in a notable rise in the number of current accounts especially. Overall, growth will impact positively on the development of assets under management at comdirect group level. For the B2C business line, we expect to see net fund inflows in both the deposit and portfolio volume, with the levels here on a par with 2013. Likewise excluding price effects, a modest increase in assets under management is forecast in the B2B business line. In spite of the ongoing growth in deposits, we expect a moderate decline in net interest income due to low interest rates. As in 2014, we will counter this through prudent terms and conditions.

The level of order activity on the part of customers depends to a great extent on the stock market environment and is very difficult to forecast in the short term. On the other hand, given the level of market penetration already achieved in CFD trading and the various campaigns to promote financial investments using ETFs, certificates and associated savings plans, we are confident that we will outperform the general market development again in 2014. We also anticipate positive effects from the launch of a new real-time trading platform for traders. As long as the equities markets build on the upward trend seen in the reporting year and market volatility rises, a further small increase in the number of orders looks feasible. Together with higher sales follow-up commission from the funds business on the back of the general upswing in prices, we expect net commission income to grow slightly.

The comdirect group will once again step up its investment in growth versus the reporting year. Plans here include higher marketing expenses in particular, to increase the bank's media presence and improve awareness of the comdirect brand on a broad and long term basis. A rise in other administrative expenses is also likely in respect of the further development of the product and service offering, especially with regard to new advice and guidance formats and the brokerage platform, as well as the targeting of customers via the website and social media. Product and market initiatives should further improve customer satisfaction levels as early as 2014, and this will also be reflected in the modest rise in the net promoter score and unaided brand awareness. In conjunction with sustained customer growth, we expect administrative expenses in 2014 to moderately exceed the figure for 2013. In this respect, as in previous years, we will closely monitor market and earnings development and cap the rise in administrative expenses if necessary.

In particular, as a result of the scheduled increase in administrative expenses, which is primarily attributable to the B2C business line, the comdirect group's pre-tax profit will be significantly lower than in 2013. For the B2B business line, we expect pre-tax profit to remain virtually stable.

Expected financial situation

The comdirect group is not expecting any material change in its financial situation compared with the position at year-end 2013.

> 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. 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 equity 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 MaRisk.

The scope of risk consolidation is the same as the group of consolidated companies.

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).

- MaRisk, the second pillar of Basel II, is 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 in line with 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 the Commerzbank Group as a whole.

Adjustments during the reporting year

With regard to risks which are managed on a qualitative basis, as part of the risk inventory carried out during the financial year, the so-called "general model risk" was classified as a material type of risk for comdirect that is to be managed separately. General model risk describes the risk of poor management decisions due to an inaccurate representation of reality resulting from the models used. To limit the general model risk, the models used at comdirect are subject to regular validation processes. Consequently, the risks resulting from the use of risk models can be identified and, where possible, avoided or appropriately taken into account.

Risk categories of comdirect

We classify risks in line with the German Accounting Standard DRS 20 and distinguish between market risk, credit risk, liquidity and operational risk. The other risks are business risk and the risk relating to deposit modelling, 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. Likewise, the general model risk referred to above is managed on a qualitative basis.

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 *risk relating to deposit modelling* (close-out risk) describes the risk of losses from the early sale of Treasury investments in response to unexpectedly high deposit outflows.

General model risk describes the risk of poor management decisions due to an inaccurate representation of reality resulting from the models used.

Risk measurement concepts

To measure the risk situation with regard to quantifiable risks 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, credit risk and operational risk as well as business risk and the risk relating to deposit modelling. The overall risk position is measured uniformly using the economic capital required, i.e. the amount of equity 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 risks (market and business risks as well as the risk relating to deposit modelling).

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 does not take into account any correlations that could 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 reserves 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 implications for the business model and risk management of comdirect.

comdirect's risk-bearing capacity concept is based on the simulation of a consistent gone concern scenario, otherwise known as the liquidation approach. The concept is closely aligned with the risk-bearing capacity approach of Commerzbank and is designed to allow for comdirect-specific circumstances and takes the current legal and regulatory requirements and accounting standards into consideration. In the chosen liquidation approach, the underlying economic valuations of the respective items are realisable figures, which means that the objective of protecting comdirect's prior ranking creditors is achieved.

Parallel to the gone concern approach, comdirect also takes the going concern concept into account in an alternative scenario. The risk-bearing capacity analysis is used to examine whether comdirect would still be a viable going concern in a scenario where the existing waiver regulation under Section 2a (1) of the German Banking Act (KWG) does not exist or is abolished and the risks quantified in the risk-bearing capacity analysis (ErC values) materialise.

Overall risk position in financial year 2013

At the end of 2013, comdirect's overall risk position stood at €149.1m (end 2012: €159.4m) 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 and business risks.

Breakdown of economic capital required 2013 (in € million)

	As of 31.12.2013
Market risk	46.9
Credit risk	70.6
Operational risk	21.1
Business risk	7.2
Model risk	3.3
Economic capital required	**149.0**

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 2013, the utilisation level of the overall limit was 34.3% (end 2012: 36.6%). Even under stress conditions, the economic risk-bearing capacity remained consistent throughout the year; with an overall risk of €194.1m under stress, the utilisation level of the economic capital was 44.6%.

The economic capital required for market risks amounted to €46.9m at the end of 2013 (end 2012: €53.0m) 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 "GIIPS" nations). This GIIPS strategy significantly limited the credit spread risk.

The overall risk of the comdirect group included credit risks with a total CVaR of €70.6m (end 2012: €66.5m).

Once again, the economic capital required for close-out risk was extremely low at €3.3m at the end of 2013 (previous year: €1.8m) as a result of continual growth in deposits and the high level of stability in our customer deposits. The economic capital required for operational risks remained relatively constant over the course of the year and was on a par with the previous year. This reflects comdirect's ongoing low level of OpRisk losses in the past, which are taken into account in the allocation of economically required capital (ErC) based on loss data in Commerzbank's AMA model. At year-end 2013, it amounted to €21.1m (previous year: €19.9m).

As of the balance sheet date, the risk weighted assets calculated in accordance with the requirements of the Solvency Regulation (SolvV) totalled €639.6m.

In preparation for the future requirements of Basel III, in principle banks have had to calculate the leverage ratio since financial year 2010. The leverage ratio is the ratio of Tier 1 capital (Tier 1 capital of €392.0m; see note (55) starting on page 102) to total assets (non-risk weighted) plus off-balance sheet items. The leverage ratio applies at the moment as a monitoring indicator, and a decision finalising the details of the ratio is set to be made in 2017 on the basis of the data available up to that point. As a result of the existing waiver regulation for solvency purposes (see page 41), in accordance with the CRR regulation, comdirect bank AG is exempt from calculating, reporting and complying with the leverage ratio at individual bank level. The indicator is therefore calculated for internal purposes only.

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 comdirect's market risk strategy. The aim of the market risk strategy is to manage market price risks and in particular to optimise and limit these on a risk/return basis by means of a conservative investment policy for the prudent investment of customer funds in the money and capital markets and purely to support the acquisition of customers and deposits. 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 (58) starting on page 104.

Current risk situation

As of 31 December 2013, the VaR for market risk was €2.3m (end 2012: €2.7m) and fluctuated over the course of the year between €2.1m and €2.7m. At €108.0m (median), the overall stress value was on a par with the previous year's figure (€111.0m). 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 2013	Median 2012
Total VaR 97.5% 1 day holding period*	2,689	2,281	2,737	2,050	2,273	3,518
Stress test – overall result	108,284	103,523	115,201	100,803	107,156	110,966

* Model see note (58) from page 104.

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 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.

For comdirect's Treasury activities, the aim of this sub-strategy is to manage credit risks, in particular to limit credit risks on a risk/return basis, especially by means of high minimum requirements for the credit quality of counterparties/issuers, balanced asset allocation and continuation of the established and collateralised liquidity transfer with Commerzbank as "preferred partner" as well as within the comdirect group. An additional aim of this sub-strategy is to effectively manage lending to customers and limit loan defaults and risk costs in particular. Credit processes and the rating/scoring systems are continually further developed to achieve this.

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 Treasury transactions.

Treasury investments are carried out 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.

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 (58) starting on page 104.

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. The level of the respective valuation allowance is primarily influenced by:

- the level of claims,
- the level of the expected probability of default,
- the consideration of existing collateral and the recovery rate.

Using a similar procedure, provisions are recognised for risks arising from existing credit lines, taking conversion factors into account.

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 2013, the total CVaR for credit risks amounted to €70.6m (previous year: €66.5m). As in the previous year, the average rating in the Treasury portfolio outside the Commerzbank Group stood at Aa1 (Moody's). In terms of external ratings, around 99% of the portfolio remained within the investment grade range.

At the end of 2013, 18.8% (previous year 14.3%) 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: €0.49bn) was attributable to five special funds, which were invested almost exclusively in fixed-income securities (see note (72) on page 125).

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 2013, less than 0.1% (end 2012: <0.1%) of the balance sheet total was attributable to Treasury positions in the so-called "GIIPS" 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 €2.49bn, the credit facility for loans against securities remained virtually unchanged on the level at the end of 2012 (€2.53bn). However, potential utilisation of the credit facility is restricted through the specific collateral value of the respective securities portfolio. As a result of the positive equity market environment, this increased over the course of the year from €791.1m to €803.1m. Equities accounted for nearly three quarters of the collateral portfolio. As a result of the positive development of the equity market during the course of the financial year, the average number and average volume of overdrafts were significantly lower than the respective figures for 2012. The same is true of loan volumes. Consequently, 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 14.9% (previous year: 17.1%); as of year-end 2013, the volume of loans against securities amounted to €107.0m (previous year: €123.6m).

The growth-related increase in the number of current accounts with a credit facility led once again to greater utilisation of credit lines than in the previous year. The volume rose over the course of the year from €32.9m to €39.3m as of 31 December 2013; this equated to 5.9% of the overdraft facilities of €668.2m made available (end 2012: €618.6m). The share of overdrafts relative to the number of current accounts with an overdraft facility was virtually unchanged on the previous year.

The average credit volume utilised in the Visa card portfolio amounted to €12.2m (end of previous year: €10.7m), corresponding to 1.8% of the average total limit granted of €664.4m.

At the end of 2013, the total receivables in retail lending amounted to €160.3m and were therefore somewhat lower than in the previous year (€173.2m). Portfolio loan loss provisions and provisions for possible loan losses amounted to €7.1m as of the reporting date. Allocations stood at €4.3m, while reversals amounted to €3.6m and utilisation was €0.2m.

Liquidity risk

Risk quantification, management and reporting

The aim of the liquidity risk strategy is to ensure that comdirect is solvent at all times. This means that an adequate level of liquidity must be maintained at all times. In particular the level is managed using the advanced available net liquidity approach (ANL), which is implemented throughout the Commerzbank Group, as well as by carrying out regular stress tests or a comdirect-specific contingency plan.

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 new liquidity indicator – the liquidity coverage ratio (LCR) – is calculated and tracked on a monthly basis in line with the requirements of Basel III/CRR. The net stable funding ratio (NSFR), which banks have to comply with as of 2018, is also already calculated and tracked on a monthly basis as a monitoring ratio in accordance with the current state of discussions regarding the calculation methodology. The ongoing discussion and consultation process with the banking supervisory authorities to finalise the NSFR calculation rules is being closely watched by Risk Management at comdirect and tracked accordingly.

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 €963.8m as of 31 December 2013 (end 2012: €925.8m) and €597.5m on average for the year (previous year: €869.2m). 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 up to one year, the accumulated value under stress conditions was considerably positive for each maturity band.

The regulatory liquidity indicator stood on average at 3.54 and was significantly higher than the minimum value of 1 required by the regulatory authorities. It 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 liquidity ratios 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. The aim of comdirect's OpRisk strategy is to manage operational risks and in particular to avoid/minimise these risks through the systematic and continual optimisation of all company processes and IT systems including anchoring such systems and processes within its organisation at an institutional and cultural level. 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 section Personnel on pages 33 to 35).

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. The sources of information used by the Legal Services & Data Protection department 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 €21.1m at the end of 2013, compared with €19.9m as of 31 December 2012. The number of misuse cases reduced compared with financial year 2012; there were no major incidents. To further enhance our security standards, the photoTAN procedure was introduced during the financial year as an additional security procedure for our customers. 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

The aim of comdirect's reputation risk strategy is to secure and strengthen the reputation of the comdirect group and to identify developments that could harm the reputation of the group at an early stage and thus be able to instigate appropriate countermeasures.

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

The business risk strategy is aimed at minimising negative deviations from plans by means of restrictive/prudent budgeting, ongoing management of target/actual variances and by making use of the option to adjust the business model if applicable.

Business risk encompasses the risk of losses due to negative deviations from target figures for earnings and costs. Both the business strategy and the bank’s internal budgeting process as well as changes in framework conditions, such as the market and competitive environment, customer behaviour and advances in technology, are key influencing factors. Business risk is also (in)directly affected by increasingly tougher regulatory requirements.

Budget variances from past business periods with the net operating profit (NOP) are used to assess business risk. A risk model that simulates the variances between the planned result and NOP generated in the future is used to determine a VaR for business risk.

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 €7.2m at the end of 2013 (previous year: €18.3m) reflects the ongoing planning uncertainty in the current interest rate and capital market environment.

Risk relating to deposit modelling

Risk quantification, management and reporting

In terms of the risk strategy, the aim of deposit model management is to ensure integrated earnings and risk controlling in order to meet the objectives in the business strategy whilst taking account of comdirect's tolerance for risk. The risk relating to deposit modelling stems 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 from deposit modelling 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 daily money accounts in particular. The close-out risk remained within the prescribed limits at all times during the reporting period. The VaR for model risks amounted to €3.3m at the end of 2013 (previous year: €1.8m).

General model risk

Risk quantification, management and reporting

For the respective types of risk, comdirect's risk management necessitates the use of quantitative risk models which mathematically formalise the causal relationships of the economic reality relevant for banking purposes.

General model risk stems from the potential discrepancy between the loss potential as forecast by the models and the actual loss potential per type of risk and can have an impact for comdirect when used as a basis for defining management measures.

In terms of the risk strategy, the aim of general model risk management is to identify and – where possible – avoid or take appropriate account of known model risks.

For the purposes of identifying and, where possible, avoiding or taking appropriate account of known model risks, the models used at comdirect are tested for an accurate and reliable representation of reality both during development and calibration as well as during regular validation and any necessary recalibration. Management of general model risk on a purely qualitative basis is accordingly carried out separately and in each case within the respective specific type of risk.

Current risk situation

The respective validation processes have shown that, all of the models in use at comdirect are appropriate and sufficiently conservative.

> Opportunity report

Categorisation of opportunities

Opportunities are defined as positive planning deviations. Here we distinguish between three categories:

- Strategic opportunities that stem from strategic initiatives, such as intensive market cultivation and product developments, or from potential strategic business acquisitions.

- Performance opportunities that relate to improvements in operating processes and utilisation of cost and income synergies.

- Opportunities arising from developments in framework parameters that refer to potential added value resulting from favourable market developments, amendments to legislation, as well as industry and customer behaviour trends.

Identification, management and assessment of opportunities

The comdirect group uses various methods of analysis to systematically identify opportunities.

Close monitoring of the market and competitive environment provides information, including on the product and market initiatives of other banks as well as their terms and conditions. Changes in customer behaviour are also relevant, for instance with regard to the use of online banking and financial asset accumulation. Similarly, changes to regulations can have a significant impact on the customer and competitive environment. This regular scrutiny of the market environment is supplemented by the use of market surveys, some of which are conducted on behalf of comdirect.

In addition, comdirect gains insights from the feedback provided by customers. This is gathered via an annual customer satisfaction survey, the feedback received by Customer Services on a daily basis as well as from social media, and evaluated on an anonymised basis. For ebase, feedback from institutional partners is also particularly important.

In addition to the direct market environment – the B2C and B2B direct banking market in Germany – comdirect and ebase track international trends with a focus on product innovation. The actively used company suggestion scheme is a further element in the innovation process.

Opportunity management forms part of overall bank management. During the annual strategy process, the Board of Managing Directors of comdirect bank AG decides on the extent to which the group will use its income to exploit opportunities for growth and returns.

Opportunities are assessed in terms of their potential and probability on the basis of empirical values. Status reports on the current progress of the opportunities being developed as part of the strategy and their implementation are delivered on a quarterly basis, or more frequently if required. Where necessary, opportunities are supplemented or amended in terms of priority as a result of this qualitative and quantitative reporting.

On the whole, the methods and processes established enable the comdirect group to identify, assess and utilise opportunities at an early stage, as well as in line with strategy and earnings targets and the defined risk limits.

Current opportunities

The following developments in particular may give rise to positive planning deviations in 2014:

The trends in the capital market environment for brokerage may be better than assumed in the planning. For instance, rising volatilities, which can also be triggered by external shocks, generally have a favourable impact on the number of trades and thus on earnings.

Demand for actively managed investment funds, as well as ETFs and certificates for financial asset accumulation on the part of private households may exceed expectations in the low interest rate environment expected again for 2014. This is contingent on educating potential investors, and the comdirect group is playing an active role here.

Conversely, the development in the interest rate environment may be more favourable than assumed in the outlook report. As the US central bank, the Fed, has announced the tapering of its expansive liquidity policy and the central banks are starting to consider raising key lending rates, the rise in money market interest rates and bond yields may surpass forecasts over the course of 2014. This would have a positive impact on the interest margin and moreover could revive demand in the deposit business.

The various product and market initiatives planned for 2014 are linked to expectations regarding growth in customer numbers and customer assets. Developments here could exceed expectations. In addition to the trends in the competitive environment, this is dependent on factors such as advertising impact, the willingness of customers to recommend the bank and comdirect's ranking in comparison tests.

In B2B business, the economic and regulatory environment pertaining to the partners can lead to better-than-expected growth in demand for ebase's services. The focus here is on standardised asset management for financial advisers, as well as individual portfolio solutions for insurance companies.

With regard to the industry environment, positive effects may arise from the continued reduction of branch networks nationwide. Consequently, growth in the acceptance of direct banking models could be faster than expected to date. The broader-based use of personal service and advice elements – such as advice by video-telephony – may additionally boost this development.

Regardless of developments in the money and capital markets, in the medium to long term, we expect the market and investor trends that favour the comdirect group's direct banking model to continue. Through comdirect's and ebase's mobile offering, we are also able to benefit from the growing trend towards banking by smartphone.

> 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 resolutions 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-related 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 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 and Controlling 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 Risk and 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 Risk and Audit Committee also monitors Compliance. The Rules of Procedure for the Supervisory Board demand that the Chairman of the Risk and 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 full 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 Risk and 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 MaRisk, the Chairman of the Risk and Audit Committee 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). 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 on 13 October 2010.

comdirect bank AG 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) dated 13 October 2010 that subordinate companies comply with regulatory requirements, the compensation system for members of the Board of Managing Directors was adjusted in line with the Commerzbank Group's compensation systems. The contracts of employment for the members of the Board of Managing Directors have been modified accordingly and the variable compensation specified on the basis of 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.

On 17 April 2013, the European Parliament approved the combined proposed Capital Requirements Directive IV/ Capital Requirements Regulation (CRD IV/CRR). The Regulation and Directive come into force on 1 January 2014, the Directive on the basis of the Implementation Act, which will amend the German Banking Act (KWG) in particular. The executive compensation regulation for banks (InstitutsVergV) revised in line with the above is already available. Whether, and the extent to which, this will necessitate changes to the compensation system for the Board of Managing Directors is currently being examined and a final assessment will be carried out in conjunction with compensation experts from the Commerzbank Group.

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 Declaration of Compliance in accordance with Section 161 of the German Stock Corporation Act (AktG) as part of the Corporate Governance statement can be viewed on the website at www.comdirect.de/ir under the heading Corporate Governance.

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 conduct 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). For the active members of the Board of Managing Directors, the target amount for the variable compensation component is currently limited to a maximum of approximately 41% of the target overall compensation. The appropriateness of the compensation is reviewed annually, including in consultation with independent, external compensation advisers.

Non-performance-related fixed compensation

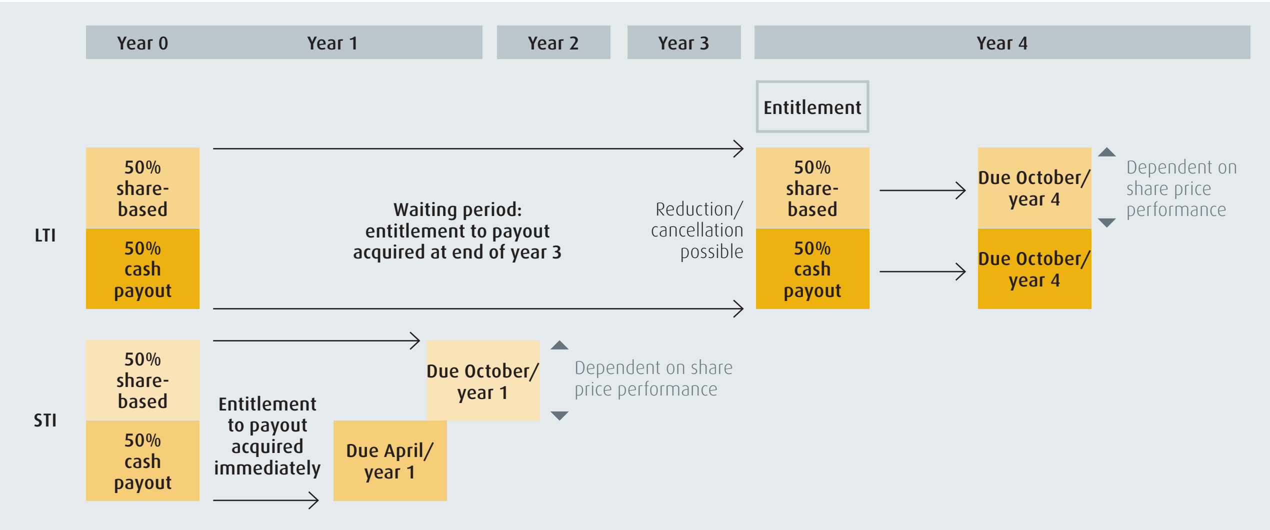
The non-performance-related fixed compensation comprises an annual fixed salary plus fringe benefits. Without prejudice to the possibility of a review by the Supervisory Board, the annual fixed salary for members of the Board of Managing Directors is set for the entire term of their respective contract 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 the Board of Managing Directors.

The volume of the performance-related variable compensation is based on the attainment of business targets of comdirect 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 accordingly limits the volume for the variable compensation of the Board of Managing Directors (cap).

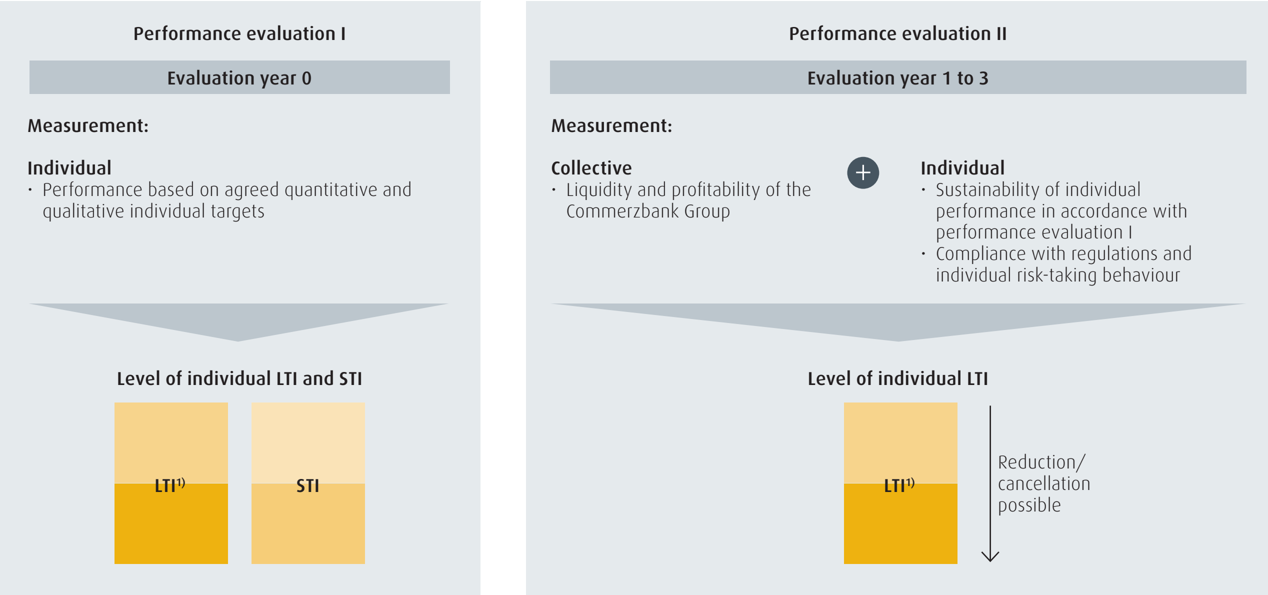
The individual variable compensation component for the members of the Board of Managing Directors breaks down into two elements: a long term incentive (LTI), which for the CEO accounts for 60% and for members of the Board of Managing Directors for 40% of the variable compensation and is paid three-and-a-half 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 2013, the STI will therefore fall due in financial 2014 (year 1) and the LTI – subject to a reduction or cancellation of the entitlement – in 2017 (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 individual targets are also 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 after 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 is 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), ceased when the adjusted compensation system for the full Board of Managing Directors was introduced. As a result, only the tranche issued in 2010 fell due for payment under the LTIP 2005 in financial year 2013. Details of the LTIP 2005 can be found in note (25) on page 79.

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 an annual pension element amounting to a fixed percentage of their respective basic annual salary. The level of the pension thus depends solely on the length of time they have been a member of the Board of Managing Directors. 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 project unit credit method on the basis of actuarial opinions by an independent actuary (see note (71) starting on page 121).

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 2013 amounted to €1,221 thousand (previous year: €1,311 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 2013.

In addition to 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 tables below show the cumulative payouts made for the individual reporting years as of 31 December 2013, as well as the payouts made in 2013 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 2013 for respective reporting year[3]	Cumulative compensation paid for respective reporting year as of 31.12.2013	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				
2013	**390**	**12**	**55**	**55**		**83**		**83**		**402**	**402**	**678**	**595**
2012	360	18	61	61	49	91		91[4]		110	488	682	591
2011	360	141	77	77	68	115		115[5]			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, in financial year 2016 for tranche 2012 and in financial year 2017 for tranche 2013. The amount can be reduced or cancelled depending on results of performance evaluation II and payout is due in financial year 2015 (tranche 2011), in financial year 2016 (tranche 2012) and in financial year 2017 (tranche 2013) respectively at the earliest. The actual value of the payout 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 2013, the STI component granted for 2012 was also paid in 2013.
4) Valuation of LTI component granted for 2012 as of 31.12.13: share-based LTI €89 thousand.
5) Valuation of LTI component granted for 2011 as of 31.12.13: share-based LTI €106 thousand.

With effect from 1 October 2013, Holger Hohrein was appointed as a member of the Board of Managing Directors for a period of three years.

Holger Hohrein (Member of the Board of Managing Directors since 1 October 2013)

€ 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 2013 for respective reporting year[3]	Cumulative compensation paid for respective reporting year as of 31.12.2013	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				
From 1.10. 2013	58	1	8	8		5		5		59	59	85	80

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, so in financial year 2017 for tranche 2013. The amount can be reduced or cancelled depending on results of performance evaluation II and payout is due in financial year 2017 (tranche 2013) at the earliest. The actual value of the payout 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 2013 was paid in 2013.

Furthermore, Holger Hohrein received a payment from performance shares in the amount of €38 thousand under the 2005 LTI plan, which were granted to him in his capacity as a comdirect divisional manager in financial year 2010.

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 2013 for respective reporting year[3]	Cumulative compensation paid for respective reporting year as of 31.12.2013	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				
2013	**180**	**9**	**28**	**28**		**19**		**19**		**189**	**189**	**283**	**264**
From 1.7. 2012	90	3	16	16	12	10		10[4]		28	121	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 and in financial year 2017 for tranche 2013. The amount can be reduced or cancelled depending on results of performance evaluation II and payout is due in financial year 2016 (tranche 2012) and in financial year 2017 (tranche 2013) respectively at the earliest. The actual value of the payout 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 2013, the STI component granted for 2012 was also paid in 2013.
4) Valuation of LTI component granted for 2012 as of 31.12.13: share-based LTI €10 thousand.

Moreover, Martina Palte received a payment from performance shares in the amount of €12 thousand under the 2005 LTI plan, which were granted to her in her capacity as a comdirect department head in financial year 2010.

Dr Diekmann resigned as a member of the Board of Managing Directors with effect from the end of 30 September 2013. The contract of employment with Dr Diekmann was also prematurely terminated on 30 September 2013 by mutual agreement. The current payments up to 30 September 2013 are shown in the table below under non-performance-related fixed compensation. As part of the termination of the contract of employment, the following was agreed with Dr Diekmann in accordance with the terms and conditions of the compensation system: The STI component for financial year 2013 was granted ratably and will be paid in financial year 2014 as scheduled. The STI component for financial year 2012 was also paid as scheduled in financial year 2013. The figures are shown in the following table in the STI component column. There is no LTI entitlement for financial year 2013. The LTI components granted for financial years 2011 and 2012 have lapsed with the departure of Dr Diekmann and have no value. The equivalent value of the entitlements arising from tranche 2010 of the LTIP 2005 was determined on the basis of a fair value valuation as of 24 June 2013 and settled in September 2013. The payment is shown in the table below in the LTIP 2005 column.

Dr Christian Diekmann (Member of the Board of Managing Directors until 30 September 2013)

€ 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 2013 for respective reporting year[3]	Cumulative compensation paid for respective reporting year as of 31.12.2013	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]		LTIP 2005		LTI cash payout		Share-based LTI[2]					
	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				
Until 30.9. 2013	**203**	**15**	**32**	**32**				**0**		**0**		**218**	**218**	**282**	**282**
2012	270	18	43	43	34			28	0	28	0	77	365	430	402
2011	230	16	47	47	41			31	0	31	0		334	402	371
2010	170	6	156			43	46					46	378	375	375

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 (LTI component) determined in performance evaluation I reported as value upon granting. There is no LTI entitlement for financial year 2013. The LTI components granted for financial years 2011 and 2012 have lapsed with the departure of Dr Diekmann and have no value.
3) In addition to the non-performance-related fixed compensation for 2013, the STI component granted for 2012 as well as the tranche of LTIP 2005 granted for reporting year 2010 were also paid in 2013.

Details regarding the pensions for the active members of the Board of Managing Directors in 2013 are shown in the following table individually.

€ thousand	Pension obligation (DBO) under IFRS as of 31.12.2013	Vested rights as of 31.12.2013
Dr Thorsten Reitmeyer	251	343
Holger Hohrein	3	4
Martina Palte	17	24
Dr Christian Diekmann	82	108
Total	**353**	**479**

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 €115 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 €226 thousand (previous year: €357 thousand) in the financial year. As of 31 December 2013, the pension obligations to former members of the Board of Managing Directors pursuant to IFRS totalled €3,809 thousand (previous year: 3,886 thousand).

Compensation of the Supervisory Board

The compensation of the Supervisory Board of comdirect bank AG is stipulated in the Articles of Association. Until mid-2012, the German Corporate Governance Code recommended that in addition to fixed compensation, the members of the Supervisory Board should receive performance-related compensation. The Government Commission for the German Corporate Governance Code has meanwhile dropped this recommendation. In light of this and to strengthen the independence of the members of the Supervisory Board, on 16 May 2013 the annual general meeting adopted a resolution amending the Articles of Association as proposed by the Board of Managing Directors and the Supervisory Board. This stipulated new rules for the compensation of the Supervisory Board of comdirect bank AG, with the variable compensation components in particular no longer applying. As of this date, the compensation of the Supervisory Board comprises the following:

In addition to reimbursement of expenses, the individual members of the Supervisory Board receive a fixed compensation of €20,000 after 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.

Members of the Risk and Audit Committee additionally receive fixed compensation amounting to €10,000. Compensation of €5,000 is paid for membership of all of the other committees. The Chairman of a committee receives double the amount of compensation of an ordinary member.

As of financial year 2013, shareholder representatives on the Supervisory Board, who act as members of the Board of Managing Directors of a group company of the majority shareholder, do not receive any compensation for their Supervisory Board activities.

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	
	2013	2012	2013	2012	2013	2012	2013	2012
Martin Zielke	0	0	0	0	0	0	0	0
Frank Annuscheit	0	0	0	0	0	0	0	0
Thorben Gruschka	24	12	0	17	0	0	24	29
Angelika Kierstein	24	12	0	17	6	3	30	32
Georg Rönnberg	24	12	0	17	24	6	48	35
Sabine Schmittroth (from 9 May 2012)	24	8	0	11	12	2	36	21
Karin Katerbau (until 15 April 2012)	0	3	0	5	0	1	0	9

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

Consolidated financial statements

> Income statement

Income statement of comdirect group according to IFRS

€ thousand		1.1. to 31.12.	
	Notes	2013	2012[1]
Interest income		214,815	263,870
Interest expenses		76,174	112,887
Net interest income before provisions for possible loan losses	(27)	**138,641**	**150,983**
Provisions for possible loan losses	(9), (28)	–1,429	–4,430
Net interest income after provisions for possible loan losses		**137,212**	**146,553**
Commission income		323,348	288,298
Commission expenses		135,018	120,599
Net commission income	(29)	**188,330**	**167,699**
Result from hedge accounting	(5), (30)	9	–8
Trading result	(31)	278	0
Result from financial investments	(32)	9,243	3,690
Administrative expenses	(33)	**259,866**	**235,911**
Other operating result	(34)	4,826	11,519
Pre-tax profit		**80,032**	**93,542**
Taxes on income	(20), (35)	19,498	19,262
Net profit		**60,534**	**74,280**
Allocation to reserves		9,695	12,143
Consolidated profit	(23)	**50,839**	**62,137**

1) Previous year's figures adjusted due to application of amended IAS 19 and retrospective adjustment of commission in funds business

Undiluted/diluted earnings per share

	1.1. to 31.12.	
	2013	2012[1]
Net profit (in € thousand)	60,534	74,280
Average number of ordinary shares (number)	141,220,815	141,220,815
Undiluted/diluted earnings per share (in €)	**0.43**	**0.53**

1) Previous year's figures adjusted due to application of amended IAS 19 and retrospective adjustment of commission in funds business

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 2013.

> Statement of comprehensive income

Statement of comprehensive income of comdirect group according to IFRS

€ thousand	1.1. to 31.12.	
	2013	2012[1]
Net profit	**60,534**	**74,280**
Items which cannot be reclassified to the income statement		
– Change in actuarial gains/losses recognised in equity	708	–3,349
Items which can be reclassified to the income statement		
– Change in the revaluation reserves after tax	–33,282	44,203
Comprehensive income	**27,960**	**115,134**

1) Previous year's figures adjusted due to application of amended IAS 19 and retrospective adjustment of commission in funds business

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 IFRS

Assets

€ thousand	Notes	as of 31.12.2013	as of 31.12.2012[1]	as of 1.1.2012[1]
Cash reserve	(6), (36)	1,292,775	551,760	527,849
Claims on banks	(7), (37), (39)	9,048,745	7,929,839	6,711,938
Claims on customers	(7), (38), (39)	189,866	208,217	229,029
Trading assets	(11), (40)	150	0	0
Financial investments	(12), (41)	3,572,484	3,709,668	3,861,587
Intangible assets	(13), (42), (44)	30,383	31,809	30,579
Fixed assets	(14), (43), (44)	11,687	11,772	11,790
Current income tax assets	(20), (45)	6,667	1,892	4,091
Deferred income tax assets	(20), (45)	3,149	0	0
Other assets	(46)	6,931	6,204	5,896
Total assets		**14,162,837**	**12,451,161**	**11,382,759**

Liabilities and equity

€ thousand	Notes	as of 31.12.2013	as of 31.12.2012[1]	as of 1.1.2012[1]
Liabilities to banks	(16), (47)	2,132	1,901	3,244
Liabilities to customers	(16), (48)	13,487,874	11,737,489	10,723,015
Negative fair values from derivative hedging instruments	(5), (17), (49)	2,563	5,278	4,496
Trading liabilities	(18), (50)	440	0	0
Provisions	(19), (51)	45,502	45,305	42,165
Current income tax liabilities	(20), (52)	9,900	21,625	14,527
Deferred income tax liabilities	(20), (52)	0	7,789	3,852
Other liabilities	(53)	62,813	45,983	41,718
Equity	(54)	**551,613**	**585,791**	**549,742**
– Subscribed capital		141,221	141,221	141,221
– Capital reserve		223,296	223,296	223,296
– Retained earnings		114,020	103,618	94,824
– Revaluation reserves		22,237	55,519	11,317
– Consolidated profit		50,839	62,137	79,084
Total liabilities and equity		**14,162,837**	**12,451,161**	**11,382,759**

1) Previous year’s figures adjusted due to application of amended IAS 19 and retrospective adjustment of commission in funds business

> Statement of changes in equity

€ thousand	Subscribed capital	Capital reserve	Retained earnings	Revaluation reserves[1)]	Group result	Total
Equity as of 31.12.2011	**141,221**	**223,296**	**92,350**	**11,317**	**79,084**	**547,268**
Change due to retrospective adjustments	–	–	2,474	–	–	2,474
Equity as of 1.1.2012	**141,221**	**223,296**	**94,824**	**11,317**	**79,084**	**549,742**
Net profit from 1.1. to 31.12.2012[2)]	–	–	–	–	74,280	74,280
Change in actuarial gains/losses recognised in equity[2)]	–	–	−3,349	–	–	−3,349
Changes in revaluation reserves	–	–	–	44,203	–	44,203
Comprehensive income 2012	**–**	**–**	**−3,349**	**44,203**	**74,280**	**115,134**
Profit distributions	–	–	–	–	−79,084	−79,084
Allocation to reserves/transfer from reserves[2)]	–	–	12,143	–	−12,143	0
Equity as of 31.12.2012/1.1.2013	**141,221**	**223,296**	**103,618**	**55,519**	**62,137**	**585,791**
Net profit from 1.1. to 31.12.2013	–	–	–	–	60,534	60,534
Change in actuarial gains/losses recognised in equity[2)]	–	–	708	–	–	708
Change in revaluation reserves	–	–	–	−33,282	–	−33,282
Comprehensive income 2013	**–**	**–**	**708**	**−33,282**	**60,534**	**27,960**
Profit distributions	–	–	–	–	−62,137	−62,137
Allocation to reserves/transfer from reserves	–	–	9,695	–	−9,695	0
Equity as of 31.12.2013	**141,221**	**223,296**	**114,020**	**22,237**	**50,839**	**551,613**

1) Pursuant to IAS 39
2) Previous year's figures adjusted due to application of amended IAS 19 and retrospective adjustment of commission in funds business

In financial year 2013, dividend payments totalling €62,137 thousand (2012: €79,084 thousand) were distributed to shareholders of comdirect bank AG. This equates to a payment of €0.44 per share (2012: €0.56).

In financial year 2013, 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.	
	2013	2012
Net profit	**60,534**	**74,280**
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	27,759	28,459
– Result from the sale of assets	−9,485	−4,318
– Other adjustments	−123,796	−144,954
Sub-total	**−44,988**	**−46,533**
Changes in assets and liabilities from operating activities after adjustment for non-cash items		
– Claims		
on banks	−1,117,360	−1,223,747
on customers	55,452	58,084
– Positive/negative fair values from derivative hedging instruments and trading assets	206	0
– Securities	68,296	207,557
– Other assets from operating activities	3,285	1,943
– Liabilities		
to banks	231	−1,343
to customers	1,734,952	998,756
– Other liabilities and equity from operating activities	−13,211	−23,519
Interest and dividends received	245,084	278,190
Interest paid	−76,649	−109,723
Income tax payments	−35,807	−19,972
Cash flow from operating activities	**819,491**	**119,693**
Cash inflows from the disposal of fixed assets and intangible assets	−48	9
Cash outflows for the acquisition of fixed assets and intangible assets	−16,291	−16,707
Cash flow from investment activities	**−16,339**	**−16,698**
Dividend payment	−62,137	−79,084
Cash flow from financing activities	**−62,137**	**−79,084**
Cash and cash equivalents as of the end of the previous year	**551,760**	**527,849**
– Cash flow from operating activities	819,491	119,693
– Cash flow from investment activities	−16,339	−16,698
– Cash flow from financing activities	−62,137	−79,084
Cash and cash equivalents as of the end of the period	**1,292,775**	**551,760**

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 the comdirect group as of 31 December 2013 were prepared in accordance with Section 315a (1) of the German Commercial Code (HGB) and Regulation (EC) 1606/2002 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 2012 were published in the online Federal Gazette on 18 April 2013.

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 2014.

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 2013.

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 Changes in accounting methods

In the consolidated financial statements of the comdirect group, all the standards and interpretations to be compulsorily applied in the EU in financial year 2013 were taken into account.

The amended IAS 1 to be applied for the first time in financial year 2013 “Presentation of items of other comprehensive income” resulted in separate reporting of items in other comprehensive income for the period, which will not be recycled to the income statement at a later date. The amount of the changes in equity arising from actuarial gains and losses from pension obligations is reported here for the first time, unlike in the previous year.

The first-time application of the amended IAS 19 “Employee benefits” from 1 January 2013 resulted in a retrospective adjustment to the 2012 financial statements. Gains and losses from changes to actuarial parameters are now reported in other comprehensive income for the period in the statement of comprehensive income. In equity, this directly results in changes to retained earnings; there is no later reclassification to the income statement.

Moreover, in accordance with the amended IAS 19, net interest expenses must be determined if plan assets are to be used to finance pension obligations. This deals with interest paid on net liabilities or net assets (defined obligations less the fair value of plan assets), applying a uniform interest rate. Prior to the amendment, the provisions for determining the interest rate for discounting obligations were different to those for determining the income expected from plan assets.

As of 1 January 2013, interest income and expenses arising from pensions and similar commitments and the plan assets allocated to this end are no longer reported under personnel expenses in the income statement, but instead under net interest income as is standard market practice. The comparable amounts from the prior-year period were adjusted accordingly.

The change resulted in a retrospective increase in provisions for pensions and similar commitments as at 31 December 2012 of €5,635 thousand (1 January 2012: €1,008 thousand). Taking account of the income tax assets of €1,529 thousand (1 January 2012: €270 thousand) this gave rise to, the change resulted in an adjustment to retained earnings of €4,106 thousand (1 January 2012: €737 thousand).

The income statement for the period 1 January 2012 to 31 December 2012 showed an increase in interest expenses of €818 thousand and a reduction in administrative expenses of €791 thousand. This did not result in any relevant change to earnings per share. Application of the amended IAS 19 “Employee benefits” resulted in immediate full recognition of actuarial effects in other comprehensive income for the period. Retrospective adjustment based on the new method was carried out for the disclosures on previous periods.

No comparative figures were prepared for the reporting period on the basis of previous provisions because application of the provisions of the amended IAS 19 has been compulsory since the beginning of the period.

Application of IFRS 13 “Fair value measurement” resulted in no material changes for the comdirect group’s consolidated financial statements.

In contrast to the previous year, the fair values of liabilities to customers carried at amortised cost were measured using the legal holding period for deposits rather than the economic holding period. This enables a more accurate presentation in the notes. Prior-year figures were adjusted accordingly.

As at the reporting date, the provisions of IFRS 10, 11 and 12 as well as IAS 27 and 28 were voluntarily applied for the first time. This resulted in no changes for the consolidated companies.

Neither the amendments to IFRS 7 (Disclosures – Offsetting financial assets and financial liabilities) nor the 2009–2011 improvement to IFRSs affected the comdirect group consolidated financial statements.

Claims accrued for the current financial year were determined group-wide on an accrual basis for the first time, in connection with sales commission from the funds business. The adjustments to the consolidated financial statements of the comdirect group this caused were made retrospectively.

This resulted in an increase in claims on customers on the balance sheet as of 31 December 2012 of €5,621 thousand (1 January 2012: €4,338 thousand). Taking account of the income tax liabilities of €1,469 thousand (1 January 2012: €1,127 thousand) this gave rise to, the adjustments resulted in an increase in retained earnings of €4,152 thousand (1 January 2012: €3,211 thousand). In the 2012 income statement, it resulted in an increase of €1,283 thousand in net commission income. After allowing for deferred income taxes of €341 thousand, this meant an increase of €941 thousand in consolidated net profit.

Standards to be applied in future:

Standard	Title	Date of application
IAS 32 (amended)	Offsetting financial assets and financial liabilities	1 January 2014*
IAS 36 (amended)	Impairments of assets	1 January 2014
IAS 39 (amended)	Novation of derivatives and continuation of hedge accounting	1 January 2014
IFRIC 21	Levies	1 January 2014*
	Annual improvements to IFRSs 2010–2012 cycle	1 July 2014*
	Annual improvements to IFRSs 2011–2013 cycle	1 July 2014*
IAS 19 (amended)	Employees benefits – Defined benefit plans: Employee contributions	1 January 2015*
IFRS 9	Financial instruments – Phase I: Classification and measurement, Phase III: Hedge accounting	not earlier than financial year 2017

* The application dates are subject to 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 2014 or later, with the exception of IFRS 10, 11 and 12 as well as IAS 27 and 28.

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.

The requirements of IFRS 9 were further revised in 2013 and further amendments are still pending. Endorsement has therefore not yet been provided by the EU. First-time application of IFRS 9 was postponed again. A new first-time application date has not yet been set. Effects from the application of IFRS 9 cannot therefore be reliably quantified at this time.

No material effects on the comdirect group consolidated financial statements are expected from the other provisions to be applied in future.

3 Consolidated companies

Apart from the parent company, comdirect bank AG, Quickborn, the consolidated companies consist of ebase GmbH, Aschheim, and five special funds, which are included in the consolidated financial statements as special purpose entities (SPE). The early application of IFRS 10 had no impact on the consolidated companies or the comdirect group consolidated financial statements.

comdirect bank AG holds 100% of the shares in each of the consolidated group units. All consolidated companies prepared financial statements as at 31 December 2013.

There are no further legal relationships in which comdirect bank AG has control. No investments in associates or joint ventures are held.

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. For this purpose, all identifiable assets, liabilities and contingent liabilities of the subsidiary are reassessed as of the date of acquisition.

Intra-group claims and liabilities as well as expenses and income will be eliminated as part of the debt, income and expense consolidation. Interim gains or losses reported in the consolidated financial statements are deducted, unless they are of minor importance.

5 Financial instruments: recognition and measurement

Pursuant to IAS 39, all financial assets and liabilities, including derivative financial instruments, must be recognised in the balance sheet. A financial instrument is a contract by which one company holds a financial asset and another holds a financial liability or equity instrument at the same time. Financial instruments are to be measured at their fair value upon initial recognition.

In subsequent measurement, financial instruments are recognised in the balance sheet at either (amortised) cost or fair value, depending on the category.

The fair value is measured at a financial instrument price determined on an active market (level 1 valuation hierarchy). For debt instruments, these are primarily transaction prices and quotations on the interbank market. For equity instruments, the fair value is measured using market prices, and for fund units, the fund's net asset value is used.

If no quoted prices for identical or similar financial instruments are available, valuation models that use market data as parameters to the greatest extent possible are used to determine the fair value (level 2 valuation hierarchy). The comdirect group primarily uses the discounted cash flow method. Discounting is performed at interest rates and credit spreads observable on the market. The interest rates have been transferred generally from the 3-month swap curve. The instrument or issuer-specific credit spreads are determined using, for example, the Pfandbrief curve or highly liquid bonds of an issuer.

If current verifiable market data is insufficient for valuation with valuation models, unobservable inputs are also to be applied. These initial inputs may contain data that, in the form of approximate values, is determined on the basis of historical data, among other factors (level 3 valuation hierarchy). No instruments are currently allocated to this category at the comdirect group.

Transfers between hierarchical levels are always reported as of the last day of the relevant quarter. Further information on the valuation hierarchies may be found in the tables section of the Notes.

Purchases and sales of financial assets are shown in the balance sheet in accordance with the trade date accounting method. Financial assets are derecognised if rights to cash flows have expired or lapsed, or if contractual rights have been transferred, so that the majority of risks and rewards are transferred. The approach for continuing involvements can be used in case of only a partial transfer of risks and opportunities and retention of dispositive power.

Financial assets in the "loans and receivables" category are reported in the balance sheet at amortised cost. Premiums and discounts are recognised in net interest income throughout the term using the effective interest rate method.

"Available for sale"-category financial instruments are accounted for and measured at fair value. The measurement results are recognised in equity in the revaluation reserves taking deferred taxes into account. Premiums and discounts on debt instruments are recognised in the income statement in net interest income throughout the instrument term. Interest income, dividends and current profits and losses from equity holdings classified in this category are also reported under net interest income. If financial assets are sold, the cumulative valuation result previously recognised in equity in the revaluation reserves is reversed and recognised in the income statement.

All financial liabilities in the consolidated financial statements of the comdirect group are posted in the "other financial liabilities" category. Liabilities to banks and customers belong to this category. The measurement is performed at amortised cost. Premiums and discounts are recognised in profit or loss in net interest income throughout the term of the instrument.

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. Effectiveness is proved using the dollar offset method.

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. Value changes that do not result from hedged risks are recorded pursuant to the rules of the relevant category of financial instruments.

6 Cash reserve
The holdings are mainly included in balances with central banks and are reported at nominal value.

7 Claims
All claims on banks and customers originated by the comdirect group companies are included in the "loans and receivables" category. 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 significant 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 provisions corresponds to the difference between the book value of the loan less the present value of the expected future cash flow, discounted at the original effective interest rate.

In addition, credit risks are covered 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 off-balance 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 possible loan losses for both utilised 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 arising from the hedged risk under hedge accounting are recognised in the income statement under "result from hedge accounting".

⓫ 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. Valuation and disposal gains and losses are recorded in the income statement under the trading result. Interest income and expenses from trading are reported under net interest income.

⓬ Financial investments

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. They are reported under the Financial investments item in the balance sheet.

Debt instruments are subject to an impairment test using quantitative or qualitative trigger events. Qualitative indications of impairment can 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 recognised in equity in the revaluation reserves 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 reserves with an impact on income. For equity instruments, reversals of impairment losses are consistently recognised in equity in the revaluation reserves.

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".

⓭ Intangible assets

Internally generated software, purchased software and acquired customer relationships (customer base) are included under "intangible assets".

Internally generated software is recognised if all provisions of IAS 38 are met. These assets are recognised at cost. Sundry intangible assets are recognised at historical cost.

In principle, internally generated software and purchased individual software is amortised using the straight-line method against earnings over a period of five years; standard software over three years. Acquired customer relationships are amortised using the straight-line method 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 impairment triggers within the meaning of IAS 36 which would necessitate impairments that are recognised in the income statement.

An impairment is recognised if the recoverable amount of the asset is lower than 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.

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

All fixed assets are capitalised at historical cost. Office furniture and equipment are depreciated using the straight-line method 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.

In the income statement, depreciation is reported under “administrative expenses”; gains and losses arising from the sale of fixed assets under “other operating result”.

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.

⓯ 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).

⓰ Liabilities
Liabilities comprise – in addition to financial liabilities – all items on the liabilities side of the balance sheet with the exception of equity. Liabilities to customers comprise the largest share of financial liabilities by far. With the exception of those resulting from derivatives, liabilities are accounted for at amortised cost.

⓱ 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. Under hedge accounting, the measurement results determined for fair value hedges arising from the hedged risk are recognised in the income statement under “result from hedge accounting”.

⓲ 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. Valuation and disposal gains and losses are recorded in the income statement under the trading result. Interest income and expenses from trading are reported under net interest income.

⓳ 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. Provisions are made accordingly 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 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.

In one scheme, individual 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 therefore formed.

In another scheme, selected 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). According to the ADIG/cominvest pension rules in the version dated 1 June 1988 and 1 July 1988, ebase grants all employees who commenced their employment before 31 December 2000 lifetime pension benefits if they meet the relevant pension benefit requirements upon reaching the fixed age of 65 or receive a statutory old-age pension. In accordance with the pension rules, the pension benefits are granted in addition to those paid out under the statutory pension scheme and are primarily based on length of service and the last salary earned.

For employees eligible for pension benefits who joined the comdirect group on or before 31 December 2004, their direct pension claims are primarily based on the rules found in the Commerzbank modular plan for pension benefits, known as CBA. The amount of the benefits under the CBA is determined from an initial module for the period up to 31 December 2004 and a benefit module – if applicable augmented by a dynamic module – for each contributory year from 2005 onwards.

Staff eligible for pension benefits who joined the group after 1 January 2005 have been given a commitment under the Commerzbank capital plan for company pension benefits, known as CKA. The CKA guarantees a minimum benefit on the modular basis, but also offers additional opportunities for higher pension benefits through investing assets in investment funds. There are also a few other individual agreements on commitments with former comdirect group employees entitled to pensions.

The obligations similar to those for a pension include deferred compensation. This refers 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. There are also a few individual agreements on partial retirement.

No particular risks have been identified beyond the usual pension plan risks such as biometric risks, risks associated with salary development and inflation risks.

The accounting regulations pursuant to IAS 19 for defined benefit plans are applied to the pension plans described and provisions are formed accordingly.

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 selected 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 the trustee to cover pension claims are qualified as plan assets. The plan assets portfolio is widely diversified and mainly comprises fixed income securities and equities as well as alternative investment instruments. The investment strategy aims to reduce interest rate risk via replication of the future cash flows from pension obligations.

The plan assets are to be allocated if the obligations to be covered exceed available funds. Any profit generated is maintained in the plan assets. Claims on repayment from plan assets arise if a fixed level of cover of the corresponding obligation has been reached.

Net liabilities from the present value of defined-benefit obligations less the fair value of the plan assets are to be recognised in the balance sheet. The expenses relating to the defined benefit old-age pension obligations to be recognised in the income statement comprise the service cost and the net interest cost arising from commitments and plan assets. Further information on the pension commitments granted is provided in note (51) and note (71).

If the parameters taken into account in the calculation of the pension obligations and plan assets deviate from the original expectations, this generates actuarial gains or losses. These, as well as the income from plan assets (with the exception of the amounts included in net interest expenses/income), are recognised directly in equity in the revenue reserves and reported the statement of comprehensive income. The discount rate for the pension commitments is determined using a model derived from matching euro-zone swap rates adjusted by a spread premium of high-quality corporate bonds. The same interest rate is used to determine the net interest expenses from the net liabilities (difference between present value of the obligation and the fair value of the plan assets).

Required restatements from the amendment to IAS 19 were made retrospectively. Relevant details are provided in note (2).

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 2013 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 directly in equity – broken down into the items that will be recycled to the income statement at a later date and those that will not be recycled – under other comprehensive income.

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 issuing new shares against cash or non-cash contributions on one or more occasions, but up to a maximum amount of €70.0m (authorised capital 2009). 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.

By resolution of the annual general meeting of 16 May 2013, conditional capital totals €30.0m. The conditional capital 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 profit-sharing 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 15 April 2018.

22 Earnings

In principle, earnings are accounted for at fair value of the consideration. Interest income 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 2013, comdirect bank AG reported a distributable profit in accordance with the German Commercial Code (HGB) of €50,839,493.40.

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 €0.36 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

The volume for the performance-related variable compensation 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 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% of the target amount for the variable compensation component and limits the volume on variable compensation for the Board of Managing Directors accordingly (cap).

The individual variable compensation component for members of the Board of Managing Directors is split into two parts – a long-term incentive (LTI), which comprises 60% of total variable compensation for the CEO and 40% for members of the Board of Managing Directors and is paid out at the earliest three and a half years after the end of the financial year, and a short-term incentive (STI), paid out within ten months of the end of the financial year. The claim to LTI is only vested after expiry of the three-year vesting period. The claim to STI is immediate. 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 blocking 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.

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 depended on achieving performance targets which were 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 were based on total shareholder return (TSR), an indicator which took both share price performance and the dividends paid during the waiting period into account.

The number of performance shares falling due for payment depended 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.

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

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

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

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 this master agreement.

On the basis of the general agreement and the master agreement, the following services were provided during financial year 2013:

- Trading and processing services
- Payments and cash dispenser service
- Print 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
- Rights of use granted
- Project services, e.g. final withholding tax, expanding tax master data
- Other services

In total, the expenses for the above services amounted to €26.2m (2012: €24.9m) in the financial year.

In the reporting year, the earnings generated from these agreements totalled € 5.3m (2012: €4.0m).

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 €2.7m (2012: €1.3m) 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 daily money and fixed-term deposits as well as promissory notes totalled €8,776m (2012: €7,670m). During the year under review, the comdirect group companies generated total interest income of €131.9m (2012: €147.7m) from these transactions with Commerzbank AG and €0.3m (2012: €0.4m) from transactions 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 €1,807m (2012: €2,258m). The interest income on this item amounted to €48.7m (2012: €77.1m) 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 €679.5m (2012: €608.3m). Bonds with a nominal volume of €7.6m were sold to affiliated companies (2012: no sales).

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 €2.2m (2012: €2.9m) was generated on the average portfolio of lent securities amounting to €1.6bn (2012: 2.0bn).

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. In the reporting year, commission from these areas totalled €0.3m (2012: 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 Financial Services GmbH (ebase) offer their customers a range of funds from a wide variety of investment companies. These include investment companies of the Commerzbank Group. In financial year 2013, the comdirect group companies 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 €11.0m in financial year 2013 (2012: €11.7m).

As part of its processing and management services for custody accounts, ebase procures support and services from Commerzbank AG. In financial year 2013, Commerzbank AG received payment of €1.2m (2012: €1.5m) for these services.

ebase purchased other services from Commerzbank AG in the amount of €0.2m in financial year 2013 (2012: €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.

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 2013, the market value of trust assets administered in the trust totalled €4.9m (2012: €4.8m).

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 around 17% in Commerzbank AG. This and other factors of influence, in particular membership in the Supervisory Board, allow 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's consolidated financial statements.

As at the reporting date, the comdirect group held bonds from the government and government-related entities with a book value of €20.9m (prior-year reporting date: €79.0m). The comdirect group companies generated interest income of €1.7m from these bonds during the reporting year (2012: €2.5m).

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 (71)). 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	2013	2012	*Change in %*
Interest income from fixed-income securities held in the "available-for-sale" portfolio	66,687	97,704	*−31.7*
Interest income from credit and money market transactions	146,618	164,894	*−11.1*
Operating income from investments, shares and other variable-yield securities	1,486	1,272	*16.8*
Other interest income	24	0	–
Interest income and similar income	**214,815**	**263,870**	*−18.6*
Interest expenses for deposits	72,944	109,691	*−33.5*
Balance of interest from derivative hedging instruments	2,029	2,079	*−2.4*
Other interest expenses	1,201	1,117	*7.5*
Interest expenses	**76,174**	**112,887**	*−32.5*
Total	**138,641**	**150,983**	*−8.2*

For the first time, all interest components in pension and similar commitments, in addition to the relevant plan assets, are reported under net interest income. Furthermore, the amended IAS 19 resulted in transition effects. The previous year's figures were adjusted accordingly.

28 Provisions for possible loan losses

€ thousand	Allowance	Reversal	Direct write-downs	Income received on written-down claims	Total 2013
Provisions for possible loan losses for on-balance sheet lending transactions	**1,793**	**1,323**	**835**	**42**	**−1,263**
Claims on customers	1,793	1,323	835	42	−1,263
– Significant lending business	0	0	0	0	0
– Non-significant lending business	1,793	1,323	835	42	−1,263
Claims on banks	0	0	0	0	0
Provisions for credit risks	**2,473**	**2,307**	**0**	**0**	**−166**
Total	**4,266**	**3,630**	**835**	**42**	**−1,429**

€ 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**

29 Net commission income

€ thousand	2013	2012	Change in %
Securities transactions	167,756	148,248	13.2
Payment transactions	11,988	9,936	20.7
Other commission	8,586	9,515	−9.8
Total	**188,330**	**167,699**	12.3

Net commission income contains commission income from securities lending transactions which are not recognised at fair value in profit or loss, in the amount of €2.2m (2012: €2.9m).

A retrospective adjustment was made for commissions in the funds business. The prior-year figure under securities transactions was increased by €1,283 thousand.

30 Result from hedge accounting

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

€ thousand	2013	2012	Change in %
Results from hedging instruments	1,649	−698	−336.2
Results from hedged items	−1,640	690	−337.7
Total	**9**	**−8**	−212.5

Hedge accounting was applied in accordance with the provisions of 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	2013	2012	Change in %
Result from interest rate related transactions	278	0	–
Total	**278**	**0**	–

All financial instruments in the trading portfolio are measured at fair value. The trading result includes all 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 result, gains and losses from impairments and recoveries in the securities portfolio are shown in the result from financial investments.

€ thousand	2013	2012	*Change in %*
Disposal gains	9,973	5,123	*94.7*
Disposal losses	−439	−813	*−46.0*
Impairment	−291	−620	*−53.1*
Total	**9,243**	**3,690**	*150.5*

Impairments relate entirely to equity instruments.

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	2013	2012[1)]	*Change in %*
Wages and salaries	62,188	57,823	*7.5*
Compulsory social security contributions	10,252	9,371	*9.4*
Expenses for pensions and other employee benefits	962	973	*−1.1*
Total	**73,402**	**68,167**	*7.7*

1) Previous year's figures adjusted due to application of amended IAS 19

The item "wages and salaries" includes share-based payments (IFRS 2) totalling €780 thousand (2012: €621 thousand).

Breakdown of expenses for pensions and other employee benefits

€ thousand	2013	2012[1)]	*Change in %*
Company pension scheme	859	576	*49.1*
Expenses for early retirement	77	373	*−79.4*
Contributions to Versicherungsverein des Bankgewerbes a.G. (BVV)	26	24	*8.3*
Total	**962**	**973**	*−1.1*

1) Previous year's figures adjusted due to application of amended IAS 19

Other administrative expenses

€ thousand	**2013**	**2012**	*Change in %*
Marketing expenses	59,324	56,000	*5.9*
Communication expenses	11,971	8,790	*36.2*
Consulting expenses	14,362	11,698	*22.8*
Expenses for external services	41,275	38,094	*8.4*
Sundry administrative expenses	41,730	37,667	*10.8*
Total	**168,662**	**152,249**	*10.8*

Sundry administrative expenses includes rental and lease payments for business premises as well as contributions to the Deposit Protection Fund of €15,313 thousand (2012: €14,536 thousand).

Depreciation of office furniture and equipment and intangible assets

€ thousand	**2013**	**2012**	*Change in %*
Office furniture and equipment	4,658	4,528	*2.9*
Intangible assets	13,144	10,967	*19.9*
Total	**17,802**	**15,495**	*14.9*

Depreciation of office furniture and equipment did not include any impairment losses (2012: €658 thousand).

34 Other operating result

€ thousand	**2013**	**2012**	*Change in %*
Other operating income	**8,660**	**17,640**	*−50.9*
Tax matters from previous years	42	4,961	*−99.2*
Income from writing-back of provisions and accruals	3,957	7,779	*−49.1*
Income from service level agreements	1,595	3,314	*−51.9*
Project grants	303	0	–
Insurance payments	151	131	*15.3*
Income from other accounting periods	1,207	369	*227.1*
Income from recoverable input taxes	604	577	*4.7*
Sundry income items	801	509	*57.4*
Other operating expenses	**3,834**	**6,121**	*−37.4*
Goodwill payments and price differences in security transactions	966	1,526	*−36.7*
Non-income-related taxes including interest from previous years	458	2,396	*−80.9*
Expense from legal proceedings and recourse	956	835	*14.5*
Losses on the disposal of fixed assets	48	2	–
Loan loss provisions and write-downs outside retail lending	89	62	*43.5*
Sundry expense items	1,317	1,300	*1.3*
Total	**4,826**	**11,519**	*−58.1*

35 Taxes on income

€ thousand	2013	2012[1]	*Change in %*
Current taxes on income current year	20,538	24,150	*−15.0*
Current taxes on income from previous years	−1,186	849	*−239.7*
Deferred taxes	146	−5,737	*−102.5*
Total	**19,498**	**19,262**	*1.2*

1) Previous year's figures adjusted due to application of amended IAS 19 and retrospective adjustment of commission in funds business

Reconciliation of taxes on income

€ thousand	2013	2012[1]
Profit from ordinary activities of comdirect bank AG and ebase GmbH	**80,032**	**93,542**
multiplied by the respective income tax rate for the company		
= Calculated income tax paid in financial year	21,752	24,556
Effect of tax-free income from financial investments	−583	−248
Effect of losses from financial investments; not tax deductible	14	96
Effect of taxes from previous years recognised in the financial year	−1,397	−5,426
Other effects	−288	284
Total	**19,498**	**19,262**

1) Previous year's figures adjusted due to application of amended IAS 19 and retrospective adjustment of commission in funds business

The tax income from previous years results largely from new findings from the current audit at comdirect bank AG.

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 11.33% for comdirect bank AG (Quickborn location) and 11.55% for ebase GmbH (Aschheim location).

This produces an income tax rate of around 27.15% for comdirect bank AG and around 27.38% for ebase GmbH.

Notes to the balance sheet

36 Cash reserve

€ thousand	31.12.2013	31.12.2012	*Change in %*
Cash on hand	330	181	*82.3*
Balances held at central banks	1,292,445	551,579	*134.3*
Total	**1,292,775**	**551,760**	*134.3*

The minimum reserve requirement to be met at the end of December 2013 totalled €122,338 thousand (31.12.2012: €110,214 thousand).

37 Claims on banks

€ thousand	Total			Due on demand		Other claims	
	31.12.2013	31.12.2012	*Change in %*	31.12.2013	31.12.2012	31.12.2013	31.12.2012
German banks	9,048,745	7,929,839	*14.1*	213,160	661,728	8,835,585	7,268,111
Foreign banks	0	0	–	0	0	0	0
Total	**9,048,745**	**7,929,839**	*14.1*	**213,160**	**661,728**	**8,835,585**	**7,268,111**

Claims on banks include foreign currency amounts of €93,414 thousand (2012: €119,590 thousand).

Claims on banks primarily comprise promissory notes in the amount of €7,650,714 thousand (2012: €6,691,070 thousand) as well as overnight money and fixed-term deposits totalling €1,184,692 thousand (2012: €1,026,704 thousand).

38 Claims on customers

€ thousand	Total			Due on demand		Other claims	
	31.12.2013	31.12.2012	*Change in %*	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Claims on German customers	**182,036**	**203,009**	*–10.3*	**182,036**	**203,009**	**0**	**0**
– Companies and financial institutions	29,122	25,546	*14.0*	29,122	25,546	0	0
– Private customers	152,914	177,463	*–13.8*	152,914	177,463	0	0
Claims on international customers	**7,830**	**5,208**	*50.3*	**7,830**	**5,208**	**0**	**0**
– Private customers	7,830	5,208	*50.3*	7,830	5,208	0	0
Total	**189,866**	**208,217**	*–8.8*	**189,866**	**208,217**	**0**	**0**

Claims on customers include €106,993 thousand (2012: €123,578 thousand) from loans against securities. These claims are secured by securities. The claims on customers include amounts in foreign currency totalling €0.8 thousand (2012: €0.5 thousand).

A retrospective adjustment was made for commissions in the funds business. The previous year’s figure for claims on companies and financial institutions was increased by €5,621 thousand.

39 Provisions for possible loan losses

Provisions for possible loan losses by class of receivables

€ thousand	As of 1.1.2013	Utilised	Reversal	Allowance	As of 31.12.2013
Provisions for possible loan losses for on-balance sheet lending transactions	**2,041**	**200**	**1,323**	**1,793**	**2,311**
Claims on customers	2,041	200	1,323	1,793	2,311
– Significant lending business	0	0	0	0	0
– Non-significant lending business	2,041	200	1,323	1,793	2,311
related to transactional accounts	1,603	186	999	1,504	1,922
related to securities accounts and other accounts	438	14	324	289	389
Claims on banks	0	0	0	0	0
Provisions for credit risks	**4,627**	**13**	**2,307**	**2,473**	**4,780**
Total	**6,668**	**213**	**3,630**	**4,266**	**7,091**

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 credit risks relate exclusively to payment transaction products.

Provisions for possible loan losses by individual and portfolio risks

€ thousand	Total			Single loan loss provisions		Portfolio loan loss provisions	
	2013	2012	*Change in %*	2013	2012	2013	2012
Balance as of 1 January	**2,041**	**1,883**	*8.4*	**0**	**0**	**2,041**	**1,883**
Allowances	1,793	1,555	*15.3*	0	0	1,793	1,555
Deductions	1,523	1,397	*9.0*	0	0	1,523	1,397
– of which utilised	200	238	*−16.0*	0	0	200	238
– of which reversals	1,323	1,159	*14.2*	0	0	1,323	1,159
Provisions for possible loan losses as of 31 December	**2,311**	**2,041**	*13.2*	**0**	**0**	**2,311**	**2,041**

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

40 Trading assets

Trading assets comprise the positive fair values from derivative financial instruments not used for hedging purposes under hedge accounting. As at the balance sheet date, this comprised forward rate agreements with a nominal volume of €650m. (31.12.2012: €0m).

€ thousand	31.12.2013	31.12.2012	*Change in %*
Interest-related transactions	**150**	**0**	–

There are general agreements with the counterparties for derivatives, which provide for a net settlement of outstanding claims and obligations in the event that one of the parties becomes insolvent.

41 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	31.12.2013	31.12.2012	*Change in %*
Bonds and other fixed-income securities of the "available-for-sale" portfolio	3,498,933	3,671,472	*–4.7*
– Money market instruments	0	4,999	*–100.0*
issued by other borrowers	0	4,999	*–100.0*
– Bonds and notes	3,498,933	3,666,473	*–4.6*
issued by public sector borrowers	199,021	69,125	*187.9*
issued by other borrowers	3,299,912	3,597,348	*–8.3*
Equities and other variable-yield securities of the "available-for-sale" portfolio	73,551	38,169	*92.7*
Holdings in subsidiaries	0	27	*–100.0*
Total	**3,572,484**	**3,709,668**	*–3.7*

Financial investments include amounts in foreign currency totalling €57,836 thousand (2012: €29,636 thousand).

As part of its securities lending transactions, comdirect bank AG has transferred bonds and notes with a nominal value of €1,502,357 thousand (2012: €1,692,850 thousand). The book values of the transferred bonds and notes as of the reporting date amounted to €1,537,297 thousand (2012: €1,776,375 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.

42 Intangible assets

€ thousand	31.12.2013	31.12.2012	*Change in %*
Internally generated software	17,170	19,018	*−9.7*
Software purchased	11,293	9,911	*13.9*
Acquired customer relationships	1,920	2,880	*−33.3*
Total	**30,383**	**31,809**	*−4.5*

Changes in intangible assets are shown in the schedule of assets (note (44)).

43 Fixed assets

€ thousand	31.12.2013	31.12.2012	*Change in %*
Office furniture and equipment	11,687	11,772	*−0.7*
Total	**11,687**	**11,772**	*−0.7*

Changes in fixed assets are shown in the schedule of assets (note (44)).

44 Schedule of assets

€ thousand	Intangible assets					
	Internally generated software		Software purchased		Acquired customer relationships	
	2013	2012	2013	2012	2013	2012
Book value as of 1 January	**19,018**	**17,975**	**9,911**	**8,764**	**2,880**	**3,840**
Cost of acquisition/manufacture as of 1 January	90,462	83,149	44,443	39,811	11,592	11,592
– Additions	5,113	7,313	6,604	4,884	0	0
– Disposals	6,706	0	676	252	0	0
Cost of acquisition/manufacture as of 31 December	88,869	90,462	50,371	44,443	11,592	11,592
Cumulative write-downs as of 1 January	71,444	65,174	34,532	31,047	8,712	7,752
– Additions	6,961	6,270	5,222	3,736	960	960
– Impairments	0	0	0	0	0	0
– Disposals	6,706	0	676	251	0	0
Cumulative write-downs as of 31 December	71,699	71,444	39,078	34,532	9,672	8,712
Book value as of 31 December	**17,170**	**19,018**	**11,293**	**9,911**	**1,920**	**2,880**

€ thousand	Office furniture and equipment		Investments		Holdings in subsidiaries	
	2013	2012	2013	2012	2013	2012
Book value as of 1 January	**11,772**	**11,790**	**0**	**0**	**27**	**27**
Cost of acquisition/manufacture as of 1 January	54,024	60,510	0	10,500	27	27
– Additions	4,621	4,521	0	0	0	0
– Disposals	1,016	11,007	0	10,500	27	0
Cost of acquisition/manufacture as of 31 December	57,629	54,024	0	0	0	27
Cumulative write-downs as of 1 January	42,252	48,720	0	10,500	0	0
– Additions	4,659	3,871	0	0	0	0
– Impairments	0	658	0	0	0	0
– Disposals	969	10,997	0	10,500	0	0
Cumulative write-downs as of 31 December	45,942	42,252	0	0	0	0
Book value as of 31 December	**11,687**	**11,772**	**0**	**0**	**0**	**27**

The ordinary liquidation of WST-Broker-GmbH was concluded in the reporting period. This resulted in the reported disposal of holdings in subsidiaries in 2013.

45 Income tax assets

€ thousand	31.12.2013	31.12.2012	*Change in %*
Current income tax assets	6,667	1,892	*252.4*
Deferred income tax assets	3,149	0	*100.0*
Total	**9,816**	**1,892**	*418.8*

Current income tax assets contain claims from the current and previous financial year.

Deferred income tax assets and liabilites are offset as they relate to the same tax authorities. In financial year 2013, offsetting deferred income tax assets and liabilites produced an income tax asset.

Deferred income tax assets breakdown as follows:

€ thousand	Income tax assets	Income tax liabilities	31.12.2013 balance	Income tax assets	Income tax liabilities	31.12.2012 balance
Negative fair values from derivative hedging instruments	817	0	817	1,429	0	1,429
Claims on customers1)	7	0	7	0	−1,469	−1,469
Provisions for possible loan losses	455	0	455	367	0	367
Financial investments						
– Recognised in profit or loss	8,316	−456	7,860	8,958	−498	8,460
– Recognised in equity	0	−7,561	−7,561	0	−19,546	−19,546
Intangible assets	0	−3,575	−3,575	589	−2,604	−2,015
Provisions 1)	5,209	−63	5,146	5,672	−687	4,985
Total	**14,804**	**−11,655**	**3,149**	**17,015**	**−24,804**	**−7,789**

1) Previous year's figures adjusted due to application of amended IAS 19 and retrospective adjustment of commission in funds business

Of the current income tax assets of €6,667 thousand (2012: €1,892 thousand), €6,083 thousand will probably be realised after the end of 2014 (2012: €777 thousand after the end of 2013). €10,400 thousand of deferred income tax assets totalling €14,804 thousand and €6,694 thousand of deferred income tax liabilities totalling €11,655 thousand are expected to be realised after the end of 2014. In the previous year, deferred income tax assets totalling €11,947 thousand and deferred income tax liabilities totalling €12,331 thousand had a remaining lifetime of more than one year.

As at 31 December 2013, deferred income tax assets and liabilities were measured as in the previous year at the currently valid tax rates.

The income tax rate to be applied for determining the obligations is composed of the corporation income tax rate valid in Germany as of 1 January 2008 of 15.0% plus the solidarity surcharge of 5.5% and a trade earnings tax rate of 11.33% for comdirect bank AG (Quickborn office) as well as 11.55% for ebase GmbH (Aschheim office).

This produces an income tax rate of around 27.15% for comdirect bank AG and around 27.38% for ebase GmbH.

46 Other assets

€ thousand	31.12.2013	31.12.2012	*Change in %*
Deferred items	271	374	*–27.5*
Receivables from local advisory services	1	1	*0.0*
Claims on product providers	1,688	2,014	*–16.2*
Claims on group companies	739	228	*224.1*
Receivables from securities transactions	1,177	70	*1.581.4*
Trade receivables	116	200	*–42.0*
Salary advances	757	775	*–2.3*
Other	2,182	2,542	*–14.2*
Total	**6,931**	**6,204**	*11.7*

With the exception of the claims from local advisory services, we expect an average remaining lifetime of less than one year for the other assets. The same applied in the previous year.

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

€ thousand	2013	2012	*Change in %*
As of 1 January	**1,935**	**3,326**	*–41.8*
Additions	24	66	*–63.6*
Reversals	193	1,457	*–86.8*
Loan loss provisions as of 31 December	**1,766**	**1,935**	*–8.7*

47 Liabilities to banks

€ thousand	31.12.2013	31.12.2012	*Change in %*
German banks	2,132	1,901	*12.2*
Total	**2,132**	**1,901**	*12.2*

Liabilities to banks exclusively comprise liabilities due on demand (see note (56) “Maturities, by remaining lifetime”).

48 Liabilities to customers

€ thousand	Total			Due on demand		With agreed maturity or withdrawal notice	
	31.12.2013	31.12.2012	*Change in %*	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Liabilities to German customers	**13,148,088**	**11,454,128**	*14.8*	**12,173,340**	**10,482,146**	**974,748**	**971,982**
– Private customers	13,091,072	11,403,988	*14.8*	12,120,066	10,435,415	971,006	968,573
– Corporate customers and self-employed private individuals	57,016	50,140	*13.7*	53,274	46,731	3,742	3,409
Liabilities to international customers	**339,786**	**283,361**	*19.9*	**299,223**	**250,339**	**40,563**	**33,022**
– Private customers	339,256	282,607	*20.0*	298,693	249,585	40,563	33,022
– Corporate customers and self-employed private individuals	530	754	–	530	754	0	0
Total	**13,487,874**	**11,737,489**	*14.9*	**12,472,563**	**10,732,485**	**1,015,311**	**1,005,004**

Liabilities to customers include foreign currency amounts of €151,018 thousand (2012: €149,076 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 €114.1m (comdirect bank AG customers) or €7.5m (ebase GmbH customers). In addition, comdirect bank AG and ebase GmbH are members of Entschädigungseinrichtung deutscher Banken GmbH (German Banks' Compensation Fund).

49 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	31.12.2013	31.12.2012	*Change in %*
Negative fair values from allocated effective fair value hedges	**2,563**	**5,278**	*–51.4*

Only interest rate swaps are used for hedging purposes. They are carried at fair value. The nominal volume of the financial instruments amounts to €73m (2012: €118m).

There are general agreements with the counterparties for derivatives, which provide for a net settlement of outstanding claims and obligations in the event that one of the parties becomes insolvent.

50 Trading liabilities

Trading liabilities comprise the negative fair values from derivative financial instruments not used for hedging purposes under hedge accounting. As at the balance sheet date, these were interest rate swaps with a nominal volume of €10m (31.12.2012: €0m).

€ thousand	31.12.2013	31.12.2012	*Change in %*
Interest-related transactions	**440**	**0**	–

There are general agreements with the counterparties for derivatives, which provide for a net settlement of outstanding claims and obligations in the event that one of the parties becomes insolvent.

51 Provisions

€ thousand	31.12.2013	31.12.2012	*Change in %*
Provisions for pensions and similar commitments	22,003	22,316	*−1.4*
Other provisions	23,499	22,989	*2.2*
Total	**45,502**	**45,305**	*0.4*

Provisions for pensions and similar commitments comprise pension obligations, deferred compensation, partial retirement contracts and early retirement funds (for details see note (19)). €211 thousand (2012: €267 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	31.12.2013	31.12.2012	*Change in %*
Net present value of pension obligations	26,004	26,166	*−0.6*
Market value of plan assets	−4,212	−4,118	*2.3*
Total	**21,792**	**22,048**	*−1.2*

The previous year's figures were adjusted where necessary as part of application of the amended IAS 19. The provision corresponds to the net debt; there are no effects due to the asset ceiling.

Breakdown of allocations to provisions for pensions as recognised in the income statement:

€ thousand	2013	2012	*Change in %*
Current service expenses	756	511	*47.9*
Interest expenses arising from the obligation	983	962	*2.2*
Interest income from plan assets	−156	−182	*−14.3*
Total allocations	**1,583**	**1,291**	*22.6*

The previous year's figures were adjusted where necessary as part of application of the amended IAS 19. The service expenses are reported in administrative expenses and the interest components in net interest income.

Furthermore, additional costs arose for partial retirement contracts and early retirement scheme in the amount of €77 thousand (2012: €423 thousand), for pension insolvency insurance in the amount of €22 thousand (2012: €13 thousand) and for costs for Versicherungsverein des Bankgewerbes a.G. (BVV) in the amount of €26 thousand (2012: €24 thousand). The actual gains from plan assets amounted to €97 thousand (2012: €464 thousand).

Changes in the net present value of pension obligations during the financial year:

€ thousand	2013	2012	*Change in %*
Net present value of pension obligations as of 1 January	**26,166**	**20,300**	*28.9*
Allocations			
Current service expenses	756	511	*47.9*
Contributions from employees from salary sacrifice	0	69	*−100.0*
Interest expenses	983	962	*2.2*
Utilised			
Pension benefits paid	−617	−557	*10.8*
Transfers	−264	0	*–*
Experience gains and losses	−568	709	*−180.1*
Gains and losses from changes in financial assumptions	−452	4,172	*−110.8*
Net present value of pension obligations as of 31 December	**26,004**	**26,166**	*−0.6*

The previous year's figures were adjusted where necessary as part of application of the amended IAS 19.

The weighted duration of the obligations amounts to 17.8 years (31.12.2012: 18.9 years). The expected due dates of the pension payments are as follows:

€ thousand	2014	2015	2016	2017	2018	2019-2023
Expected pension payment	633	693	709	734	822	4,862

The following table presents the effects of individual parameter changes on pension obligations in the form of a sensitivity analysis. It does not take correlation effects into account. The same valuation methods were applied as in determination of the pension obligations.

€ thousand	Obligations as of 31.12.2013
Interest-rate sensitivity	
Discount rate +50 basis points	−2,092
Discount rate −50 basis points	2,387
Salary progression sensitivity	
Salary progression +50 basis points	729
Salary progression −50 basis points	−557
Pension-adjustment sensitivity	
Pension-adjustment +50 basis points	1,225
Pension-adjustment −50 basis points	−1,001
Mortality rate (life expectancy) adjustment sensitivity	
Reduction in probability of death by 10%[1)]	573

1) Corresponds to a change in life expectancy of approximately one year

Changes in the fair value of plan assets during the financial year:

€ thousand	2013	2012	*Change in %*
Market value of plan assets as of 1 January	**4,118**	**3,786**	*8.8*
Allocation to plan assets	0	69	*–100.0*
Refunds for pension benefits	0	–201	*–100.0*
Interest income from plan assets	156	182	*–14.3*
Experience gains and losses	–62	282	*–122.0*
Market value of plan assets as of 31 December	**4,212**	**4,118**	*2.3*

The previous year's figures were adjusted where necessary as part of application of the amended IAS 19.

The experience gains and losses and those resulting from changes in financial assumptions reported for the pension obligations and plan assets are recognised in other comprehensive income for the period.

A sub-group of pension obligations granted is represented via pension plan reinsurance. The plan assets for the assets held in the form of a pension trust are composed as follows:

	31.12.2013		31.12.2012	
Market value of plan assets as of 1 January	**Active market**	**Inaktive market**	**Active market**	**Inaktive market**
Fixed-income securities/bond funds	54.0	15.4	58.6	13.9
Equities/equity funds	8.5	3.6	7.0	3.0
Other financial instruments	5.2	9.5	9.1	6.5
Liquidity	3.8	0.0	1.9	0.0
Total	**71.5**	**28.5**	**76.6**	**23.4**

The calculations are based on the Heubeck RT 2005G mortality tables (modified). Furthermore the following parameters are included in the actuarial calculations:

in %	31.12.2013	31.12.2012
Parameters for determining the pension obligations at year-end		
– Discount rate	3.9	3.8
– Salary progression	2.5	2.5
– Pension adjustment	1.8	1.8
Parameters for determining pension expenses in financial year		
– Discount rate	3.8	4.8
– Salary progression	2.5	2.5
– Pension adjustment	1.8	1.8

Changes in other provisions:

€ thousand	As of 1.1.2013	Utilised	Written-back	Allocation	As of 31.12.2013
Provisions for non-income-related taxes	1,791	0	0	133	1,924
Provisions for staff	7,159	5,730	291	6,869	8,007
Provisions for interest from additional tax claims	5,416	0	787	987	5,616
Provisions for restructuring	324	0	205	0	119
Other provisions	8,299	1,177	3,053	3,764	7,833
Total	**22,989**	**6,907**	**4,336**	**11,753**	**23,499**

The provisions for staff mainly relate to provisions for variable compensation components, which are scheduled to be used in financial year 2014. This item also includes provisions for anniversary expenses of €759 thousand (2012: anniversary expenses €771 thousand, performance shares €432 thousand).

Other provisions include provisions for credit risks amounting to €4,780 thousand (2012: €4,627 thousand).

We expect a remaining lifetime of more than one year for part of the provisions. This affects in particular a part of the provisions for non-income related taxes, provisions for interest from additional tax claims and provisions for anniversary expenses. This applied to the majority of these provision amounts in the previous year.

Provisions for restructuring include the following measures:

€ thousand	As of 1.1.2013	Utilised	Written-back	Allocation	As of 31.12.2013
Measures related to the withdraw from the local advisory services	233	0	154	0	79
Measures to improve efficiency and realign the sales of ebase GmbH	91	0	51	0	40
Provisions for restructuring	**324**	**0**	**205**	**0**	**119**

We expect a remaining lifetime of less than one year for the majority of the restructuring provisions.

52 Income tax liabilities

€ thousand	31.12.2013	31.12.2012[1]	*Change in %*
Current income tax liabilities	9,900	21,625	*−54.2*
Deferred income tax liabilities	0	7,789	*−100.0*
Total	**9,900**	**29,414**	*−66.3*

1) Previous year's figures adjusted due to application of amended IAS 19 and retrospective adjustment of commission in funds business

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 2013 the offsetting of deferred income tax assets and liabilities produces an income tax asset. A breakdown is given in note (45).

Of the current income tax liabilities in the amount of €9,900 thousand (2012: €21,625 thousand), €4,060 thousand (2012: €12,582 thousand after the end of 2013) are expected to be due after the end of 2014.

53 Other liabilities

€ thousand	31.12.2013	31.12.2012	*Change in %*
Liabilities from final withholding tax	24,430	11,799	*107.1*
Trade accounts payable	25,364	22,176	*14.4*
Liabilities to affiliated companies	5,204	3,345	*55.6*
Other	7,815	8,663	*−9.8*
Total	**62,813**	**45,983**	*36.6*

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.

54 Equity

€ thousand	31.12.2013	31.12.2012 1)	*Change in %*
Subscribed capital	141,221	141,221	*0.0*
Capital reserve	223,296	223,296	*0.0*
Retained earnings	114,020	103,618	*10.0*
Revaluation reserves	22,237	55,519	*–59.9*
Consolidated profit	50,839	62,137	*–18.2*
Equity	**551,613**	**585,791**	*–5.8*

1) Previous year's figures adjusted due to application of amended IAS 19 and retrospective adjustment of commission in funds business

Subscribed capital

Subscribed capital comprises no-par value shares.

	Number
Number of shares held as of 1.1.2013	**141,220,815**
Issue of new shares	0
Number of shares held as of 31.12.2013	**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.

Retained earnings also includes actuarial gains and losses from pension liabilities recognised directly in equity in accordance with IAS 19.

The actuarial gains and losses in the amount of €708 thousand after tax (2012: €–3,349 thousand) comprise pre-tax profit of €975 thousand (2012: loss of €4,599 thousand) and deferred tax expenses of €267 thousand (2012: tax income of €1,250 thousand).

Revaluation reserves

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 reserves, 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 reserves of €–33,283 thousand after tax (2012: increase of €44,203 thousand) comprises a decline in the revaluation reserves before tax of €44,648 thousand (2012: increase of €59,397 thousand), current tax income totalling €30 thousand (2012: tax expenses €4,269 thousand) and deferred tax income of €11,335 thousand (2012: tax expenses €10,925 thousand).

Additional information

55 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 quantifiable risk types (operational risk, credit risk, market risk, risk relating to deposit modelling and business risk). The risk cover potential comprises the subscribed capital, capital reserve and retained earnings, result and the revaluation reserves 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	31.12.2013	31.12.2012
Profit after tax[1]	59.9	72.9
Subscribed capital	141.2	141.2
Revaluation reserves	22.2	55.5
General reserves	327.6	315.7
Other intangible assets	−30.4	−31.8
Deferred tax assets and liabilities	−15.6	−16.8
Economic capital	**505.0**	**536.7**
Reserve for fluctuations in economic capital	−70.0	−101.7
Risk cover potential	**435.0**	**435.0**

1) After-tax profit/loss in 2013 in accordance with the income statement of the comdirect group after allowing for a deduction of €0.6m for expected loss from financial investments recognised at fair value in equity.

comdirect bank's overall risk position as of year-end was €149.0m (2012: €159.4m). As of the end of the financial year, utilisation of risk cover potential was thus 34.3% (2012: 36.6%). 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 45.79% (in accordance with Section 2 (6) of the Solvency Regulation (SolvV), previous year: 46.08%).

€ thousand	31.12.2013	31.12.2012	*Change in %*
Subscribed capital	141,221	141,221	*0.0*
General reserves	260,574	255,367	*2.0*
Deducted items	−9,750	−10,642	*−8.4*
Core capital	**392,045**	**385,946**	*1.6*
Liable equity	**392,045**	**385,919**	*1.6*
Own funds for SolvV	**385,358**	**380,259**	*1.3*
Risk-weighted assets	639,583	635,481	*0.6*
Eligible amount for operational risks, multiplied by 12.5	201,992	189,749	*6.5*
Total	**841,575**	**825,230**	*2.0*

56 Maturities, by remaining lifetime

€ thousand	Remaining lifetimes as of 31 December 2013					
	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	9,048,745	213,160	1,362,360	937,975	6,355,250	180,000
Claims on customers	189,866	189,866	0	0	0	0
Bonds and other fixed-income securities in the "available-for-sale" portfolio	3,498,933	0	688,864	695,625	2,019,369	95,075
Total	**12,737,544**	**403,026**	**2,051,224**	**1,633,600**	**8,374,619**	**275,075**
Liabilities to banks	2,132	2,132	0	0	0	0
Liabilities to customers	13,487,874	12,472,563	474,002	177,486	165,704	198,119
Total	**13,490,006**	**12,474,695**	**474,002**	**177,486**	**165,704**	**198,119**

€ 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[1)]	208,217	208,217	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	**11,809,528**	**869,945**	**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**

1) A retrospective adjustment was made for commissions in the funds business. The previous year's figure for claims on customers was increased by €5,621 thousand.

Time remaining to maturity is considered as the period between the balance sheet date and the contractual maturity of the claim or obligation.

57 Claims on/liabilities to affiliated companies

€ thousand	31.12.2013	31.12.2012	*Change in %*
Assets			
Claims on banks	9,035,590	7,917,570	*14.1*
Financial investments	1,806,825	2,257,512	*−20.0*
Other assets	739	361	*104.7*
Total	**10,843,154**	**10,175,443**	*6.6*
Liabilities			
Liabilities to banks	0	0	–
Other liabilities	4,476	5,081	*−11.9*
Total	**4,476**	**5,081**	*−11.9*

Money and capital market investments carried out via companies in the Commerzbank Group are collateralised within the scope of a general assignment agreement.

58 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 figures can be seen in the tables below.

The exposure to Commerzbank Group companies represents a major risk concentration relating to financial instruments. The maximum default risk for Commerzbank Group companies is €10,843m (2012: €10,175m). These default risks are fully covered by collateral via an assignment agreement with Commerzbank AG or in the form of Pfandbriefe. The annual risk inventory showed no further material risk concentrations relating to financial instruments.

Of the €189.9m (2012: €208.2m) in claims on customers on the balance sheet, default risks from loans against securities in the amount of €106.8m (2012: €123.4m) are covered by securities pledged as collateral by customers.

Credit quality of financial assets that are neither overdue nor impaired

€ thousand	31.12.2013	31.12.2012	*Change in %*
Banks	**13,641,582**	**12,083,946**	*12.9*
Cash reserve	1,292,775	551,760	*134.3*
Claims on banks	9,048,745	7,929,839	*14.1*
Financial investments	3,299,912	3,602,347	*−8.4*
– Bonds	3,299,912	3,602,347	*−8.4*
Derivatives	150	0	*–*
Retail customers	**156,484**	**177,275**	*−11.7*
– Claims on customers	156,484	177,275	*−11.7*
Public sector issuers	**199,021**	**69,125**	*187.9*
Financial investments	199,021	69,125	*187.9*
– Bonds	199,021	69,125	*187.9*
Corporates	**29,122**	**25,546**	*14.0*
Claims on customers[1]	29,122	25,546	*14.0*
Total	**14,026,209**	**12,355,892**	*13.5*

1) A retrospective adjustment was made for commissions in the funds business. The previous year's figure for claims on customers (companies) was increased by €5,621 thousand.

Overdue, but as yet unimpaired financial assets

€ thousand	Claims on customers		
	31.12.2013	31.12.2012	*Change in %*
Age structure			
– 30 to 90 days	1,355	2,233	*−39.3*
– 91 to 179 days	227	411	*−44.8*
– 180 days and over	1,953	2,113	*−7.6*
Total	**3,535**	**4,757**	*−25.7*

Individually impaired financial assets

€ thousand	Claims on customers		
	31.12.2013	**31.12.2012**	*Change in %*
Volume of claims individually impaired	1,622	1,390	*16.7*
Impairment	−897	−750	*19.6*
Book value	**725**	**640**	*13.3*

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.

Details on managing liquidity risk are included in the liquidity risk section of the risk report within the management report.

Payment claims under financial assets in accordance with contractually agreed maturities

€ thousand	Remaining lifetimes as of 31 December 2013				
	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	1,292,775	1,292,775	0	0	0
– Claims on banks	9,048,745	213,160	2,425,126	6,588,151	196,988
– Claims on customers	189,866	192,177	0	0	0
– Bonds and notes	3,498,933	0	1,430,676	2,073,698	96,524
Derivative financial instruments					
– Forward Rate Agreements	150	0	150	0	0
Total	**14,030,469**	**1,698,112**	**3,855,952**	**8,661,849**	**293,512**

€ 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[1)]	208,217	210,259	0	0	0
– Bonds and notes	3,671,472	0	1,474,228	2,255,679	96,112
Derivative financial instruments					
– Forward Rate Agreements	0	0	0	0	0
Total	**12,361,288**	**1,423,747**	**3,152,557**	**8,012,730**	**326,714**

1) A retrospective adjustment was made for commissions in the funds business. The previous year's figure for claims on customers was increased by €5,621 thousand.

Payment obligations under financial liabilities in accordance with contractually agreed maturities

€ thousand	Remaining lifetimes as of 31 December 2013				
	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	2,132	2,132	0	0	0
– Liabilities to customers	13,487,874	12,472,563	651,960	183,041	254,349
Derivative financial liabilities					
– Negative fair values from derivative hedging instruments	2,563	0	2,278	670	0
– Trading liabilities	440	0	225	225	
Credit obligations					
– Private customers	0	3,702,819	0	0	0
of which from loans against securities	0	2,382,286	0	0	0
Total	**13,493,009**	**16,177,514**	**654,463**	**183,936**	**254,349**

€ 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
– Trading liabilities	0	0	0	0	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**

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 31.12.2012	As of 31.12.2013	Year high	Year low	Median 2013	Median 2012
Total VaR 97.5% Holding period 1 day	2,689	2,281	2,737	2,050	2,273	3,518
Stress test – overall result	**108,284**	**103,523**	**115,201**	**100,803**	**107,156**	**110,966**

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.

59 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	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Loans and receivables				
– Cash reserve	1,292,775	551,760	1,292,775	551,760
– Claims on banks	9,189,230	8,156,766	9,048,745	7,929,839
– Claims on customers	189,866	208,217	189,866	208,217
Total	**10,671,871**	**8,916,743**	**10,531,386**	**8,689,816**
Available for sale financial assets				
– Financial investments	3,572,484	3,709,668	3,572,484	3,709,668
Total	**3,572,484**	**3,709,668**	**3,572,484**	**3,709,668**
Liabilities measured at amortised cost				
– Liabilities to banks	2,132	1,901	2,132	1,901
– Liabilities to customers	13,514,505	11,793,702	13,487,874	11,737,489
Total	**13,516,637**	**11,795,603**	**13,490,006**	**11,739,390**
Other				
– Trading assets	150	0	150	0
– Negative fair values from derivative hedging instruments	2,563	5,278	2,563	5,278
– Trading liabilities	440	0	440	0
Total	**3,153**	**5,278**	**3,153**	**5,278**

The nominal value for financial instruments due on demand is deemed to be the fair value. These instruments include overdraft facilities and demand deposits under the balance sheet item "claims on banks" in the amount of €747,787 thousand (2012: €1,238,768 thousand) and "claims on customers" in the amount of €189,866 thousand (2012: €208,217 thousand) or "liabilities to banks" in the amount of €2,132 thousand (2012: €1,901 thousand) and "liabilities to customers" in the amount of €12,489,192 thousand (2012: €10,725,131 thousand).

The balance sheet item "other liabilities" includes financial instruments in the IFRS "loans and receivables" category with a book value of €30.6m. The book value of these financial instruments is equivalent to the fair value.

A retrospective adjustment was made for commissions in the funds business. The previous year's figure for "claims on customers" was increased by €5,621 thousand.

Except for financial investments, the above stated fair values are to be exclusively allocated to valuation level 2. Allocation of fair values of financial investments is presented in the "fair value hierarchy" (note (60)).

60 Fair value hierarchy

The table below shows all financial instruments reported in the balance sheet at fair value. It also breaks fair values down 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	31.12.2013			
	Total	**Level 1**	**Level 2**	**Level 3**
Available for sale financial assets				
– Financial investments	3,572,484	2,208,815	1,363,669	0
Other				
– Trading assets	150	0	150	0
– Negative fair values from derivative hedging instruments	2,563	0	2,563	0
Trading liabilities	440	0	440	0
Total	**3,575,637**	**2,208,815**	**1,366,822**	**0**

€ 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				
– Trading assets	0	0	0	0
– Negative fair values from derivative hedging instruments	5,278	0	5,278	0
Trading liabilities	0	0	0	0
Total	**3,714,919**	**1,785,826**	**1,929,093**	**0**

Securities with fair value of €203m were reclassified from level 1 to level 2 in the reporting period, as no listed market prices were available. On the other hand, securities with fair values of €125m were reclassified from level 2 to level 1, as an active market was available due to increased market activity.

The fair values of balance sheet items not shown in the tables above are to be allocated to level 2.

61 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	31.12.2013	31.12.2012	*Change in %*
Loans and receivables			
– Interest income	146,618	164,894	*–11.1*
– Provisions for possible loan losses	–1,263	–1,148	*10.0*
Net result	**145,355**	**163,746**	*–11.2*
Available for sale financial assets			
– Fair value changes (recognised in equity)	–35,405	63,087	*–156.1*
– Valuation results reposted from the revaluation reserves to the income statement	291	620	*–53.1*
– Results of sales reposted from the revaluation reserves to the income statement	–9,534	–4,310	*121.2*
Sub-total: change in revaluation reserves before tax	**–44,648**	**59,397**	*–175.2*
– Interest income	66,687	97,704	*–31.7*
– Amortisation hedge adjustments	–317	–26	*1,119.2*
– Dividends and similar income	1,486	1,272	*16.8*
– Results from financial investments	9,243	3,690	*150.5*
– Change in hedged fair value from hedging instruments	–1,640	690	*–337.7*
– Other income	24	0	–
Net result	**30,835**	**162,727**	*–81.1*
Liabilities measured at amortised cost			
– Interest expenses	–72,944	–109,691	*–33.5*
Net result	**–72,944**	**–109,691**	*–33.5*
At fair value through profit or loss: held for trading			
– Trading result	278	0	–
Net result	**278**	**0**	–
Other: derivative hedging instruments			
– Net interest income	–2,029	–2,079	*–2.4*
– Change in fair value from hedging instruments	1,649	–698	*–336.2*
Net result	**–380**	**–2,777**	*–86.3*

Interest income for financial instruments not recognised at fair value in profit or loss amounts to €214.5m (2012: €263.8m); interest expenses amount to €72.9m (2012: €109.7m).

62 Average number of employees during the reporting period

	2013			2012			*Change (Total) in %*
	Total	**Female**	**Male**	**Total**	**Female**	**Male**	
At comdirect bank AG	**976**	**497**	**479**	**938**	**475**	**463**	*4.0*
– in the call centre	366	207	159	359	203	156	*1.9*
– in the back office	142	112	30	135	103	32	*5.4*
– in other areas	468	178	290	444	169	275	*5.4*
At ebase GmbH	**238**	**149**	**89**	**224**	**139**	**85**	*6.4*
Average number of employees during the reporting period	**1,214**	**646**	**569**	**1,162**	**614**	**548**	*4.5*

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 2013.

	2013			2012			*Change (Total) in %*
	Total	**Female**	**Male**	**Total**	**Female**	**Male**	
At comdirect bank AG	**24**	**13**	**11**	**24**	**10**	**14**	*0.0*

63 Income statement of comdirect group according to IFRS – year-to-year comparison

€ thousand	1.1. to 31.12.2013	1.1. to 31.12.2012[1)]	1.1. to 31.12.2011	1.1. to 31.12.2010	1.1. to 31.12.2009
Interest income	214,815	263,870	269,090	211,280	265,865
Interest expenses	76,174	112,887	118,243	109,206	157,172
Net interest income before provisions for possible loan losses	**138,641**	**150,983**	**150,847**	**102,074**	**108,693**
Provisions for possible loan losses	−1,429	−4,430	−1,331	−255	1,299
Net interest income after provisions for possible loan losses	**137,212**	**146,553**	**149,516**	**101,819**	**109,992**
Commission income	323,348	288,298	292,434	281,227	248,539
Commission expenses	135,018	120,599	109,849	108,455	99,782
Net commission income	**188,330**	**167,699**	**182,585**	**172,772**	**148,757**
Result from hedge accounting	9	−8	49	−22	0
Trading result	278	0	−1,128	0	836
Result from financial investments	9,243	3,690	−5,989	9,919	20,850
Administrative expenses	**259,866**	**235,911**	**232,074**	**210,028**	**198,918**
– Personnel expenses	73,402	68,167	67,465	62,563	62,341
– Other administrative expenses	168,662	152,249	147,877	133,404	124,201
Marketing expenses	59,324	56,000	57,208	53,021	41,441
Communication expenses	11,971	8,790	6,450	4,353	7,022
Consulting expenses	14,362	11,698	10,832	7,334	11,702
Expenses for external services	41,275	38,094	36,467	30,258	25,435
Sundry administrative expenses	41,730	37,667	36,920	38,438	38,601
– Depreciation of office furniture and equipment and intangible assets	17,802	15,495	16,732	14,061	12,376
Other operating result	4,826	11,519	15,117	6,414	3,421
Operating result	**80,032**	**93,542**	**108,076**	**80,874**	**84,938**
Restructuring expenses	0	0	0	0	8,945
Pre-tax profit/ Profit from ordinary activities	**80,032**	**93,542**	**108,076**	**80,874**	**75,993**
Taxes on income	19,498	19,262	−3,687	21,240	19,369
Net profit	**60,534**	**74,280**	**111,763**	**59,634**	**56,624**

1) Previous year's figures adjusted due to application of amended IAS 19 and retrospective adjustment of commission in funds business

Statement of comprehensive income of comdirect group according to IFRS – year-to-year comparison

€ thousand	1.1. to 31.12.2013	1.1. to 31.12.2012[1)]	1.1. to 31.12.2011	1.1. to 31.12.2010	1.1. to 31.12.2009
Net profit	**60,534**	**74,280**	**111,763**	**59,634**	**56,624**
Items which cannot be reclassified to the income statement					
– Change in actuarial gains/losses recognised in equity	708	−3,349	–	–	–
Items which can be reclassified to the income statement					
– Change in the revaluation reserves after tax	−33,282	44,203	−19,400	−20,875	61,621
Comprehensive income	**27,960**	**115,134**	**92,363**	**38,759**	**118,245**

1) Previous year's figures adjusted due to application of amended IAS 19 and retrospective adjustment of commission in funds business

64 Income statement of comdirect group according to IFRS on a quarterly comparison

€ thousand	2013			
	Q1	Q2	Q3	Q4
Interest income	54,078	53,929	54,651	52,157
Interest expenses	20,602	19,694	18,345	17,533
Net interest income before provisions for possible loan losses	**33,476**	**34,235**	**36,306**	**34,624**
Provisions for possible loan losses	−94	−443	−274	−618
Net interest income after provisions for possible loan losses	**33,382**	**33,792**	**36,032**	**34,006**
Commission income	78,063	80,007	79,510	85,768
Commission expenses	32,050	33,243	33,007	36,718
Net commission income	**46,013**	**46,764**	**46,503**	**49,050**
Result from hedge accounting	6	5	−3	1
Trading result	40	19	93	126
Result from financial investments	7,296	1,417	435	95
Administrative expenses	**63,751**	**63,565**	**60,197**	**72,353**
– Personnel expenses	17,231	17,969	18,392	19,810
– Other administrative expenses	42,307	41,211	37,350	47,794
Marketing expenses	15,606	12,542	11,052	20,124
Communication expenses	1,805	4,512	2,147	3,507
Consulting expenses	3,396	3,612	3,828	3,526
Expenses for external services	9,903	10,691	10,194	10,487
Sundry administrative expenses	11,597	9,854	10,129	10,150
– Depreciation of office furniture and equipment and intangible assets	4,213	4,385	4,455	4,749
Other operating result	683	858	199	3,086
Pre-tax profit	**23,669**	**19,290**	**23,062**	**14,011**
Taxes on income	6,315	4,814	6,302	2,067
Net profit	**17,354**	**14,476**	**16,760**	**11,944**

Statement of comprehensive income of comdirect group according to IFRS on a quarterly comparison

€ thousand	2013			
	Q1	Q2	Q3	Q4
Net profit	**17,354**	**14,476**	**16,760**	**11,944**
Items which cannot be reclassified to the income statement				
– Change in actuarial gains/losses recognised in equity	663	204	49	−208
Items which can be reclassified to the income statement				
– Change in the revaluation reserves after tax	−11,459	−15,979	−2,772	−3,072
Comprehensive income	**6,558**	**−1,299**	**14,037**	**8,664**

€ thousand	2012[1)			
	Q1	Q2	Q3	Q4
Interest income	73,619	68,010	63,258	58,983
Interest expenses	31,813	30,585	26,035	24,454
Net interest income before provisions for possible loan losses	**41,806**	**37,425**	**37,223**	**34,529**
Provisions for possible loan losses	−119	−859	−3,435	−17
Net interest income after provisions for possible loan losses	**41,687**	**36,566**	**33,788**	**34,512**
Commission income	72,793	68,922	71,729	74,854
Commission expenses	28,247	29,533	29,726	33,093
Net commission income	**44,546**	**39,389**	**42,003**	**41,761**
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	**59,321**	**53,029**	**60,229**	**63,332**
– Personnel expenses	16,181	17,274	17,499	17,213
– 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	**29,592**	**23,884**	**19,985**	**20,081**
Taxes on income	7,274	6,377	5,425	186
Net profit	**22,318**	**17,507**	**14,560**	**19,895**

1) Previous year's figures adjusted due to application of amended IAS 19 and retrospective adjustment of commission in funds business

Statement of comprehensive income of comdirect group according to IFRS on a quarterly comparison

€ thousand	2012[1)			
	Q1	Q2	Q3	Q4
Net profit	**22,318**	**17,507**	**14,560**	**19,895**
Items which cannot be reclassified to the income statement				
– Change in actuarial gains/losses recognised in equity	−993	230	−1,053	−1,533
Items which can be reclassified to the income statement				
– Change in the revaluation reserves after tax	31,564	−729	13,103	265
Comprehensive income	**52,889**	**17,008**	**26,610**	**18,627**

1) Previous year's figures adjusted due to application of amended IAS 19 and retrospective adjustment of commission in funds business

65 Segment reporting by business line

€ thousand	1.1. to 31.12.2013			
	B2C	B2B	Consolidation	comdirect group total
Interest income	214,525	420	−130	214,815
Interest expenses	75,508	796	−130	76,174
Net interest income before provisions for possible loan losses	139,017	−376		138,641
Provisions for possible loan losses	−1,403	−26		−1,429
Net interest income after provisions for possible loan losses	137,614	−402		137,212
Commission income	155,739	167,656	−47	323,348
Commission expenses	16,489	118,545	−16	135,018
Net commission income	139,250	49,111	−31	188,330
Result from hedge accounting	9	0		9
Trading result	278	0		278
Result from financial investments	9,701	−458		9,243
Administrative expenses	220,972	39,060	−166	259,866
Other operating result	3,803	1,158	−135	4,826
Pre-tax profit	**69,683**	**10,349**		**80,032**
Segment investments	11,037	5,301		16,338
Segment depreciation	13,854	3,948		17,802
Cost/income ratio	75.7%	79.0%		76.1%
Segment income	387,693	169,702		
– of which external income	387,693	169,603		
– of which inter-segmental income	0	99		
Segment expenses	318,010	159,353		

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 €160.9m exceeds 10% of the total income for the segments. This was earned almost exclusively in the B2C business line.

€ thousand	1.1. to 31.12.2012[1]			
	B2C	B2B	Consoli-dation	comdirect group total
Interest income	263,151	1,165	–446	263,870
Interest expenses	112,121	1,212	–446	112,887
Net interest income before provisions for possible loan losses	151,030	–47		150,983
Provisions for possible loan losses	–4,430	0		–4,430
Net interest income after provisions for possible loan losses	146,600	–47		146,553
Commission income	135,801	152,509	–12	288,298
Commission expenses	14,179	106,420		120,599
Net commission income	121,622	46,089	–12	167,699
Result from hedge accounting	–8	0		–8
Trading result	0	0		0
Result from financial investments	3,878	–188		3,690
Administrative expenses	198,487	37,606	–182	235,911
Other operating result	10,683	1,006	–170	11,519
Pre-tax profit	**84,288**	**9,254**		**93,542**
Segment investments	11,010	5,699		16,709
Segment depreciation	12,093	3,402		15,495
Cost/income ratio	69.1%	80.3%		70.7%
Segment income	420,527	155,032		
– of which external income	420,357	154,574		
– of which inter-segmental income	170	458		
Segment expenses	336,239	145,778		

1) Previous year's figures adjusted due to application of amended IAS 19 and retrospective adjustment of commission in funds business

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 equity investments amounting to €6 thousand were necessary (2012: €459 thousand). Impairments were not carried out on office furniture and equipment.

Material non-cash income resulted from accrued interest. Non-cash income totalled €107.6m (2012: €109.6m).

Non-cash expenses mainly stemmed from depreciations, allocations to provisions, recognition of other liabilities and accrued interest in customer business. Non-cash expenses totalled €91.6m (2012: €77.1m).

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 €285 thousand were taken into account (2012: €160 thousand).

Material non-cash income resulted from deferred commission. Non-cash income totalled €37.7m (2012: €36.5 m).

Non-cash expenses mainly stemmed from allocations to provisions. Non-cash expenses totalled €30.4m (2012: €24.7m).

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.

66 Other liabilities

€ thousand	31.12.2013	31.12.2012	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	Up to one year	Up to one year	More than one year up to five years	More than one year up to five years	More than five years	More than five years
Rental payments	4,828	4,392	11,222	13,269	2,328	3,294
Lease payments	460	465	412	549	0	0
Total	**5,288**	**4,857**	**11,634**	**13,818**	**2,328**	**3,294**

The above table contains minimum lease payments under non-cancellable operating leases.

67 Fees for auditors

€ thousand	31.12.2013	31.12.2012	*Change in %*
Annual audits	364	376	*–3.2*
Other certification services	189	172	*9.9*
Tax advisory services	161	112	*43.8*
Other services	0	5	*–100.0*
Total	**714**	**665**	*7.4*

The expenses shown in the table for services provided by PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft are stated net of VAT.

68 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.

69 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
Department Support Finance & Controlling
of comdirect bank AG,
Quickborn

Georg Rönnberg
Certified accountant and tax consultant,
Neu-Anspach

Sabine Schmittroth
Divisional Head Sales Management brench banking
in the Private Customers segments
of Commerzbank AG,
Frankfurt/Main

Board of Managing Directors

Dr Thorsten Reitmeyer
Chairman of the Board of Managing Directors, CEO

Holger Hohrein
Member of the Board of Managing Directors, CFO
(from 1 October 2013)

Martina Palte
Member of the Board of Managing Directors, COO

Dr Christian Diekmann
Member of the Board of Managing Directors, CFO
(until 30 September 2013)

70 Seats on supervisory boards and other executive bodies

Members of the Supervisory Board of comdirect bank AG

Martin Zielke
Seats on statutory supervisory boards:
- Commerz Real AG, Eschborn
  Chairman

Seats on comparable supervisory boards:
- Commerz Real Investmentgesellschaft mbH, Wiesbaden
  Chairman
- mBank S.A., Warsaw/Poland
  Deputy Chairman
  (from 12 December 2013)

Frank Annuscheit
Seats on comparable supervisory boards:
- Commerz Services Holding GmbH, Frankfurt/Main
  Chairman
  (from 13 December 2013)

Sabine Schmittroth
Seats on statutory supervisory boards:
- Commerz Direktservice GmbH, Duisburg
  Chairwoman

Members of the Board of Managing Directors of comdirect bank AG

Dr Thorsten Reitmeyer
Seats on comparable supervisory bodies:
- European Bank for Financial Services GmbH (ebase), Aschheim

Holger Hohrein (from 1 October 2013)
Seats on comparable supervisory bodies:
- European Bank for Financial Services GmbH (ebase), Aschheim
  Chairman
  (from 1 October 2013)

Martina Palte
Seats on comparable supervisory bodies:
- European Bank for Financial Services GmbH (ebase), Aschheim

Dr Christian Diekmann (until 30 September 2013)
Seats on comparable supervisory bodies:
- European Bank for Financial Services GmbH (ebase), Aschheim
  Chairman
  (until 30 September 2013)

71 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 2013 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 2013 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 2016 in the amount to be determined at that time. The individual components below relate to the subheadings under IAS 24.16.

Holger Hohrein was appointed as a new member of the Board of Managing Directors of comdirect bank AG with effect from 1 October this year. Dr Christian Diekmann stood down with effect from 30 September 2013.

Taking into account commercial law regulations, compensation for the Board of Managing Directors totalling €1,221 thousand (2012: €1,311 thousand) was reported for financial year 2013. The figure for the previous year also contains the contributions from Board of Managing Directors members who stepped down in financial year 2012.

Short-term benefits

€ thousand	Non-variable components		Value of fringe benefits		STI cash payout	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Dr Thorsten Reitmeyer	390	360	12	18	55	61
Holger Hohrein (from 1 October 2013)	58	0	1	0	8	0
Martina Palte (from 1 July 2012)	180	90	9	3	28	16
Dr Christian Diekmann (until 30 September 2013)	203	270	15	18	32	43
Total	**831**	**720**	**37**	**39**	**123**	**120**

In financial year 2013, expenses were recorded in the income statement for the variable components due in the short term for Dr Reitmeyer €34 thousand (2012: €64 thousand), for Mr Hohrein €5 thousand (2012: €0 thousand), for Mrs Palte €20 thousand (2012: €17 thousand) and for Dr Diekmann €20 thousand (2012: €45 thousand).

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 2013.

The compensation components shown in the table below are subject to suspensive conditions. The figures stated as the value upon granting represent the total amounts of the volume granted for these compensation components. 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 2013	Tranche 2012	Tranche 2013	Tranche 2012
Dr Thorsten Reitmeyer	55	61	83	91
Holger Hohrein (from 1 October 2013)	8	0	5	0
Martina Palte (from 1 July 2012)	28	16	19	10
Dr Christian Diekmann (until 30 September 2013)	32	43	0	28
Total	**123**	**120**	**107**	**129**

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) Due to the agreements made with Dr Diekmann on terminating his employment, there was no LTI claim for financial year 2013; claims for financial years 2011 and 2012 have lapsed.

Performance of the share-based components – STI share-based

€ thousand	Share-based STI Tranche 2012	
	Due for payment in the reporting year	Value upon granting
Dr Thorsten Reitmeyer	49	61
Martina Palte (from 1 July 2012)	12	16
Dr Christian Diekmann (until 30 September 2013)	34	43
Total	**95**	**120**

Performance of the share-based components – LTI share-based

€ thousand	Share-based LTI Tranche 2012		Share-based LTI Tranche 2011	
	Evaluation as of balance sheet date[1)]	Value upon granting	Evaluation as of balance sheet date[1)]	Value upon granting
Dr Thorsten Reitmeyer	89	91	106	115
Martina Palte (from 1 July 2012)	10	10	0	0
Dr Christian Diekmann (until 30 September 2013)	0	28	0	31
Total	**99**	**129**	**106**	**146**

1) The LTI components granted to Dr Diekmann for financial years 2011 and 2012 have lapsed upon his resignation.

In financial year 2013, expenses were recorded in the income statement for Dr Reitmeyer €71 thousand (2012: €111 thousand), Mr Hohrein €6 thousand (2012: €0 thousand) and Mrs Palte €22 thousand (2012: €19 thousand) arising from the share-based compensation components illustrated. There was a reduction in expense for Dr Diekmann of €10 thousand (2012: expense of €59 thousand).

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 received a payment of €46 thousand from this tranche in the reporting year. This was based on the agreements relating to termination of his employment. The fair value of the performance shares as at 24 June 2013 was taken as the basis. This resulted in an expense of €19 thousand (2012: €62 thousand) recorded for the reporting year. Moreover, Mr Hohrein received a payment of €38 thousand and Ms Palte €12 thousand. Both had received the performance shares in their former functions prior to being appointed to the Board of Managing Directors of comdirect bank AG.

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 2013	Tranche 2012	Tranche 2011
Dr Thorsten Reitmeyer	83	91	115
Holger Hohrein (from 1 October 2013)	5	0	0
Martina Palte (from 1 July 2012)	19	10	0
Dr Christian Diekmann (until 30 September 2013)	0	28	31
Total	**107**	**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 €70 thousand (2012: €53 thousand) for Dr Reitmeyer, €1 thousand (2012: €0 thousand) for Mr Hohrein and €6 thousand (2012: €3 thousand) for Mrs Palte. Dr Diekmann had no LTI claim for financial year 2013. The LTI components granted to him for financial years 2011 und 2012 have lapsed upon his resignation. This resulted in a reduction in expense of €23 thousand.

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		Holger Hohrein		Martina Palte		Dr Christian Diekmann	
	2013	2012	2013	2012	2013	2012	2013	2012
Pension obligations under IFRS (DBO) as of 1.1.	**211**	**121**	**0**	**0**	**3**	**0**	**61**	**32**
Change in financial year	40	90	3	0	14	3	21	29
– of which service cost recognised in income statement	42	25	0	0	15	0	24	13
Pension obligations under IFRS (DBO) as of 31.12.	**251**	**211**	**3**	**0**	**17**	**3**	**82**	**61**

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.

Dr Diekmann stood down from the Board of Managing Directors with effect from the end of 30 September 2013. The employment contract with Dr Diekmann was terminated early by mutual consent also with effect from 30 September 2013. Detailed information on the effect on the individual compensation components are stated in the compensation report in the management report.

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 provisions 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 €3,809 thousand (2012: €3,886 thousand).

In financial year 2013, a total of €226 thousand (2012: €357 thousand) was paid to former members of the Board of Managing Directors of comdirect bank AG. A payment in performance shares amounting to €147 thousand was made to former members of the Board of Managing Directors in the previous year.

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Remuneration for the Supervisory Board

The compensation policy for members of the Supervisory Board contained in comdirect bank AG's Articles of Association was revised by resolution of the Annual General Meeting on 16 May 2013. Since then, remuneration has no longer contained any variable compensation components. In addition to an increase in non-variable remuneration compared with the previous years, additional compensation is granted for committee activities.

Members of the Supervisory Board receive total remuneration of €137 thousand (2012: €125 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	
	2013	2012	2013	2012	2013	2012	2013	2012
Martin Zielke	0	0	0	0	0	0	0	0
Frank Annuscheit	0	0	0	0	0	0	0	0
Thorben Gruschka	24	12	0	17	0	0	24	29
Angelika Kierstein	24	12	0	17	6	3	30	32
Georg Rönnberg	24	12	0	17	24	6	48	35
Sabine Schmittroth (from 9 May 2012)	24	8	0	11	12	2	36	21
Karin Katerbau (until 15 April 2012)	0	3	0	5	0	1	0	9

As of financial year 2013, shareholder representatives on the Supervisory Board, who act as members of the Board of Managing Directors of a group company of the majority shareholder, do not receive any compensation for their Supervisory Board activities. Mr Zielke and Mr Annuscheit waived their compensation as members of the Supervisory Board in the previous year.

Neither advance payments nor loans were extended. comdirect bank AG did not take on any contingent liabilities.

72 Holdings

The following companies were included in the consolidated financial statements in accordance with IFRS 10:

Affiliated companies:

Name	Domicile	Share of capital held in %	Equity in € thousand
European Bank for Financial Services GmbH (ebase)	Aschheim/Germany	100.0	37,849

SPEs (special funds):

Name	Domicile	Share of capital held in %	Funds volume in € thousand
CDBS-Cofonds	Frankfurt/Main, Germany	100.0	112,260
CDBS-Cofonds II	Frankfurt/Main, Germany	100.0	94,826
CDBS-Cofonds III	Frankfurt/Main, Germany	100.0	102,834
CDBS-Cofonds IV	Frankfurt/Main, Germany	100.0	103,296
CDBS-Cofonds V	Frankfurt/Main, Germany	100.0	97,057

> 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 2014
The Board of Managing Directors

Dr Thorsten Reitmeyer

Holger Hohrein

Martina Palte

> Auditor's report

We have audited the consolidated financial statements prepared by the comdirect bank Aktiengesellschaft, Quickborn, comprising the statement of financial position, the 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, 2013 to December 31, 2013. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and/or 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 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 those entities included in consolidation, the determination of the entities 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 requirements. 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 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Lothar Schreiber	ppa. Uwe Gollum
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

> Six-year overview of comdirect group

		2013	Change in %	2012	Change in %
Customers, assets under custody and key products					
comdirect group*		**31.12.**		**31.12.**	
Customers	number	2,825,067	*2.5*	2,755,257	*4.7*
Custody accounts	number	1,697,006	*–0.3*	1,702,021	*1.1*
Total assets under custody	in € million	55,046	*12.7*	48,854	*17.5*
– of which: portfolio volume	in € million	41,579	*12.0*	37,134	*20.2*
– of which: deposit volume	in € million	13,467	*14.9*	11,720	*9.5*
business-to-customer (B2C) business line					
Customers	number	1,823,579	*6.2*	1,716,783	*5.2*
Custody accounts	number	839,949	*4.2*	806,417	*2.9*
Current accounts	number	1,043,192	*15.7*	901,419	*16.4*
Tagesgeld PLUS (“daily money plus”) accounts	number	1,461,471	*8.7*	1,344,940	*8.8*
Total assets under custody	in € million	31,891	*14.3*	27,909	*12.1*
– of which: portfolio volume	in € million	18,564	*14.0*	16,286	*13.7*
– of which: deposit volume	in € million	13,327	*14.7*	11,623	*10.0*
Credit volume	in € million	159	*–8.1*	173	*–8.5*
business-to-business (B2B) business line					
Customers	number	1,001,488	*–3.6*	1,038,474	*4.0*
Custody accounts	number	857,061	*–4.3*	895,604	*–0.5*
Total assets under custody	in € million	23,156	*10.6*	20,945	*25.5*
– of which: portfolio volume	in € million	23,015	*10.4*	20,848	*25.9*
– of which: deposit volume	in € million	140	*44.3*	97	*–27.6*
Orders and order volume		**2013**		**2012**	
Executed orders	number	19,189,622	*6.7*	17,988,010	*–3.7*
– of which: B2C	number	9,989,086	*17.9*	8,472,017	*–7.4*
– of which: B2B	number	9,200,536	*–3.3*	9,515,993	*–0.1*
Average order activity per custody account (B2C)	number	12.1	*13.1*	10.7	*–10.1*
Order volume per executed order (B2C)[1]	in €	5,759	*21.0*	4,759	*–10.3*
Earnings ratios		**2013**		**2012**	
Net commission income	in € thousand	188,330	*12.3*	167,699	*–8.2*
Net interest income before provisions for possible loan losses	in € thousand	138,641	*–8.2*	150,983	*0.1*
Administrative expenses	in € thousand	259,866	*10.2*	235,911	*1.7*
Pre-tax profit	in € thousand	80,032	*–14.4*	93,542	*–13.5*
Net profit	in € thousand	60,534	*–18.5*	74,280	*–33.5*
Earnings per share	in €	0.43	*–18.9*	0.53	*–32.9*
Return on equity before tax[2]	in %	15.1	–	17.5	–
Cost/income ratio	in %	76.1	–	70.7	–
Dividend per share	in €	0.36[3]		0.44	*–21.4*
Balance sheet key figures		**31.12.**		**31.12.**	
Balance sheet total	in € million	14,163	*13.7*	12,451	*9.4*
Equity	in € million	552	*–5.8*	586	*7.1*
Equity ratio[4]	in %	3.7	–	4.3	–
Employees’ figures		**31.12.**		**31.12.**	
Employees	number	1,233	*4.8*	1,176	*2.4*
Employees full-time basis	number	1,100.6	*4.8*	1,050.2	*2.5*

*) B2C: comdirect bank AG; B2B: ebase GmbH
1) excluding CFD trades
2) Pre-tax profit/average equity (excluding revaluation reserves) in the reporting period
3) Dividend proposal
4) Equity (excluding revaluation reserves)/balance sheet total

2011	*Change in %*	2010	*Change in %*	2009	*Change in %*	2008 (including ebase)	2008 (excluding ebase)
31.12.		**31.12.**		**31.12.**		**31.12.**	**31.12.**
2,630,525	*14.6*	2,296,075	*6.8*	2,150,563	*3.4*	2,078,850	1,349,297
1,683,301	*13.6*	1,482,023	*4.4*	1,419,037	*−0.6*	1,427,359	697,806
41,587	*−2.2*	42,535	*19.6*	35,572	*15.0*	30,933	20,342
30,882	*−4.1*	32,197	*21.7*	26,463	*29.4*	20,454	9,876
10,705	*3.6*	10,338	*13.5*	9,110	*−13.1*	10,479	10,466
1,632,467	*4.7*	1,559,021	*7.5*	1,450,720	*7.5*	1,349,297	1,349,297
783,616	*4.7*	748,151	*4.0*	719,194	*3.1*	697,806	697,806
774,518	*19.7*	647,048	*21.2*	533,928	*25.6*	425,149	425,149
1,235,770	*9.3*	1,130,998	*17.7*	960,935	*18.0*	814,516	814,516
24,896	*−5.4*	26,319	*18.3*	22,241	*9.3*	20,342	20,342
14,324	*−11.1*	16,113	*22.5*	13,158	*33.2*	9,876	9,876
10,571	*3.6*	10,207	*12.4*	9,083	*−13.2*	10,466	10,466
189	*−4.5*	198	*12.4*	176	*−11.3*	198	198
998,058	*35.4*	737,054	*5.3*	699,843	*−4.1*	729,553	–
899,685	*22.6*	733,872	*4.9*	699,843	*−4.1*	729,553	–
16,692	*2.9*	16,216	*21.6*	13,331	*25.9*	10,591	–
16,558	*2.9*	16,084	*20.9*	13,305	–	–	–
134	*2.3*	131	*> 100*	26	–	–	–
2011		**2010**		**2009**		**2008**	**2008**
18,677,910	*22.0*	15,305,203	*4.4*	14,661,234	*−17.1*	17,682,007	9,231,378
9,151,389	*17.0*	7,824,053	*6.9*	7,319,045	*−20.7*	9,231,378	9,231,378
9,526,521	*27.3*	7,481,150	*1.9*	7,342,189	*−13.1*	8,450,629	–
11.9	*11.2*	10.7	*3.9*	10.3	*−25.0*	13.7	13.7
5,308	*3.9*	5,110	*13.3*	4,512	*4.8*	4,304	4,304
2011		**2010**		**2009**		**2008**	**2008**
182,585	*5.7*	172,772	*16.1*	148,757	*−16.0*	177,034	138,441
150,847	*47.8*	102,074	*−6.1*	108,693	*−33.5*	163,405	162,372
232,074	*10.5*	210,028	*5.6*	198,918	*−18.1*	242,774	208,748
108,076	*33.6*	80,874	*6.4*	75,993	*−8.2*	82,754	77,760
111,763	*87.4*	59,634	*5.3*	56,624	*−6.9*	60,838	57,692
0.79	*88.1*	0.42	*5.3*	0.40	*−6.8*	0.43	0.41
21.2	–	16.8	–	17.6	–	17.0	16.0
68.0	–	72.1	–	70.4	–	74.3	72.6
0.56	*33.3*	0.42	*2.4*	0.41	*0.0*	0.41	0.41
31.12.		**31.12.**		**31.12.**		**31.12.**	**31.12.**
11,378	*3.1*	11,040	*12.8*	9,785	*−12.3*	11,158	11,070
547	*6.4*	514	*−3.6*	533	*12.2*	475	476
4.7	–	4.4	–	4.9	–	4.4	4.4
31.12.		**31.12.**		**31.12.**		**31.12.**	**31.12.**
1,148	*2.5*	1,120	*−3.0*	1,155	*−0.7*	1,163	906
1,024.8	*2.2*	1,002.9	*−2.6*	1,029.2	*−0.4*	1,033.3	806.4

Financial calendar 2014

19 February	Press-/Analysts' conference in Frankfurt/Main
28 March	Annual report 2013
24 April	Quarterly report
15 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

Photography
David Maupilé, Hamburg

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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Pascalkehre 15
D-25451 Quickborn
www.comdirect.de