> comdirect bank AG

Financial Report 2014

.comdirect

> Key figures of comdirect group

		2014	2013	Change in %
Customers, assets under custody and key products		**31.12.**	**31.12.**	
comdirect group*				
Customers	number	2,892,003	2,825,067	*2.4*
Custody accounts	number	1,717,088	1,697,006	*1.2*
Total assets under custody	in € million	58,936	55,046	*7.1*
– of which: portfolio volume	in € million	44,500	41,579	*7.0*
– of which: deposit volume	in € million	14,435	13,467	*7.2*
business-to-customer (B2C) business line				
Customers	number	1,909,105	1,823,579	*4.7*
Custody accounts	number	879,492	839,945	*4.7*
Current accounts	number	1,158,617	1,043,192	*11.1*
Tagesgeld PLUS ("daily money plus") accounts	number	1,553,309	1,461,471	*6.3*
Total assets under custody	in € million	34,750	31,891	*9.0*
– of which: portfolio volume	in € million	20,483	18,564	*10.3*
– of which: deposit volume	in € million	14,267	13,327	*7.1*
Credit volume	in € million	187	159	*17.6*
business-to-business (B2B) business line				
Customers	number	982,898	1,001,488	*–1.9*
Custody accounts	number	837,596	857,061	*–2.3*
Total assets under custody	in € million	24,186	23,156	*4.4*
– of which: portfolio volume	in € million	24,017	23,015	*4.4*
– of which: deposit volume	in € million	169	140	*20.7*
Orders and order volume		**2014**	**2013**	
Executed orders	number	20,341,376	19,189,622	*6.0*
– of which: B2C	number	11,099,421	9,989,086	*11.1*
– of which: B2B	number	9,241,955	9,200,536	*0.5*
Average order activity per custody account (B2C)	number	12.9	12.1	*6.6*
Order volume per executed order (B2C) [1]	in €	5,377	5,759	*–6.6*
Earnings ratios		**2014**	**2013**	
Net commission income	in € thousand	193,150	188,330	*2.6*
Net interest income before provisions for possible loan losses	in € thousand	145,803	138,641	*5.2*
Administrative expenses	in € thousand	270,852	259,866	*4.2*
Pre-tax profit	in € thousand	82,621	80,032	*3.2*
Net profit	in € thousand	66,290	60,534	*9.5*
Earnings per share	in €	0.47	0.43	*9.3*
Return on equity before tax [2]	in %	15.5	15.1	–
Cost/income ratio	in %	76.6	76.1	–
Balance sheet key figures		**31.12.**	**31.12.**	
Balance sheet total	in € million	15,170	14,163	*7.1*
Equity	in € million	592	552	*7.2*
Equity ratio [3]	in %	3.6	3.7	–
Regulatory indicators under Basel II [4]		**31.12.**	**31.12.**	
Risk weighted assets [5]	in € million	820	669	*22.6*
Eligible amount for operational risks	in € million	14	20	*–30.0*
Core capital	in € million	417	416	*0.2*
Own funds for solvency purposes	in € million	417	416	*0.2*
Own funds ratio [6]	in %	42.1	45.3	–
Employees' figures		**31.12.**	**31.12.**	
Employees	number	1,287	1,233	*4.4*
Employees full-time basis	number	1,153.3	1,100.6	*4.8*

*) 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) 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 and European implementation rules and the figures are not reported to the Supervisory Authority. As of this year, the figures are based on a supervisory scope of consolidation formed exclusively for comparison purposes. The previous years' figures have been adjusted accordingly.
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)

> 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 2014, 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. In direct discussions with the heads of Audit and Compliance & Money Laundering Prevention, the Chairman of the Supervisory Board verified the effectiveness of the internal control system. 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 2014

The Supervisory Board met at five regularly convened meetings in financial year 2014 on 27 March, before and after the annual general meeting on 15 May, on 21 August and on 20 November 2014.

A central topic was implementing and adding to the strategy agreed in 2013 focusing on the following four key areas: upscaling broad-based growth, expanding and differentiating the range of products and services, developing advice and guidance formats, and enhancing performance and efficiency. The Board of Managing Directors kept us up to date on the various projects carried out in 2014, such as the new real-time trading platform and the "Bessere Geldanlage" ("Better financial investment") offer.

Furthermore, the comdirect bank's Board of Managing Directors kept us informed about the development of key indicators and their impact on the bank's earnings situation, financial situation and assets. We also discussed the strategic further development of ebase and the B2B business line with the Board of Managing Directors.

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. We additionally addressed the strategic agenda for the following year. Moreover, the Supervisory Board regularly examined the risk status of the bank, with the focus here on discussion of the overall risk strategy in line with the minimum requirements for risk management (MaRisk). Other issues dealt with by the Supervisory Board additionally included the draft agenda for the annual general meeting on 15 May 2014 and the proposals to the annual general meeting.

In addition to the ordinary meetings, the Supervisory Board adopted a number of further resolutions based on the recommendations of the Presiding Committee using the written circulation procedure and in an extraordinary meeting on 5 December 2014. Among other things, these related to

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

- the stipulation of the target amount for the variable compensation component for the members of the Board of Managing Directors for financial year 2014,

- the acceptance of the resignation from the Board of Managing Directors of Dr Thorsten Reitmeyer with effect from the end of 31 December 2014.

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 2015.

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 five times in the reporting year on 27 March, before and after the annual general meeting of comdirect bank AG on 15 May, on 21 August and on 20 November. With the exception of the constitutive meeting of the Risk and Audit Committee following the annual general meeting on 15 May 2014, all 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 27 March 2014, 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 & Money Laundering Officers in March and was informed about the overall audit report from Internal Audit for financial year 2013. 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. In the constitutive meeting of the Risk and Audit Committee following the annual general meeting on 15 May 2014, Mr Georg Rönnberg was reelected as Chairman of the Risk and Audit Committee and 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 2014. 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. The Chairman of the Risk and Audit Committee also held regular direct talks with the German public accountant, the Chief Financial Officer and the heads of Internal Audit and Compliance & Money Laundering Prevention.

Furthermore, in November the Risk and Audit Committee approved the commissioning of PwC, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, Hamburg branch, with tax advisory services for financial year 2015. 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/German Securities Trading Act audit with the main areas of the audit of the annual financial statements 2014, the results of the tax audit and the results of the audit of the consolidated financial statements/group management report and the annual financial statements/management report in accordance with the German Commercial Code (HGB) by the German Financial Reporting Enforcement Panel.

By means of the written circulation procedure, the Risk and Audit Committee resolved, among other things, to commission PwC, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, to provide support in conjunction with the audit 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 20 November and 5 December 2014. 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 2013,
- the stipulation of the target amount for the variable compensation component for the members of the Board of Managing Directors for financial year 2014 and
- the stipulation of the criteria for assessing the variable compensation component for the Board of Managing Directors for financial year 2015.

Other resolutions related to the recommendations to the full Supervisory Board regarding the resignation from the Board of Managing Directors of Dr Thorsten Reitmeyer with effect from the end of 31 December 2014, adjustments to basic salary and variable remuneration for the members of 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 2015 (risk taker). The Presiding Committee also approved 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 27 March 2014. 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.

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 2014, have been 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 accountant took part in the meeting of the Risk and Audit Committee on 19 March 2015 and the subsequent meeting of the Supervisory Board dealing with the approval of the annual accounts, amongst others. He 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 19 March 2015, 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

The previous Chairman of the Board of Managing Directors, Dr Thorsten Reitmeyer stood down from his position with effect from the end of 31 December 2014. The Supervisory Board approved his resignation on the recommendation of the Presiding Committee. The areas of responsibility overseen by Dr Reitmeyer have been divided between Mrs Palte and Mr Hohrein. The current responsibilities are detailed in the "Management and control" section of this financial report.

Re-election of the Supervisory Board

The regular elections of shareholder representatives to the Supervisory Board took place during the annual general meeting on 15 May 2014. The annual general meeting re-elected the previous shareholder representatives for a further five-year term by a large majority. Mrs Sandra Persiehl and Mrs Maria Xiromeriti were newly elected as employee representatives on 15 May 2014, replacing Mrs Angelika Kierstein and Mr Thorben Gruschka. The Supervisory Board would like to thank Mrs Angelika Kierstein and Mr Thorben Gruschka for the work they have achieved and their dedication to the company. At the constitutive meeting following the annual general meeting, Mr Martin Zielke was elected as Chairman and Mr Frank Annuscheit as his deputy. As Chairman of the Supervisory Board, Mr Martin Zielke heads the Presiding Committee. Mrs Sandra Persiehl and Mr Frank Annuscheit were elected as the second and third members. The Risk and Audit Committee remained unchanged following the vote, consisting of Mr Georg Rönnberg (Chairman), Mrs Sabine Schmittroth and Mr Martin Zielke.

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 2014. We would like to thank the staff council for their constructive cooperation at all times.

Quickborn, 19 March 2015

The Supervisory Board

Group management report

> Foundations of the comdirect group

Business model of the comdirect group

The comdirect group empowers its customers to make better financial decisions thanks to simple, customer-focused services and products in the areas of brokerage, banking and business with institutional partners.

With 1.7 million custody accounts and 20.3 million executed securities transactions (as at the end of 2014 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 1.2 million current accounts.

Organisational structure, segments and locations

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 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. On 1 August 2014, comdirect bank opened a new IT centre in Rostock. In addition, face-to-face local advice for the placement of building finance is offered at the four locations of 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 two members – Holger Hohrein and Martina Palte. Dr Thorsten Reitmayer left the company at the end of the reporting year.

Responsibilities of the members of the Board of Managing Directors (as of February 2015)

Holger Hohrein	Business Development Compliance & Money Laundering Prevention ebase/business partners Finance & Controlling Information Technology Human Resources Legal Services & Data Protection Internal Audit Risk Management Corporate Communications
Martina Palte	Banking Advisory Services Information Security & Outsourcing Management Investing Customer Services Marketing Organisation & Consulting Trading Treasury User Interface

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 54 to 61.

Corporate Governance statement

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

The Corporate Governance statement can be viewed on and downloaded from the website 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 2014) is listed in the SDAX. 81.27% of the shares are held by Commerz Bankenholding Nova GmbH, a wholly-owned subsidiary of Commerzbank AG. Consequently, 18.73% 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 79 to 82.

B2C business line

Products, services and business processes

In the B2C business line, we empower our customers to make better financial decisions thanks to simple, customer-focused products and services. By expanding the mobile offering, they can access the bank’s full product range wherever and whenever they like – be this for financial and securities investments, payment transactions or loans. Online business was increasingly transacted via mobile devices. There is also a website available for access on a PC or laptop. comdirect Customer Services has staff on hand round the clock for contact with customers by videotelephony, chat, email, telephone, fax or letter.

In brokerage, we facilitate speedy, secure and cost-effective stock exchange and OTC securities trading. We also provide a continually expanded and optimised selection of products for medium and long-term investing, including an extensive range of savings plans. Launched in the reporting year, the “Bessere Geldanlage” (“Better financial investment”) offering makes it easy for investors to build a portfolio that matches their own personal security profile. In brokerage, comdirect generates commission income from securities trading and associated services as well as from front-end loads and sales follow-up commission in its funds business. In addition, there is interest income, including from loans against securities and deposits to settlement accounts.

In banking, comdirect offers products for daily money transactions and investing. The customers can manage their finances using innovative features and mobile apps. comdirect generates interest income by reinvesting customer deposits in the money and capital markets and to a small extent from interest on credit lines and overdrafts. There is also commission income in conjunction with payment transaction cards issued and from placing consumer loans.

The advice fields comprise Baufinanzierung PLUS and Anlageberatung PLUS as well as the provisioning products offered together with the cooperation partner CosmosDirekt. Customers are predominantly advised by telephone, via co-browsing or by videotelephony. 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 from paid investment advice.

comdirect bank's product range

Custody accounts & Securities	Custody account offering Trading platforms Trading services Comprehensive range of funds, ETFs and money savings plan
Account & Financial Investment	Current account Investment accounts "Bessere Geldanlage" ("Better financial investments") Anlageberatung PLUS Money savings plan
Provisioning & Financing	Consumer loans Loans against securities 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. Providers with innovative financial services ("fintechs") are also increasingly pushing onto the market.

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 has a material influence on the business line's performance and earnings situation. The level of commission income in trading is affected by trading activity on the stock markets as well as in OTC trading and CFD trading, which in turn is heavily dependent on price development and volatility levels on the stock markets. In the investing field, the main influencing factors are the demand amongst investors for actively managed investment funds and index funds (exchange traded funds, or ETFs) as well as price effects. These determine fund volumes and consequently the level of commission on portfolio holdings. For investment advice and our provisioning products, the general trends in asset accumulation for private households are of particular importance.

The interest margin in the deposit business is primarily affected by the movements in interest rates in the money market and capital market, 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, the trend in mortgage rates and the building finance terms and conditions of our financing partners.

The acceptance of direct banking models among German banking customers depends on technical criteria such as broadband penetration and online security in particular, as well as the prevalence of mobile technologies.

B2B business line (ebase)

Products, services and business processes

ebase supports the business models of its cooperation partners with tailored and B2B-type banking and brokerage products and services. As a B2B direct bank, ebase acts as custodian for investment funds and offers a broad range of securities supplemented by a standardised asset management set-up and account solutions.

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.

ebase offers specific product solutions and supplementary services tailored to the various different segments in which its B2B partners operate.

ebase's partner segments

Insurance companies
Banks
Investment management companies
Asset managers, independent financial advisors (IFA)
Corporates (non-financials)
Banking platforms
Fintechs (in the area of asset management)

Cooperation partners and end customers receive comprehensive services that they can use independently via the ebase homepage and the online portal. This includes commission processing and professional data management, as well as support for the partners in marketing, sales and reporting.

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 ETFs Savings and drawdown plans VL custody account
Custody account	Equities, bonds, certificates, warrants
Investment accounts	Daily money account Fixed-term account
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 customer segment. Over 200 cooperation partners and their intermediaries and sales organisations use ebase as the partner for maintaining customers' accounts and custody accounts.

As well as trends in the segments of the individual partners, which are determined not least by regulatory issues, demand from investors for investment funds and ETFs and price development are also key influencing factors in the B2B business line.

Targets and strategies

The comdirect group's strategy is geared towards growth. By focusing on innovative financial services in the areas of trading, investing and banking, it intends to win over more and more customers for the long term with its offer and induce them to make better financial decisions. The expansion of mobile banking makes it exceptionally easy for customers to make use of the bank's entire range of services and personalised service wherever and whenever they like. Positive customer experiences across the entire range of services mean higher customer satisfaction and greater willingness to recommend the bank to others. This boosts new business, as does a targeted marketing strategy that shines the spotlight on the bank's innovative anchor products. Overall, comdirect is aiming with this strategy to benefit comprehensively from the positive market trend in online and mobile banking and increase its market share.

By the end of 2017, comdirect intends to

- maintain its market leadership in online brokerage and cement its position as the first-choice performance broker amongst the trading community,
- establish itself as a leading online financial institution for investments and asset accumulation with innovative investment solutions,
- become the main bank for significantly more customers with the aid of its current account as the central growth driver and thus increase its market share in direct banking.

These objectives are primarily to be achieved through organic growth. For this reason, the comdirect group puts a significant proportion of its earnings into expanding its range of services and ramping up marketing activities. It also enters into select strategic partnerships in order to expand its offering, particularly in mobile banking.

In the B2C business line, three main strategic priorities are being pursued in order to meet the strategic objectives:

More broad-based growth: Smartphones and tablets are set to become the most important devices used in direct banking. Across all its areas of expertise, therefore, comdirect is to provide its customers with the most straightforward, attractive and convenient access possible to its complete product range via its mobile offering. With personalised customer services and easy-to-use identification and account opening procedures via video link as well as our security promise, we are systematically addressing the remaining reservations that branch bank customers still have. This is being complemented by the bank's brand image, which was further developed during the reporting year. Launched in late 2014, the new campaign showcases a modern alternative to the traditional branch and focuses on unlimited usability – entirely in accordance with the customer's preferences. Awareness is being gradually increased thanks to a stronger media presence and the great willingness amongst satisfied customers to recommend the bank to others. This is aimed at convincing even more banking customers of the benefits of the range of products and services.

Expansion of offerings for online-savvy branch bank customers: With clear and attractive, support-focused offers, we are encouraging current branch bank customers to make their financial decisions themselves and exclusively online. Launched in 2014, the "Bessere Geldanlage" ("Better financial investment") offering allows them to build a suitable investment portfolio out of funds and ETFs easily and cost-efficiently. We are thus delivering an alternative to the traditional advice services offered by branch banks. Here we are focusing on customers with mid-range incomes and assets. We are also expanding our range of online seminars (webinars) on trading, investing and banking on an ongoing basis.

Even more performance in brokerage: comdirect provides state-of-the-art trading technology at attractive prices for particularly sophisticated customers, not least with the real-time trading platform ProTrader, which was introduced in the reporting year, as well as the CFD portal. Through the continual further development of trading tools and platforms, with our offering we intend to be seen as the benchmark in the market and the first-choice performance broker.

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; during the reporting year, ebase's positioning in this segment has already been fine-tuned and its specific range of products and services has been defined. In the insurance company segment, ebase aims to cement existing partnerships and attract new ones, most notably through its open custody account and by providing greater functionality in its OrderDesk custody account (product solution for central fund purchasing).

Establishing new business models: By further developing the range of products and services together with its partners, ebase is increasingly targeting those end customers that use online and mobile banking. Furthermore, ebase intends to develop cutting-edge investment solutions, including by cooperating with innovative service providers in the financial sector ("fintechs"), thereby opening up new target segments for white label products.

Management

The Board of Managing Directors manages the comdirect group, 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 depends largely on the trend in B2C order figures, which we therefore regard 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. The current account is the central growth driver in the business line and the decisive indicator for growth momentum in direct banking. Moreover, the current account is the prevailing product for establishing and intensifying long-term customer-bank relationships and thus the most important anchor product when it comes to the use of additional products.

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 33).

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 an important indicator of customer satisfaction and loyalty in the B2C business line. It is based on customer feedback, which is obtained at the end of phone calls with customers, and equates 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).

KPIs

comdirect group	Pre-tax profit Assets under management
B2C business line	Pre-tax profit Assets under management Net fund inflows Number of current accounts Number of trades Net Promoter Score (NPS) Unaided brand awareness
B2B business line	Pre-tax profit Assets under management

> Market and economic review

Macroeconomic framework conditions

Economic environment

In Europe, and particularly in Germany, economic growth fell short of expectations in 2014. As well as the persistent weakness in the global economy, due not least to growing problems in the emerging economies, the main cause was the political crises in the Middle East and Ukraine, which curbed exports, private consumption and the general willingness to invest. The threat of deflation also dampened the mood.

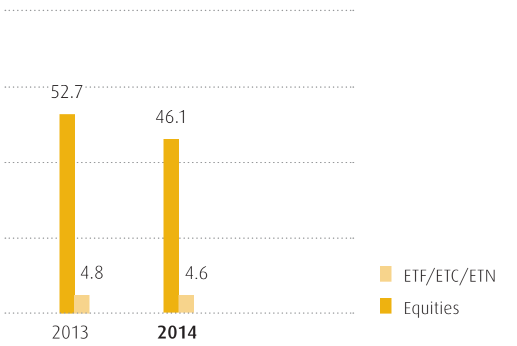
Following a highly promising start to the year, German economic output lost noticeable momentum. Growth stagnated in the second and third quarter before the mood picked up again somewhat at the end of the year for companies and consumers, partially in light of the low price of oil. The eurozone overall also recorded growth rates nearing the zero mark, with Italy and France among the poorest performers.

Disposable income in Germany was up by 2.2% year-on-year, while the savings ratio was at the previous year's level.

Framework conditions for trading

Marked share price gains in the first half of the year, due mainly to the interest environment at that time, were followed by a short-term downward trend in the equity markets in summer. This was driven by increasingly gloomy economic forecasts and political crises and came at a time of major fluctuations. The unusually volatile market environment sparked high trading turnover on the German stock exchanges. In value terms, the volume of trading in the German spot market (XETRA, Frankfurt and Tradegate) was up by 10.8% on the previous year's level. At the same time, the order figures for equities fell by 12.5% and order figures for exchange traded ETFs including exchange traded commodities (ETC) and exchange traded notes (ETN) by 4.3%.

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



Source: Deutsche Börse AG

* XETRA, Frankfurt Stock Exchange and Tradegate

DAX development from 30.12.2013 to 30.12.2014
(in points)

Source: Bloomberg

In derivatives trading (Euwax and Frankfurt stock market), stock exchange turnover was up 1.7% on the previous year's figure. The order figures increased by 5.2%. Whilst fewer investment certificates were traded (–21.5%), leveraged certificates saw an increase (+13.7%).

Framework conditions for investing
German investors invested heavily again in funds in 2014. The retail funds included in the statistics of the Bundesverband Investment und Asset Management e.V. (BVI) posted inflows of €30.7bn in the first eleven months of 2014 (previous year: €14.4bn). Most in demand were mixed funds and bond funds, while equity funds recorded net outflows.

The ebase fund barometer, which is published four times a year and illustrates the trading volume of over 50 thousand fund advisers, reported a below-average degree of activity in 2014, falling from 111 points in January to an annual low of 67.4 points in May and staying occasionally significantly below 100 points in the following months. It was not until December that fund advisers began to trade more actively again (102.9 points).

Demand for private provisioning products (Riester pensions) increased insignificantly in 2014. The Federal Ministry of Labour and Social Affairs recorded an increase in the number of contracts of 0.8% 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.

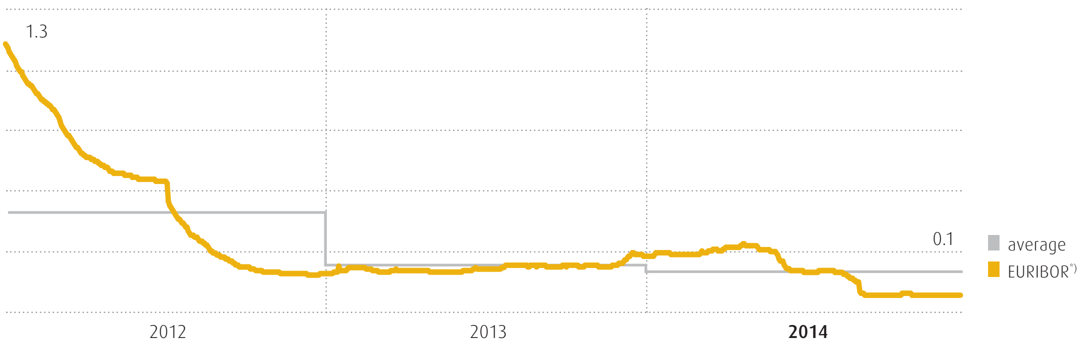
Framework conditions for banking
The central banks in Europe and the USA retained their policy of low interest rates and continued to furnish liquidity in virtually unlimited amounts. In view of the persistent threats to growth, in June the ECB applied a negative interest rate of −0.1% for the first time on deposits held with it as well as cutting the refinancing rate first to 0.15%. In September the rates were then reduced again to −0.2% and 0.05%, respectively. Although the US Federal Reserve stopped buying bonds in October, it chose not to raise key lending rates despite the positive economic trend in the USA.

For the year as a whole, the three-month EURIBOR, which is the decisive rate for some of our investments was down only slightly year-on-year (0.21% as against 0.22%). By the end of the year, however, it had fallen markedly to a mere 0.08%.

Yields on European government bonds fell as the year went on, except in Greece. At the end of the year, the yield on ten-year German government bonds was 0.59%.

comdirect’s Treasury portfolio focuses on top-grade bonds. Strict limits continued to apply to interest income.

Three-month EURIBOR 2012 – 2014
(in %)

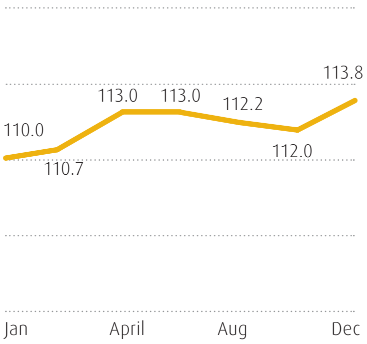


Source: EURIBOR EBF

* Three-month money

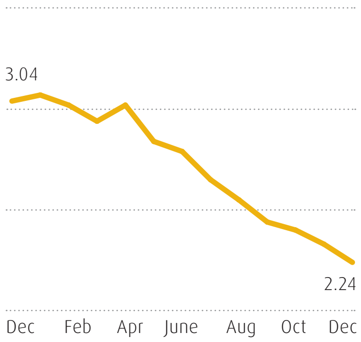
Framework conditions for advice
Despite higher property prices and reduced supply in major conurbations, another year-on-year fall in interest rates kept demand for home financing high. The volume of loans for residential property construction increased by 2.7% in 2014. comdirect’s Building Finance Sentiment index, which is calculated in conjunction with the opinion research institute Forsa, stayed considerably above 100 points throughout the entire year and stood at 113.8 points at the end of the year. A value over 100 indicates a high level of willingness to take out building finance loans.

Building Finance Sentiment Index (January 2014 – December 2014)
(in points)



Source: comdirect bank

Ten-year mortgage interest rates (December 2013 – December 2014)
(in %)



Source: Deutsche Bundesbank

Industry framework conditions

The market for online banking and brokerage continued to grow in the past year. According to the Eurostat survey, 49% of Germans (population aged between 16 and 74) had an online account – slightly more than in the previous year (47%). This positive trend is also reaffirmed by a survey by the Association of German Banks, which found that the percentage of online banking users had risen from 45% to 55% year-on-year. Although this puts Germany slightly above the European average, it lags well behind Scandinavia, Finland and the Netherlands, where the figure is over 80%.

Direct banks remain the main beneficiaries of the rising interest in online banking, although customer growth has slowed over the past few years. At the same time, retail banks are also expanding their online services. Fiercer competition combined with increasing regulatory costs have led to consolidation in the market. In Germany, the four leading direct banks – among them comdirect – served nearly 90% of direct bank customers. However, niche providers ("fintechs") are encroaching onto the market with innovative payment and banking solutions, as are the internet giants Apple, Google and eBay (PayPal).

The availability of high-speed internet access, a key prerequisite for online banking, has also increased. According to information from the Federal Ministry of Transport and Digital Infrastructure, the availability of high-speed connections with bandwidths upwards of 30 Mbit/s was 71.3% in mid-2014 (end of 2013: 65.2%). LTE availability stood at 86.5% (end of 2013: 81.0%).

Security concerns remain pronounced in Germany. A poll by the Federal Association for Information Technology, Telecommunications and New Media (Bitkom) revealed in August 2014 that, as in the previous year, about 30% of the population do not carry out any internet banking at all for fear of fraud.

Within online banking, there is an increasing shift towards mobile channels. According to a study by Initiative D21, an IT network that covers all industries, in 2014 as many as 21% (2012: 16%) used a smartphone for online banking and 13% used a tablet (2012: 6%), with figures significantly higher among younger users.

The industry environment for B2B platforms and B2B direct banks continued to be characterised by cut-throat competition. The situation has been exacerbated by the lower number of registered brokers as a result of changes to how financial intermediaries are regulated in accordance with Section 34f of the German Trade Regulation (GewO).

The banking sector is seeing a trend towards greater cooperation and work being shared, particularly at small and medium-sized banks. Increasing regulatory costs are prompting a search for solutions in a bid to outsource processing functions and concentrate on customer-focused services. In addition, demand for standardised product solutions is rising as a result of the growing administrative costs of investment advice.

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 currently responsible for banking supervision in Germany. At the beginning of November, the ECB took over supervision at European level of selected banks deemed to be of systemic relevance. As part of the Commerzbank Group, comdirect is also subject to ECB supervision. The core topics under supervisory regulation comprise solvency, liquidity and lending activities.

Introduction of the EU's Single Resolution Mechanism (SRM) for banks is currently planned for early 2016. In April, the European Parliament approved the Bank Recovery and Resolution Directive (BRRD), on which the SRM is based. However, the precise form that the bank levy to finance the project will take has not yet been finalised. There is also no agreement to date on a common European deposit protection scheme, which would have a direct impact on comdirect.

The advice business is also characterised by dense regulation. Implementing new legal and regulatory requirements involves additional costs, for example the extended documentation requirements for advisory services. This affects the comdirect group itself as well as ebase's partners. Further new regulations to protect small investors are to be introduced across the EU by 2017 on the basis of the Markets in Financial Instruments Directive (MiFID II). In Germany, a number of key elements will be implemented as early as mid-2015 in the form of the German Retail Investor Protection Act (Kleinanlegerschutzgesetz). In addition, the accompanying regulation MiFIR (Markets in Financial Instruments Regulation) also provides for the regulation of OTC trading platforms, which will require a licence from national supervisory authorities from 2017 onwards.

The German Fee-Based Investment Advice Act (Honoraranlageberatungsgesetz), which entered into force in August, does not affect comdirect as our commission-free Anlageberatung PLUS investment advice service has not been converted into a fee-based advice service within the meaning of the Act.

The continued implementation of the Alternative Investment Fund Managers Directive (AIFM) affected mainly financial intermediaries in accordance with Section 34f of the German Trade Regulation (GewO), who are customers of ebase. In particular, the ban on contract broking imposed in August 2014 has caused unease.

Another planned regulation that may affect the comdirect group is the intention to introduce a common financial transaction tax. Based on the current state of negotiations, it is planned for equities and derivatives. However, the details and start date for the levy are still to be determined.

Business performance and earnings situation at the comdirect group

Overall assessment of the economic situation

The comdirect group closed out financial year 2014 with a very positive pre-tax profit of €82.6m. This is slightly above the previous year's figure even though administrative expenses increased by an eight-digit figure due mainly to business growth. This was offset by the rise in income to a new record high. Net commission income increased slightly from what was already a high level last year, thanks primarily to the record number of trades in the B2C business line. In a challenging market environment, net interest income was significantly positive thanks to a growth in deposit volume and measures to limit interest expenses.

comdirect was also able to benefit in 2014 in particular from the growing level of acceptance for online and direct banking. In the B2C business line, the number of customers rose by 86 thousand and the number of current accounts by 115 thousand. Increased marketing brought in many new customers, predominantly in the fourth quarter. The growth in deposit volume – despite market interest rates being at historic lows – and the high net inflows to custody accounts show that the comdirect brand enjoys the trust of its customers. In the B2B business line, ebase further strengthened its market position, particularly as a partner for insurers, asset managers and banks.

In direct banking, comdirect intends to boost its market position in brokerage and banking and step up the pace of its innovation activities. Following on from the successful launch of “Bessere Geldanlage” (“Better financial investment”), several more developments are soon to be brought onto the market. These will enable customers to use the full range of services anywhere and at any time. This performance promise is also at the heart of the new brand image.

Comparison between forecast and actual performance

The comdirect group met or exceeded all major targets for the reporting year that were outlined in the group management report 2013 and, in some cases, revised in the half-year report 2014 (pre-tax profit for group and B2C business line).

Performance indicator		Actual 2013	Outlook report 2013	Actual 2014	Change from 2013
comdirect group					
Pre-tax profit	€ million	80.0	Marked decrease (revised: €75m)	82.6	+ 3.2%
Assets under Management	€ billion	55.0	Growth	58.9	+ 7.1%
B2C business line					
Pre-tax profit	€ million	69.7	Marked decrease (revised: moderate decrease)	72.0	+ 3.3%
Assets under Management	€ billion	31.9	Growth	34.7	+ 8.8%
Net fund inflows	€ billion	2.1	Virtually on a par with previous year	2.0	− 4.8%
Number of current accounts	thousand	1,043	Significant increase	1,159	+ 11.1%
Number of trades	million	9.99	Slight increase	11.10	+ 11.1%
Net Promoter Score (NPS)		48	Moderate increase	51	+ 3
Unaided brand awareness	in %	3.1	Moderate increase	1.9	− 1.2
B2B business line					
Pre-tax profit	€ million	10.3	Stable development	10.6	+ 2.9%
Assets under Management	€ billion	23.2	Moderate increase	24.2	+ 4.3%

The development of profits above the forecast that was achieved by the comdirect group and the B2C business line is thanks firstly to a strong showing in net commission income as a result of the positive trading environment and secondly to net interest income exceeding expectations. The negative market-driven effects on the income side were more than offset by an adjustment in deposit interest rates. The other operating result also includes in particular non-recurring effects from a tax refund, which had not yet been foreseeable at the time of planning (see below). Overall, income came in above the target range while administrative expenses rose slightly less than anticipated.

Virtually all targets in the operating business were met. Only net fund inflows in the B2C business line were down somewhat year-on-year at €2.0bn. An adjustment to interest rates in deposit business and the extremely unfavourable interest rate environment were factors in this.

Business performance

The total number of customers of the comdirect group increased by 66.9 thousand in 2014 to 2,892.0 thousand. With a total of 1,717.1 thousand custody accounts (previous year: 1,697.0 thousand), 1,158.6 thousand current accounts (previous year: 1,043.2 thousand) and assets under management of €58.94bn at year-end 2014, the comdirect group remains the market leader in the online securities business for modern investors and is one of Germany's largest direct banks.

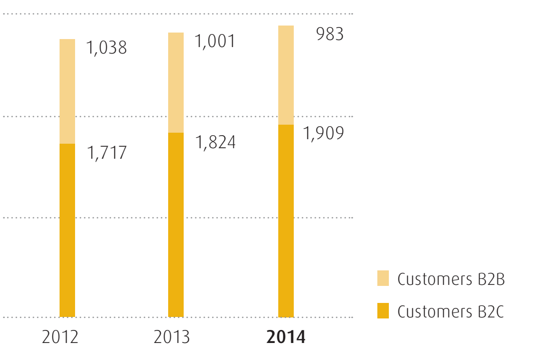
The B2C business line gained 85.5 thousand customers year-on-year, a slightly smaller increase than in the previous year (106.8 thousand). The move to intensify marketing of current accounts had a positive impact, especially in the fourth quarter. At the end of the year, 1,909.1 thousand customers were using the bank's range of products and services, a record number (end 2013: 1,823.6 thousand customers). The high level of customer satisfaction contributed significantly to customer growth (see non-financial performance indicators, page 31), while the number of cancellations was on a par with last year's very low level.

The total number of custody accounts, current accounts and Tagesgeld PLUS (daily money PLUS) accounts in the B2C business line grew by 7.4%, once again outstripping growth in customer numbers (4.7%). At the end of 2014, 60.7% of B2C customers had a current account and 81.4% a Tagesgeld PLUS account. The disproportionately high growth in current account numbers also indicates that comdirect has become the main bank for even more customers. comdirect is now the principal or only bank for more than one in every four customers. In trading, the rise in annualised order activity per custody account to 12.9 as against 12.1 in 2013 also indicates a marked upturn in customer activity in the reporting period.

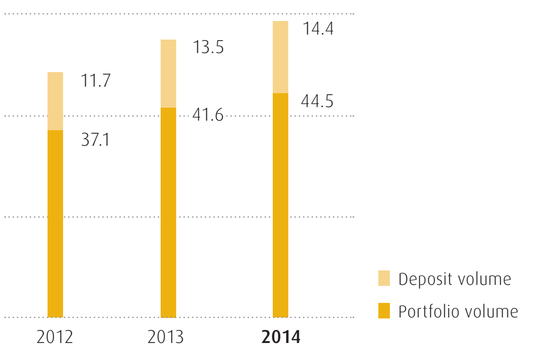
In the B2B business line, the number of customers decreased by 18.6 thousand to 982.9 thousand. Cancellations mainly affected custody accounts for capital-building payments (VL) following expiry of the corresponding VL contracts, although this was virtually restricted to the first quarter. In addition, custody accounts without any holdings are often cancelled during this period in the wake of annual custody account statements being sent out. There was also a slight fall in custody accounts holdings that had been taken over via migration and that therefore experience a natural downturn. However, this did not have a significant impact on ebase's earnings situation. The number of ebase custody accounts remained largely at the same level.

The growth in the comdirect group's assets under custody by 7.1% to €58.94bn (end 2013: €55.05bn) was due primarily to the higher custody account volume, which was up by 7.0% on the end of the previous year (€44.50bn as against €41.58bn) at a new record high. The rise in the custody account volume came thanks to price effects and net inflows in the B2C business line. The deposit volume increased by 7.2% to €14.44bn (end 2013: €13.47bn) thanks mainly to the rise in current account numbers in the B2C business line.

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)

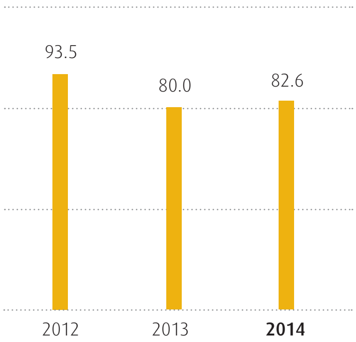


Earnings situation

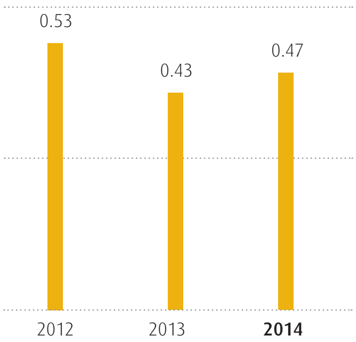
With a pre-tax profit of €82.6m, the comdirect group surpassed its €75m target by 10.1%. Significantly higher administrative expenses associated with the bank's growth were more than offset by the positive trend in earnings, meaning that it also exceeded the previous year's figure (€80.m) slightly.

The increase was mainly down to a sharp rise in net interest income. There was another slight rise in net commission income year-on-year on the back of record numbers of trades in the B2C business line. Overall, income before provisions for possible loan losses was up by 3.6% to a new high of €353.8m, while administrative expenses rose by 4.2% to €270.9m. This pushed the cost/income ratio up from 76.1% to 76.6%.

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



Earnings after tax per share
(in €)



Of the total income before provisions for possible loan losses, €150.8m (previous year: €148.2m), or 42.6% (previous year: 43.4%), 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. While net interest income was up significantly in the reporting year, the result from financial investments was lower.

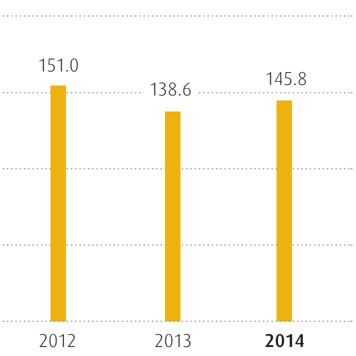
The return on equity, calculated based on the pre-tax profit and average equity during the reporting period (excluding revaluation reserves), stood at 15.5% (previous year: 15.1%).

Income taxes amounted to €16.3m. This equates to a tax rate of 19.8% (previous year: 24.4%). Tax expenses fell thanks to positive tax effects totalling €6m following the tax audit conducted in the year under review.

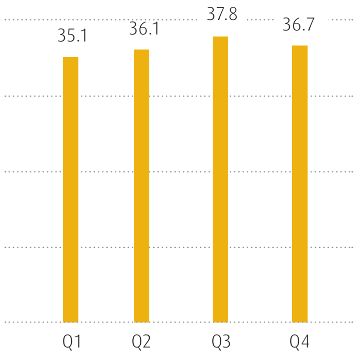
The comdirect group posted a consolidated net profit after taxes of €66.3m (previous year: €60.5m), corresponding to earnings per share of €0.47 (previous year: €0.43).

The comprehensive income of the comdirect group of €91.1m (previous year: €28.0m) also includes the change in the revaluation reserves (see note (53) page 99), which was well into positive figures in the reporting year due to lower market interest rates and the continued narrowing of spreads.

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 7 May 2015 that the distributable profit of comdirect bank AG calculated in accordance with the German Commercial Code (HGB) of €56.5m be used for a dividend of €0.40 per share (previous year: €0.36). Based on the comdirect group's consolidated net profit in accordance with IFRS, this results in a transfer to retained earnings of €9.8m.

Net interest income and provisions for possible loan losses
At €145.8m, net interest income before provisions for possible loan losses exceeded the previous year's level (€138.6m) by 5.2%. Of the interest income amounting to €194.0m (previous year: €214.8m), 79.3% (previous year: 68.3%) was attributable to income from lending and money market transactions, with 20.6% (previous year: 31.0%) attributable to fixed-income and variable yield securities (available for sale). The modest fall year-on-year came as a result of market interest rate and spread trends, which mean that maturing investments can only be reinvested at much lower interest rates. This was counteracted by the increased volume of assets under management. Interest expenses were low, at €48.2m (previous year: €76.2m), due to an adjustment to customer interest rates.

At €–0.3m, provisions for possible loan losses were significantly below the previous year's figure (€–1.4m) due to the reversal of some existing provisions, including for possible loan losses, in the second quarter. The reversal was prompted by the regular assessment and adjustment of parameters used to set aside portfolio loan loss provisions in the customer credit business.

After provisions for possible loan losses, net interest income for the comdirect group stands at €145.5m (previous year: €137.2m).

Result from financial investments
The result from financial investments of €4.8m was primarily generated through the selective disposal of securities. The high level of €9.2m achieved in the previous year was due to a reallocation within the special fund portfolio in the wake of changed market conditions. At €–0.4m, charges for impairments were higher than the previous year's figure year (€–0.3m). Losses on disposals were immaterial at €–0.5m.

Result from hedge accounting and trading result
At year-end 2014, comdirect held interest rate swaps with a nominal volume totalling €38m (previous year: €73m) to hedge interest rate-related changes in the market value of several bonds with the same volume and same maturity. To manage the interest book, we also made limited use of forward rate agreements during the reporting period. The nominal volume of these agreements was repaid in full in the second quarter (end 2013: €650.0m).

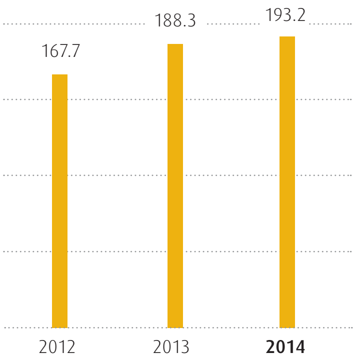
As a consequence of the above, the result from hedge accounting to be disclosed for the reporting period amounted to €7 thousand (previous year: €9 thousand) and the trading result to €138 thousand (previous year: €278 thousand).

Net commission income

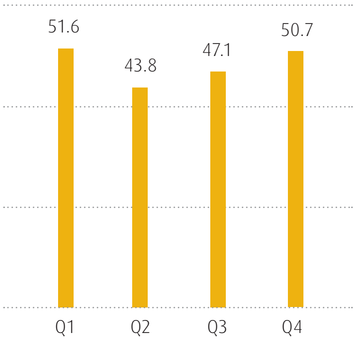
Net commission income totalled €193.2m, surpassing what was already a very good result from the previous year (€188.3m) by 2.6%. Net commission income from the securities business climbed to €172.2m (previous year: €167.8m). This increase was mainly due to higher numbers of trades in the B2C business line. In addition, sales follow-up commission in the funds business was also up year-on-year thanks to net inflows and positive price effects. Commission income from custody account fees remained largely at the same level.

Payment transactions generated net commission income contributions of €10.9m (previous year: €12.0m). Caused primarily by advisory services, other net commission income contributions rose to €10.0m (previous year: €8.6m).

Net commission income
(in € million)



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



Other operating result

The other operating result of €9.8m (previous year: €4.8m) includes a non-recurring effect in the amount of €4.5m arising from the reversal in the second quarter of a provision for VAT obligations for several years. Income from the reversal of other provisions and accruals was more or less on a par with the previous year.

Administrative expenses

Higher administrative expenses of €270.9m (previous year: €259.9m) reflect the bank's steady growth and its investments in its range of products and services. The implementation of regulatory requirements also meant an increase in personnel and consulting expenses.

At €77.7m, personnel expenses were up by 5.8% on the previous year (€73.4m). The growing number of customers and the expansion of the range of products and services led to additional recruitment, particularly in Customer Services and IT. In total, the number of employees of the comdirect group rose by 4.4% over the previous year. Salary adjustments and deferrals for performance-related compensation components played a modest part in these higher costs.

Other administrative expenses, which include expenses for marketing, communications, consulting and external services, increased by 2.9% to €173.6m (previous year: €168.7m). Alongside higher costs caused by growth in the organisation and new regulatory requirements, higher marketing expenses were the main factor.

At €19.6m, depreciation is up on the previous year (€17.8m). The primary reason for this is the recognition of an impairment for banking software that will likely be utilised to a lesser extent than was originally planned.

B2C business line

Business development in brokerage

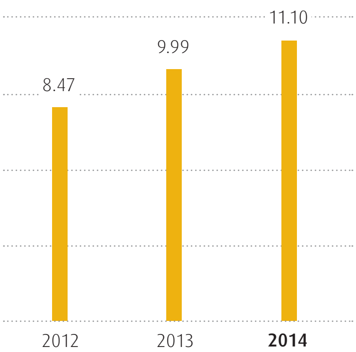
Trading

With the high volatility of the equity markets, comdirect's customers once again traded more actively overall than in the previous year. The Brokerage Index, which is calculated monthly, showed that trading activity in equities, funds and fixed-income securities was well above average. The trading volume of warrants and certificates remained largely at the same level.

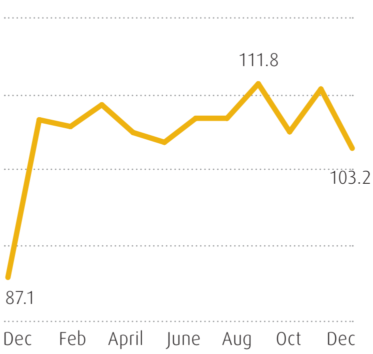
The number of orders executed via comdirect, which we view as a key performance indicator, increased by 11.1% on the previous year (9.99 million) to 11.10 million. At this rate of increase, it significantly outperformed the German spot and derivatives market. Of these trades, 46% (previous year: 45%) were carried out via our OTC trading platform (LiveTrading). CFD trading enjoyed further strong growth in 2014, contributing some 23.2% (previous year: 20%) to the total number of trades. With over 10,000 customers each year, the CFD platform is now one of the largest services available on the German market. It is also a key success factor in the business with specialist frequent traders.

Securities turnover in the B2C business line (excluding CFDs but including securities savings plans) stood at €45.84bn (previous year: €46.04bn). This produces an average order volume of €5,377 (previous year: €5,759).

Executed orders B2C
(in million)



Brokerage Index (December 2013 – December 2014)
(in points)



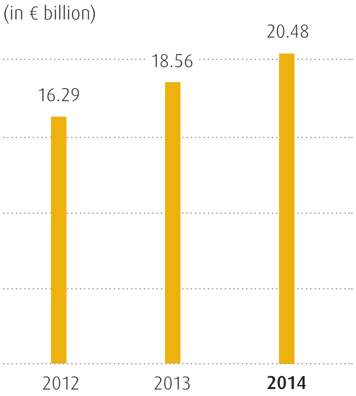
Investing

comdirect's aim in investing is to occupy a leading position in online investment and wealth accumulation. The "Bessere Geldanlage" ("Better financial investment") offering, the key component in securities-based asset accumulation, was made available in May 2014. "Bessere Geldanlage" enables simple, cost-effective access to the capital market based on an EFT or fund portfolio. It is designed to allow current retail bank customers in particular to make their own investment decisions online. comdirect is also the first bank in Germany to provide a collective order function for acquiring all funds or ETFs in an investment proposal at the same time.

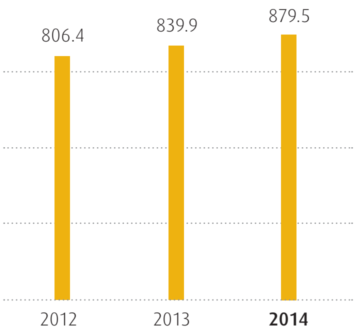
Portfolio assets grew to €20.48bn over the course of the year. This increase of 10.3% on year-end 2013 (€18.56bn) was mainly due to net investments by customers, which amounted to €1.1bn (previous year: €0.4bn). These relate to one-off investments as well as regular payments into securities savings plans. Price effects were also a factor. The transfer of investment fund units to comdirect custody accounts had a minor impact.

At the year-end, the portfolio volume was attributable to 879.5 thousand (previous year: 839.9 thousand) custody accounts. The marked increase is attributable to the fact that many new customers set up a custody account together with their current account.

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



Custody accounts B2C as of 31.12.
(in thousand)



Business development in banking

Deposit business

comdirect is continuing to benefit from the increased demand for online and mobile banking and saw further growth in its deposit business. The current account, which is a key growth driver, was improved once again during the reporting year. Improvements included the inclusion of the "Bei-uns-sind-Sie-sicher" ("You're safe with us") promise, freely selectable PINs for girocards and TAN-free transfers between customers' own bank accounts. It has also become easier and much quicker to open an account via online identity verification (VideoIdent).

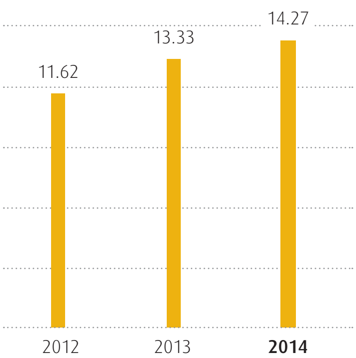
Compared with the end of 2013 (1,043.2 thousand), the number of current accounts, which we view as a key performance indicator, rose by 115.4 thousand to 1,158.6 thousand. The number of Tagesgeld PLUS accounts, usually opened in conjunction with the current account, also grew to 1,553.3 thousand (end 2013: 1,461.5 thousand).

As a result of this successful new business, the deposit volume increased by 7.1% compared with the end of 2013 (€13.33bn) to €14.27bn. Inflows were mainly posted to current accounts.

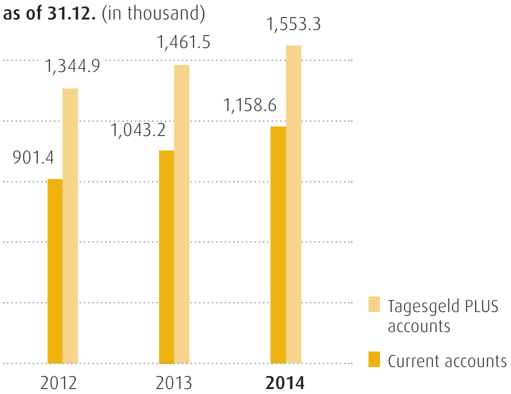
Despite the unfavourable interest rate environment, net funds inflows for fixed-term deposits were balanced. There was an increase in the deposit volume in fixed-term deposit accounts (maturity 1 to 3 months), while development in the deposit volume of time deposit accounts declined slightly, particularly with terms from 24 to 60 months.

At the year-end, 94.3% (previous year: 92.4%) 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 30).

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



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



Lending business

The volume of utilisation of loans against securities and draws on overdraft facilities by private customers increased by 17.6% on year-end 2013 (€159m) to €187m.

The volume of loans against securities increased by 15.7% due to somewhat higher utilisation of settlement accounts for securities investments. The volume of overdrafts was also well above the level seen at year-end 2013. comdirect only 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

Despite persistently high property prices, attractive interest rates ensured strong demand for our Baufinanzierung PLUS advice service. On average, the Building Finance Sentiment Index surpassed the levels seen in the previous year, which had themselves been good. However, growth was curbed in this reporting year too as a result of the limited availability of attractive properties at reasonable prices. At €610m, the volume of building finance placed was still significantly higher than the figure for the previous year (€509m).

The online live advice service by videotelephony continued to be well received by our customers. comdirect works with more than 250 financing partners and thus guarantees extensive market coverage at a regional level too.

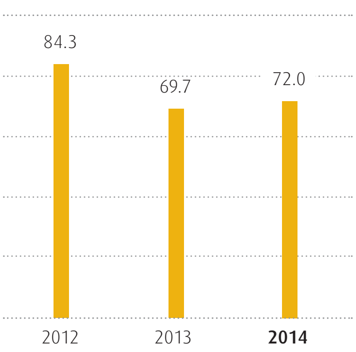
At the end of the year, our Anlageberatung PLUS investment advice service was being used by nearly 3,000 customers (end 2013: around 2,660 customers). Assets under advice totalled €284m (end of 2013: €227m).

Earnings situation in the B2C business line

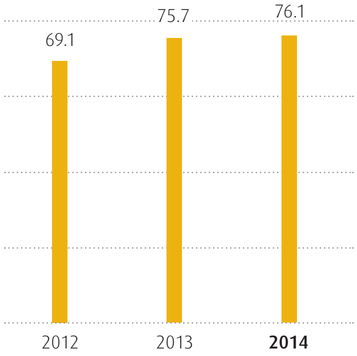
At €72.0m, pre-tax profit in the B2C business line was up slightly on the previous year (€69.7m). The increase in administrative expenses due to business growth was more than offset by higher income. The cost/income ratio of the segment was 76.1% after it had been 75.7% in 2013.

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 20).

Pre-tax profit B2C
(in € million)



Cost/income ratio B2C
(in %)



Net commission income climbed by 3.2% to €143.7m (previous year: €139.3m) particularly as a result of the increased number of trades. Sales follow-up commission in the funds business likewise exceeded the comparable 2013 figure.

The rise in administrative expenses to €230.6m (previous year: €221.0m) is above all linked to greater expenses for external services due to the larger volume of business. Greater marketing expenses and consulting expenses also played a part in these higher costs. At €8.6m, the other operating result was significantly higher than the previous-year figure (€3.8m). This is due to the exceptional effect in the second quarter that was already detailed at comdirect group level.

B2B business line

Business performance

Product development and sales

During the reporting year, ebase gained new customers by implementing partner-specific Managed Depot custody accounts, particularly in the asset managers target segment. No fewer than four such partner-specific custody accounts were launched in 2014, including one for the finance portal FinanceScout24. Activities were also stepped up in the banks target segment and a range of products and services tailored to small and medium-sized banks was defined. The first new bank customer of 2014 was CVW-Privatbank, which has entrusted ebase with its legal custody account management.

ebase also expanded the range of products and services it offers to insurance companies. Since October, the custody account solution for central fund purchasing (OrderDesk Depot) has enabled managed fund portfolios to be used to manage collateral assets with the involvement of an external adviser. In addition to custody account management and reporting, ebase also offers portfolio pricing and portfolio share accounting services, both of which help insurers calculate the surrender values of their policies on a daily basis.

Since July 2014, ebase has allowed custody accounts to be opened using an electronic signature. This enables partners with access to the ebase platform to open an investment custody account completely electronically using their own software – even on a tablet or smartphone. There are plans to gradually roll out the process in 2015 to cover other products and forms.

To be able to meet the information requirements of distribution partners and end customers in the future too, ebase unveiled a new, more modern "responsive design" website in 2014. Having separate areas for partners and end customers now means that content can be prepared and transferred in a manner suitable to the target group.

Customers, custody accounts and portfolio volume

The number of customers at ebase fell by 18.6 thousand to 982.9 thousand. Cancellations primarily affected custody accounts for capital-building payments (VL) following the expiry of the corresponding VL contracts as well as custody accounts with no holdings. However, these effects were almost entirely restricted to the first quarter. As the year went on, the trend was curbed somewhat by the success in new business. There was a slight fall in portfolio holdings taken over via migration, which are thus subject to a natural downturn.

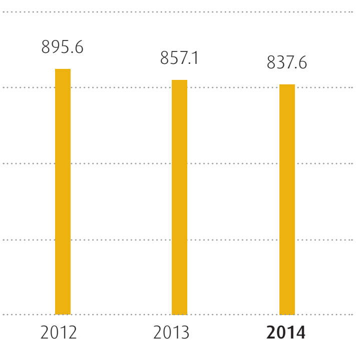
At the end of 2014, ebase maintained 837.6 thousand custody accounts (previous year: 857.1 thousand). The assets managed by ebase increased to €24.02bn (previous year: €23.02bn) as a result of price effects. The average portfolio volume was up by 6.8% to €28.7 thousand (previous year: €26.9 thousand).

In contrast to the modest growth seen in actively managed funds, ebase enjoyed significantly higher demand for ETFs, mainly in conjunction with VL savings plans, which ebase is the only provider in Germany to offer. More than one third of all new VL savings plans are now concluded with an ETF.

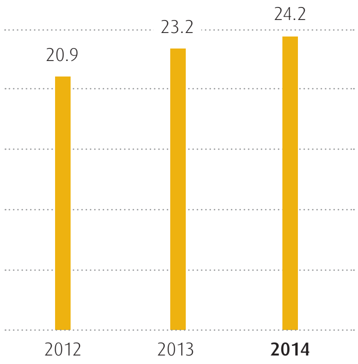
The funds volume attributable to custody accounts for company pensions (bAV) climbed by 7.7% to €1.67bn (end 2013: €1.55bn) over the course of the year.

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.

Custody accounts B2B as of 31.12.
(in thousand)



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



Accounts and deposit volume

At €169m, the deposit volume was slightly higher than at the end of 2013 (€140m). Most of the deposit volume was attributable to the settlement accounts linked with the custody account (Flex account). At the moment, these accounts are still primarily being used for buying and selling transactions in funds business, but are also available to accept inflows from expiring insurance policies and as a fully fledged online-type account for payment transactions.

Earnings situation in the B2B business line

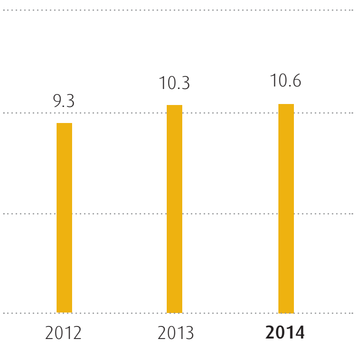
At €10.6m, pre-tax profit in the B2B business line was up slightly on the previous year (€10.3m). Earnings rose somewhat to €51.1m (previous year: €49.4m), while administrative expenses increased slightly to €40.4m (previous year: €39.1m). The cost/income ratio was thus 79.2% (previous year: 79.0%).

Net commission income climbed by 0.8% to €49.5m (previous year: €49.1m), essentially due to the 4.4% rise in portfolio volume, on which higher sales follow-up commission could then be earned. Original net interest income from investments increased to €469 thousand (previous year: €391 thousand). Net interest income after provisions for possible loan losses was negative overall at €–303 thousand (previous year €–402 thousand) as a result of the interest effects of pension provisions, which were included in interest expenses.

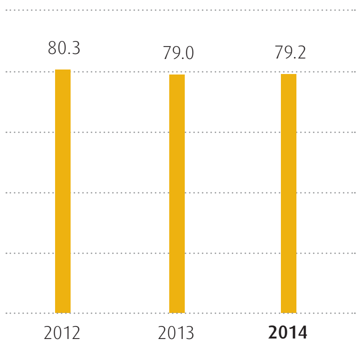
The slight rise in administrative expenses is mainly attributable to greater other administrative expenses. Higher depreciation on investments in new products in the previous years also had an impact. Regulatory issues proved another factor increasing costs.

The other operating result of €1.3m (previous year: €1.2m) mainly comprises income from the reversal of unused provisions and accruals.

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

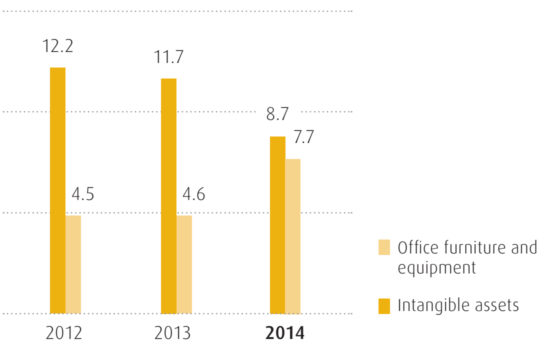
The Treasury department of comdirect bank ensures adequate cash holdings at all times and manages the liquidity and interest rate risk in particular (see pages 43 and 45). By investing customer deposits in the money and capital markets, the comdirect group achieves a positive interest margin. Here the bank carried out a significant share of the investments with companies in the Commerzbank Group during this reporting period as well. 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 (see note (56) page 102).

Derivative financial instruments are used to a limited extent to hedge interest rate risks from bonds and manage the interest book in the Treasury portfolio. As of 31 December 2014, the nominal volume of these derivatives amounted to €38m (end 2013: €73m).

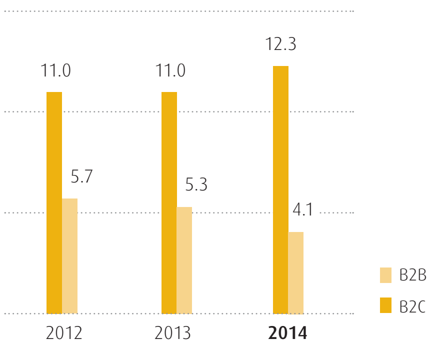
Investments

Most of comdirect's growth investments are immediately recognised in income. In light of this, the bank's investment and depreciation volume is relatively small for its size. The balance sheet additions climbed to €16.5m in the reporting year (previous year: €16.3m). In the B2C business line, investments in the amount of €12.3m (previous year: €11.0m) were primarily used for the further development of software and the acquisition of hardware. The main projects were the development work on the ProTrader platform and the "Bessere Geldanlage" ("Better financial investment") as well as the overhaul of the website. In the B2B business line, the investment volume fell to €4.1m (previous year: €5.3m). This related mainly to the further development of custody account software.

Investments
(in € million)



Investments by business lines
(in € million)



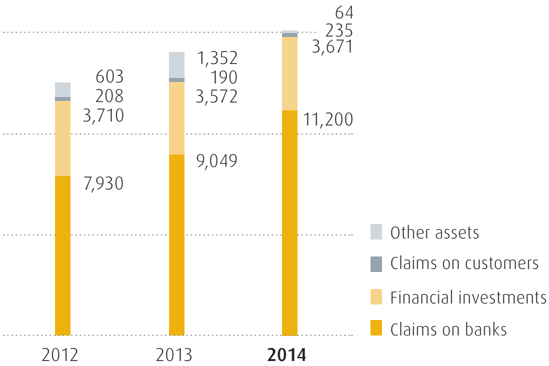
Intangible assets accounted for €8.7m of the investment volume (previous year: €11.7m). €4.5m was invested in acquiring and implementing software (previous year: €6.6m) while €4.3m was attributable to the capitalisation of internally generated software (previous year: €5.1m). Taking account of the amortisation of intangible assets, the net investment volume stood at €–5.6m (previous year: €–1.4m).

Fixed asset investments of €7.7m (previous year: €4.6m) include server and other network components. Net investments in fixed assets amounted to €2.4m. There are no material subsequent financial obligations under current investment projects for future financial years.

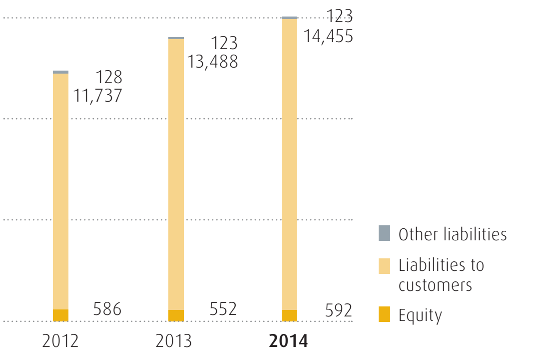
Balance sheet total
As a result of the higher deposit volume compared with 31 December 2013 (€14.16bn), the balance sheet total of the comdirect group had increased by €1,006.9m to €15.17bn by the end of 2014.

Assets
At €11.20bn, claims on banks, which essentially relate to promissory notes and fixed-term deposits, were up by €23.8% on the end of 2013 (€9.05bn).

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



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



The volume of financial investments barely changed, amounting to €3.67bn (end 2013: €3.57bn). This line item mainly comprises bonds and Pfandbriefe.

Claims on customers rose to €235.4m (end 2013: €189.9m) due primarily to the increased utilisation of loans against securities in the B2C business line.

The cash reserve was reduced to €6.0m (31 December 2013: €1,292.8m). Almost all of this amount relates to the credit balance at Deutsche Bundesbank. The average minimum reserve requirement of the comdirect group stood at €136.6m on 31 December 2014 (end 2013: €122.3m).

Current income tax assets of €6.9m (previous year: €6.7m) were partially attributable to corporate tax credit balances from previous years. Deferred taxes resulted in a net liability of €2.6m. Claims totalling €3.1m were accrued in the previous year.

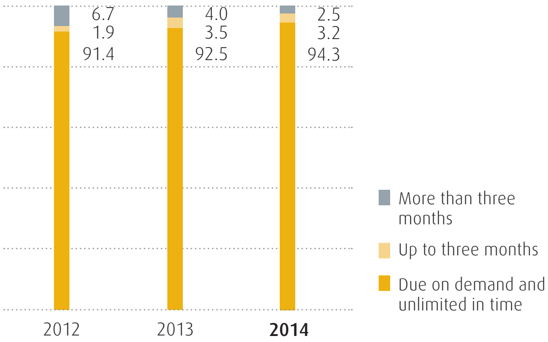
Financing
Around 95% of the financing side of the balance sheet comprises the deposits of private customers. Liabilities to customers increased to €14.46bn (end 2013: €13.49bn). The share of deposits due on demand and unlimited in time rose again slightly to 94.3%, while fixed-term deposits showed a shift towards shorter maturities of up to three months (see note (55) on page 101).

Liabilities to banks, which reflect the balances of the current clearing accounts at Commerzbank, stood at €15.9m (end 2013: €2.1m).

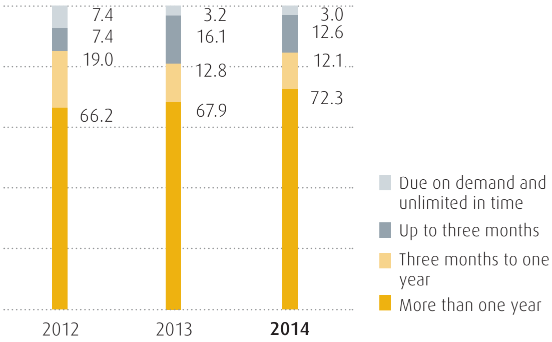
At the year-end, the derivatives used for hedging purposes had a negative fair value of €0.6m in total (end 2013: €2.6m).

Provisions stood at €47.9m and were thus on a par with the previous year (€45.5m). Actuarial effects on provisions for pensions were the main influencing factor. These amounted to €31.3m as of 31 December 2014 (end 2013: €21.8m). Pension obligations with a net present value of €36.3m (previous year: €26.0m) were countered by plan assets with a market value of €5.1m (previous year: €4.2m) administered by Commerzbank Pension Trust e. V. (see note (50) starting on page 94). The rise in the net present value is particularly due to the development of market interest rates.

Structure of customer deposits
(by residual maturities in %)



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



The decline in other provisions from €23.5m at the end of 2013 to €16.7m is primarily attributable to the reversal of provisions for interest on additional tax claims.

Other liabilities amounting to €54.3m (end of 2013: €62.8m) primarily comprise trade accounts payable.

Equity amounted to €591.9m (end of 2013: €551.6m). The revaluation reserves included in this figure increased by €31.1m compared with the end of 2013 as a result of market interest rate trends.

Cash flow statement of the comdirect group

The business model of the comdirect group means that the cash flow from operating activities is primarily influenced by trends in customer deposits and their reinvestment. This figure was €–1,219.5m in the reporting period (previous year: €819.5m). The cash reserve reported as of 31 December 2013 was thus released as part of operational liquidity management.

Cash flow from investment activities amounted to €–16.5m (previous year €–16.3m). The dividend distribution in May 2014 led to a cash flow from financing activities of €–50.8m (previous year: €–62.1m).

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 is insured up to a deposit amount of 20% of the main liable equity. Following a decision by the Bundesverband deutscher Banken, the deposit protection threshold was adjusted with effect from 1 January 2015. It will also be reduced further in several stages. Protection for comdirect and ebase customers amounts to €77.1m and €4.9m respectively per customer. 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 (see page 13). The score for 2014 was 51, above the previous year's average (48). The quality of Customer Services plays a key role in this. comdirect facilitates dialogue with its customers via methods such as innovative forms of interaction, which take account of the trend towards direct communication in real time. Thus videotelephony and co-browsing, which have been used for years in the advice business, were used in Customer Services for the first time during the reporting year. Customer Services can also be contacted via live chat. The new formats are playing a major role in allowing enquiries to be processed more easily and more quickly. The use of videotelephony has also made the account opening process much more convenient for customers, for example through online legitimation.

comdirect spoke to the brokerage community at several trade fairs. In 2014, we attended the stock exchange open days in Dresden and Munich as well as, for the first time, the Deutsche Anlegermesse (German Investors' Conference) in Frankfurt. At the re:publica digital conference in May, we awarded the best financial blogs in Germany for the fourth time.

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 the end of December, unaided brand awareness stood at 1.9% (previous year: 3.1%). To increase awareness and enhance the brand profile, we launched a new campaign in December that will be continued in 2015.

Brand perception is also influenced by performance comparisons. comdirect was named "Online Broker 2014" by the financial magazine €uro am Sonntag (issue 8/2014) in the first quarter. The title of online broker of the year for 2014 on the online portal Brokerwahl.de also went to comdirect again. In the €uro bank test conducted in partnership with S.W.I. Finance, comdirect came out overall winner in the "service" category (€uro, 05/2014). In the major hotline test run by computer magazine CHIP, comdirect came first in the "direct banks" category (CHIP, 12/2014).

comdirect was awarded the 2014 Customer Innovation Prize in the "finance" category for the "Bessere Geldanlage" ("Better financial Investment") offering. The prize is presented by the German Institute for Service Quality (DISQ), the DUB journal for business owners and Goethe University Frankfurt. It recognises companies that increase customer benefit and satisfaction through new products. In particular, the jury highlighted the simplicity and customer-friendly ease of use of "Bessere Geldanlage" as well as its low cost.

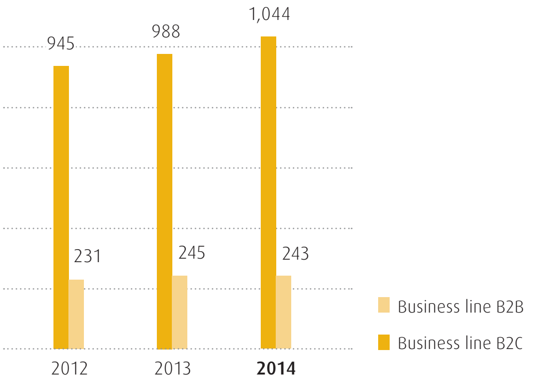
comdirect also received awards for its customer and media relations work. The "Factbook Aktie", which comdirect developed together with the Handelsblatt Research Institute, won the high-profile "Red Dot Design Award: Communication Design 2014" in the category "Publishing & Print Media". The underlying data is taken from a number of comdirect bank studies on securities as well as additional research. The Factbook and all studies can be downloaded from the press section of our website (www.comdirect.de/presse).

The web app version of the customer journal "compass", which was launched a year ago, took silver in the "best crossmedia solution" category at the Best of Corporate Publishing (BCP) awards. At the FOX AWARDS, which recognises pioneering media concepts in all industries, the web app won gold. The "compass" app provides online information on financial and economic topics in an entertaining and easily understandable way. Articles are supplemented by videos, slideshows, surveys and charts. The content, which is updated weekly, is viewed by an average of 16 thousand unique users every month.

Personnel

The growth in the comdirect group's customer numbers across all its fields of competence and the fast pace of innovation pose particular challenges for members of staff. As part of staff, executive and team development, we promote high performance and a willingness to learn at all levels of the bank. The comdirect group is positioning itself as an attractive and responsible employer through active employer branding.

Number of employees of comdirect group as of 31.12.



Development in the number of employees

At the end of 2014, 1,287 members of staff were employed in the comdirect group, up 4.4% on the previous year (1,233 employees). The number increased to 1,044 (end 2013: 988 employees) in the B2C business line, and decreased to 243 (end 2013: 245 employees) in the B2B business line. We recruited staff in Customer Services in order to maintain our customary high levels of service as the number of customers increased. We also took on new IT staff to help drive forward the technological optimisation of our IT platforms and develop new products. To proactively exploit current market trends in online banking and improve our positioning, we intend to continue the steady expansion of our IT capacities for projects over the next few years, including at our new IT centre in Rostock.

Personnel marketing

To attract qualified young talent, comdirect showcased itself at various internal and external events. For example, we appeared at a number of job fairs and recruitment days in Hamburg, Schleswig-Holstein and Berlin. comdirect also took part in Germany's first Twitter job fair.

As in the previous year, comdirect invited IT students to an event in Quickborn and presented the various IT careers available through vocational training at our in-house day. We also work together with the IT faculty at the University of Hamburg. At its new centre in Rostock, comdirect has entered into a partnership with the IT faculty at the city's university.

To target talented individuals and present itself as an attractive employer, we use job portals as well as the social networks Xing and Facebook. comdirect is also involved in the Fair Company Initiative run by Karriere.de, an initiative of Handelsblatt and WirtschaftsWoche (Fair Company Guide 2013/2014) and was once again named a fair employer in the previous year.

Competence and talent management

On 1 August 2014, six prospective bankers, two prospective 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 31 trainees at the year-end (previous year: 24).

Six graduates successfully completed the twelve-month graduate programme in September. The next group of trainees is planned for 2015.

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 additional employees, who passed the "Customer Services – Financial Services (IHK)" exam in the reporting year. In total, a third of the employees in our Customer Services team are now certified.

Executive and team development

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

The continuing education programme was redesigned and made modular in 2014. A variety of executive seminars were held and additional tailored continuing education courses were also offered.

One particular concern is to provide targeted support to women in management positions. To improve their networking, female managers met for an informal exchange session and attended presentations and training courses. As of 31 December 2014, 28.0% of the managers in the comdirect group were female, compared with 29.1% at the end of 2013.

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 16 of Germany's Remuneration Regulation for Institutions (InstitutsVergV), comdirect and ebase disclose information on the compensation system for employees each year on their respective websites.

Work during the reporting year focused on overhauling the compensation structure for specialists. Among other things, changes were made to performance-based variable compensation and to starting salaries. We also made adjustments to staff salaries in building finance advice and in our Young Professionals scheme.

The examination of our compensation systems for compliance with regulatory requirements carried out by auditors PricewaterhouseCoopers in 2014 did not give rise to any objections.

In the first quarter of 2014, comdirect introduced an ancillary benefit for its staff in the form of an HVV ProfiCard for local public transport and bicycle hire. They are also able to take a sabbatical and make use of various options to promote health. To help staff strike a better work/life balance, comdirect also set up emergency childcare and parent-and-child offices during the reporting year. Childcare is also available during school holidays, with financial support provided by comdirect.

Capital market relations

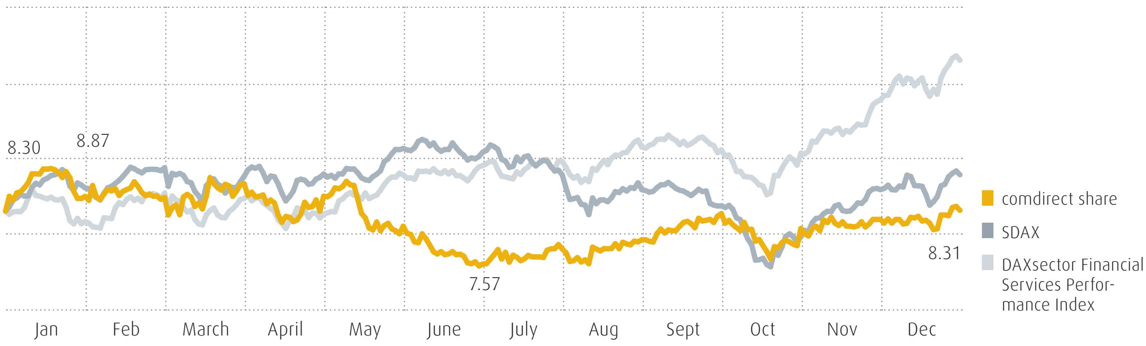
Share price performance, trading volume, shareholder structure

comdirect shares closed 2014 with a slight price rise of 0.12% to €8.31. The shares reached their high for the year at €8.87 on 17 January 2014. The price fall in the first half of the year that reached a low of €7.57 on 30 June was due in part to the ex-dividend markdown following the annual general meeting. By the end of the year, however, the share price had regained all its lost ground.

Following the annual general meeting on 15 May 2014, comdirect paid a dividend of €0.36 per share. This corresponds to the full distributable profit of comdirect bank AG calculated in accordance with the German Commercial Code (HGB) in the amount of €50.8m. At the level of the comdirect group, €9.7m was reinvested. Taking the dividend payment into account, the shareholders received a total shareholder return of 4.5% compared with 10.8% in the previous year. Over the same period, the SDAX and the DAXsector Financial Services Performance Index achieved returns of 5.9% and 24.3% respectively.

As of 31 December 2014, Commerzbank AG indirectly held 81.27% of the shares. Consequently, 18.73% of the shares were in free float. The closing price at year-end 2014 produces a market capitalisation of €1,173.7m, of which €219.8m was attributable to free float. On average, around 53.1 thousand units were traded a day (previous year: 73.7 thousand). Of this trading volume, 54% was traded on XETRA, 13% on Tradegate, 5% on the Frankfurt stock exchange and 10% on other stock exchanges. 18% was traded OTC.

comdirect share price performance 30.12.2013 to 30.12.2014
(in €)



Source: Bloomberg; Indices normalised to the comdirect share price as of year-end 2013

Investor Relations

Once again in 2014, 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. For instance, comdirect appeared at roadshows in Munich, Frankfurt/Main and London. The analysts' conference on 19 February 2014 in Frankfurt/Main was broadcast live and a recording was made available for download from our website.

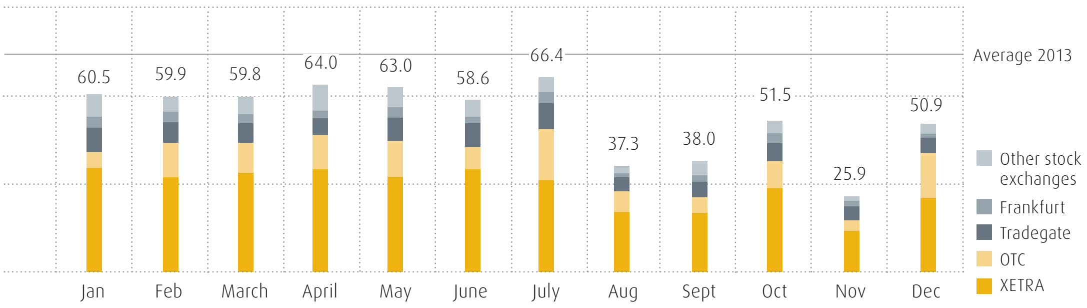
comdirect bank AG is currently regularly rated by seven research institutes.

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	81.27% Commerzbank AG[1] 18.73% Free float

Key figures 2014		
Average daily turnover in units	XETRA	28,539
	Frankfurt	2,900
	Tradegate	6,765
	Other stock exchanges	5,105
	OTC	9,784
		53,093
Opening quotation XETRA (2.1.2014)	€8.49	
Highest price XETRA (17.1.2014)[2]	€8.87	
Lowest price XETRA (30.6.2014)[2]	€7.57	
Closing quotation XETRA (30.12.2014)	€8.31	
Market capitalisation (30.12.2014)	€1,173.7m	

1) Indirectly
2) Daily closing quotation

comdirect share – average turnover 2014
(in 1,000 units)



Soruce: Bloomberg

Key figures of comdirect share – five year overview

		2014	2013	2012	2011	2010
Earnings per share	in €	0.47	0.43	0.53	0.79	0.42
Dividend per share	in €	0.40 1)	0.36	0.44	0.56	0.42
Opening quotation	in €	8.49	7.89	7.46	7.30	6.60
Highest price 2)	in €	8.87	8.67	8.86	8.65	8.30
Lowest price 2)	in €	7.57	7.07	6.81	6.38	6.44
Closing quotation	in €	8.31	8.30	7.89	7.48	7.20
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	1,173.7	1,172.3	1,114.2	1,056.2	1,016.8
Performance 3)	in %	0.12	5.2	5.5	3.9	8.9
Total shareholder return 4)	in %	4.5	10.8	13.0	9.7	15.1
Dividend yield 5)	in %	4.8	4.3	5.6	7.5	5.8
Price/earnings ratio 6)		17.7	19.3	14.9	9.5	17.1
XETRA trading volume 7)		28,539	37,793	34,473	63,926	54,853
Frankfurt trading volume 7)		2,900	4,042	3,677	5,493	5,884

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 2014 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 Commerzbank forecast, global economic growth in 2015 will be approximately in line with that of 2014, at 3.2%. Germany is also expected to match the growth rate of the previous year 2014.

Above all, risks may arise from geopolitical crises, an increase in deflationary trends and especially a potential downturn in momentum in the emerging markets.

There are signs that interest rate policies in the USA and the eurozone are set to clearly diverge. While the Federal Reserve Bank will potentially increase its interest rates based on the robustness of the US economy, it can be assumed based on the decision made on 22 January 2015 that the ECB will engage in the large-scale buying of government bonds and may also adhere to its zero-interest policy. The three-month EURIBOR is therefore set to remain very low again.

The returns made in the European bond market are likely to fall to new lows because of the ECB's government bond buying that looms on the horizon.

The announcement by the Swiss National Bank that the Swiss franc would no longer be tied to the euro led to a significant reaction at the currency markets and caused additional unrest in the eurozone.

The election victory of the radical left party SYRIZA in Greece also caused uncertainty. In February, the ECB resolved to no longer accept Greek government bonds as collateral for ECB loans if Greece's new government did not press on with the bailout programme. At the same time, however, the ECB approved emergency loans in order to secure the survival of the Greek banking sector. The outcome of the debt dispute cannot be foreseen.

European and, in particular, German shares are set to benefit from the ECB's interest rate policy once again in 2015. Depreciation of the euro, which was already at a serious level in 2014, may continue due to the interest rate differences, which could give Germany's export-heavy industry a further lift. Shares will therefore continue to be an attractive means of wealth accumulation for investors and also an alternative to daily money interest rates of around zero. On the other hand, shares could begin to fall in value at any time due to the levels already achieved and the risk factors mentioned above.

In its plans, comdirect expects the DAX to increase marginally, coupled with volatility at a similar or slightly higher level than in 2014.

Expected business performance and earnings situation

The strategic course adopted in 2013 and pursued in 2014 (see page 11) will be maintained in 2015.

In the B2C business line, product development will continue to focus on creating the bank format of the future and on enabling customers to make better financial decisions. To this end, in particular products and services that make it easier and more convenient to access and use the bank's range of products and services will be brought to market maturity. These are to be increasingly included in the innovation process, with a view to maximising the benefits for the customers. There are plans to focus among other things on completing the online account opening process, on simplifying the transfer of small sums of money using mobile devices and on expanding services to premium customers (comdirect first).

The B2B business line will realise its first projects in the target segment of banks and will continue to actively market its Managed Depot custody accounts in 2015. There are also plans for partnerships with innovative service providers in the financial sector (fintech companies) in the area of asset management (investment). Additionally, ebase will promote the use of digital technologies such as video legitimation and the e-signature, and will release an updated version of the ebase app.

The brand campaign initiated in 2014 and to be continued in 2015 will boost our unaided brand awareness. Thanks to our innovative products, we anticipate that we will see an increase in customer numbers in the B2C business line in spite of the demanding market environment. However, this increase will fall short of the level seen in 2014. Our focus here will be on our current account, the quantity of which we intend to once again significantly increase compared with the 2014 figure. This will result in a slight increase in deposits in comparison to 2014. With regard to the portfolio volume, we expect to see net fund inflows that will significantly exceed the 2014 level. We anticipate a slight decline in customer numbers in the B2B business line. Customer assets will nonetheless enjoy a moderate increase, helped among other things by price effects. Overall, the comdirect group will enjoy customer growth, which will have a positive impact on the development of the group's assets under management.

Although deposits continue to increase, we are expecting net interest income in 2015, which is likely to be slightly below the level seen in 2014. This is due to the interest rate level, which fell further in the second half of 2014 and which is expected to remain low.

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, the trading tools that have been developed further 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 2015. As long as the equities markets build on the upward trend seen in the reporting year and market volatility stays at the same high level as in 2014 or even rises, a recognisable increase in the number of orders looks feasible. Together with higher sales follow-up commissions from the funds business on the back of the general upswing in prices, we consider an observable increase in net commission income to be feasible.

The comdirect group will continue its investment in growth at a high level. Slightly higher marketing expenses will be incurred in order to continue with our brand campaign. A rise in other administrative expenses is also likely due to the further development of the portfolio of products and services. The focus here will remain on the incorporation of new coaching and guidance formats. We will also continue to develop our brokerage platform. The product and market initiatives will have a positive impact on customer satisfaction. We therefore expect the net promoter score (NPS) to remain at a high level. Further increases in regulatory costs can once again be expected in 2015. In conjunction with sustained customer growth, we expect administrative expenses in 2015 to noticeably exceed the figure for 2014. 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 lower than in 2014. 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 2014.

> 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 income for the period 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 trading, investing and banking as well as 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, 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 appropriateness of 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. The risk management system is therefore in line with the comdirect profile and strategy.

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

The Risk Management department is responsible for risk controlling at the operational level and reports directly to the CFO. 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.

The task of the Risk Management department is to identify, measure, assess and manage as well as monitor and communicate all risks in the respective risk categories. It has the powers it needs to execute this task. 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 risk concentrations into account, tolerances are set for all material risks as part of the risk strategy, which is updated at least once a year. The guidelines for risk provisioning and reduction are also derived from these. The effect of the existing risk concentrations is also analysed across all risk types.

Comprehensive and up-to-date risk reporting forms an essential part of the risk management system. The Board of Managing Directors and the Supervisory Board receive regular risk status reports in a timely manner. 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. This allows us to identify at an early stage any developments that require countermeasures.

comdirect has an escalation process in place for risk provisioning and reduction in the event that the specified risk tolerances are exceeded. In addition to ad hoc reporting to the comdirect Board of Managing Directors and, if necessary, also to the Supervisory Board, this process entails regulation of the measures implemented for risk reduction.

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) in connection with article 7 CRR. As a subsidiary of the Commerzbank Group, it is exempt from applying the regulations of sections 2 – 5 CRR (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 of Basel III as follows:

- The equity requirements relate to the provisions for measuring equity, compliance with capital ratios and the provision of capital buffers. Compliance with these requirements is assured at group level by the parent company, Commerzbank AG. For internal management purposes as well as for the Commerzbank Group’s risk management, we determine the overall risk position of comdirect using advanced procedures. Credit risk is mostly assessed using the Advanced Internal Ratings Based Approach (AIRB). With regard to operational risks, comdirect uses the Advanced Measurement Approach (AMA).

- The liquidity coverage requirements, i.e. the calculation of the key figures LCR and NSFR, are substantiated in section 6 of the CRR. At comdirect, the key figures are calculated monthly for internal control purposes and reported at individual institution level in accordance with the regulatory requirements (LCR monthly, NSFR quarterly) and additionally included in Commerzbank group reporting.

- The leverage ratio requirements are implemented for the Commerzbank Group as a whole by the parent company, Commerzbank AG.

- Compliance with the provisions governing increased credit value adjustments for counterparty risks is also ensured for the Commerzbank Group as a whole by the parent company, Commerzbank AG.

- The operational risk requirements are handled for the Commerzbank Group as a whole by the parent company, Commerzbank AG.

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, which is described in more detail below, 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, which arise as a result of having a qualitatively and quantitatively inadequate workforce due to insufficient recruitment capabilities, are also classified as operational risks.

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 as part of risk management.

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. This 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 the individual types 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. comdirect uses macroeconomic scenario analyses in accordance with MaRisk for the integrated stress tests. These are applied at comdirect group level. They include all objectively quantifiable 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 the risks limited overall 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 each 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, is designed to allow for comdirect-specific circumstances, 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 considers the going concern concept 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) in connection with article 7 CRR 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 2014

At the end of 2014, comdirect's overall risk position stood at €155.5m (end 2013: €149.1m) with a confidence level of 99.91% and a holding period of one year. The slight increase in the economically required capital at the end of the financial year is a result of higher credit and business risks.

Breakdown of economic capital required 2014 (in € million)

	As of 31.12.2014
Market risk	27.1
Credit risk	94.8
Operational risk	16.9
Business risk	16.7
Model risk	< 1.0
Economic capital required	**155.5**

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 2014, the utilisation level of the overall limit was 35.7 % (end 2013: 34.3 %). Even under stress conditions, the economic risk-bearing capacity remained consistent throughout the year; with an overall risk of €207.2m under stress, the utilisation level of the economic capital was 47.6%.

The economic capital required for market risks amounted to €27.1m at the end of 2014 (end 2013: €46.9m) and was thus significantly lower than the previous year's figure. The significant decrease in market risks is due to the largely calmer market situation as well as the resulting significant fall in credit spread volatility for bonds from the Treasury portfolio.

The overall risk of the comdirect group included credit risks with a total CVaR of €94.8m (end 2013: €70.6m).

Once again, the economic capital required for close-out risk was extremely low at less than €1m at the end of 2014 (previous year: €3.3m) 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 slightly below 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 2014, it amounted to €16.9m (previous year: €21.1m).

As of the balance sheet date, the risk-weighted assets calculated in accordance with the requirements of the German Solvency Regulation (SolvV) totalled €820.2m.

In preparation for the 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 €417.3m; see note (54) starting on page 100) 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 39), 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 still has a comfortable 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 (57) starting on page 102.

Current risk situation

As of 31 December 2014, the VaR for market risk was €1.4m (year-end 2013: €2.3m) and fluctuated between €1.2m and €2.5m over the course of the year. At €109.5m (median), the overall stress value was on a par with the previous year's figure (€108.0m). 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 2014	Median 2013
Total VaR 97.5% 1 day holding period*	2,281	1,417	2,530	1,213	1,488	2,273
Stress test – overall result	103,523	108,046	116,233	97,865	109,481	107,156

* Model see note (57) from page 102.

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 was wound down completely as a result of 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.

The aim of the sub-strategy for comdirect's Treasury activities is to manage credit risks and, in particular, to limit them on a risk/return basis. As well as the established and collateralised liquidity transfers both with Commerzbank as "preferred partner" and within the comdirect group, balanced asset allocation and minimum requirements for the credit quality of counterparties/issuers are also implemented for this purpose. An additional aim of the 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, while Customer Services is responsible 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 furnished as collateral on conservative terms. 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 (57) starting on page 102.

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 2014, the total CVaR for credit risks amounted to €94.8m (previous year: €70.6m). 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 100% of the portfolio remained within the investment grade range.

At the end of 2014, 10.8% (previous year 18.8%) of the banking book portfolio was invested short term in the money market. The share of capital market investments increased accordingly, with the investment focus on promissory notes as in the previous year. Of the capital market investments, €0.52bn (previous year: €0.49bn) was attributable to five special funds, which were invested almost exclusively in fixed-income securities (see note (71) on page 123).

As in the previous year, more than 83.8 % of the portfolio was ascribed to German counterparties, with the rest primarily accounted for by other European countries with a focus on Northern Europe.

Exposure to the "GIIPS" countries was wound down completely during financial year 2014 as a result of maturities.

In comdirect's retail lending business, the average total utilisation of loans against securities was on a par with the previous year at €120.3m. At €2.46bn, the credit facility for loans against securities remained virtually unchanged on the level at the end of 2013 (€2.49bn). However, potential utilisation of the credit facility is restricted through the specific collateral value of the respective securities. As a result of the positive equity market environment, this increased over the course of the year from €803.1m to €829.7m. 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 once again significantly lower than the respective figures for the previous year. 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 14.6% (previous year: 14.9%); as of year-end 2014, the volume of loans against securities amounted to €124.0m (previous year: €107.0m).

The growth-related increase in the number of current accounts with a credit facility led once again to a higher credit volume on average in overdraft facilities than in the previous year. The volume fluctuated over the course of the year between €36.5m and €45.9m and stood at €43.2m as of 31 December 2014; this equated to 5.8% of the overdraft facilities of €735.9m made available (end 2013: €668.2m). At 6.4 %, the share of overdrafts relative to the number of current accounts with an overdraft facility in financial year 2014 was virtually unchanged on the previous year.

The average credit volume utilised in the Visa card portfolio amounted to €12.9m (end of previous year: €12.72m), corresponding to 1.8% of the average total limit granted of €725.6m.

At the end of 2014, the total receivables in retail lending amounted to €188.9m and were therefore significantly higher than in the previous year (€160.3m). Portfolio loan loss provisions and provisions for possible loan losses amounted to €6.5m as of the reporting date. Allocations stood at €3.7m, while reversals amounted to €4.1m and utilisation was €0.3m.

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 funding matrix model, 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 funding matrix. The future funding requirement is calculated using the cumulative future cash flows, supplemented by the expected liquidity impact of business policy decisions and assumptions about customer behaviour. The funding matrix is calculated and monitored for defined stress scenarios.

Moreover, the LCR (liquidity coverage ratio) liquidity indicator, which became binding at the start of 2015, 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 already calculated and tracked on a monthly basis as a monitoring ratio. 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 significant surplus liquidity even in the stress scenario. The accumulated net liquidity positions under the funding matrix model consistently exceeded the defined minimum values. In the stress scenario, the net liquidity amounted to €100.8m as of the balance sheet date (end 2013: €963.8m) and €289.4m on average for the year (previous year: €597.5m). 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 (maturity band 1) stood on average at 3.42 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 liquidity indicator LCR (4.19) was significantly above the minimum limit at every point in the reporting year; the liquidity indicator NSFR (1.36) was also above the future minimum limit at all times.

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 in Commerzbank's AMA model 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.

Personnel risks are countered by implementing suitable measures to strengthen personnel commitment and provide professional development programmes (see section Personnel on pages 32 to 33).

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 €16.9m at the end of 2014, compared with €21.1m as of 31 December 2013. The number of misuse cases reduced compared with financial year 2013; there were no major incidents. To further enhance our security standards, use of the photoTAN procedure was made more widespread in 2014 as an additional security procedure. Legal risks have risen due to the increased number of new regulations and directives at EU level as well as the corresponding national laws required to implement them. There were no material IT risks; the systems and technical processes 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 the personnel available were reduced on the basis of the measures implemented to increase the company's appeal as an employer.

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 has been 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 expenses. 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 tough 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 the 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 €16.7m at the end of 2014 (previous year: €7.2m) 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 deposit outflows that are higher than anticipated and Treasury assets thus having to be sold prematurely. 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 using state-of-the-art deposit models. 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 expanded significantly 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 less than €1m at the end of 2014 (previous year: €3.3m).

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 forecasted 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.

To this end, 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. 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.

comdirect also gains insights from the feedback provided by customers and the employees, for example regarding new product initiatives. This is gathered via an annual customer satisfaction survey and the feedback received by Customer Services on a daily basis, as well as from social media, and is 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 in the fintech segment. 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 2015:

The trends in the capital market environment for brokerage may be better than assumed in the planning. For instance, rising volatilities 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 2015.

Conversely, the development in the interest rate environment may be more favourable than assumed in the outlook report. This would have a positive impact on the interest margin and moreover could revive demand in the deposit business. A significant increase in market interest rates is, however, unlikely due to the ECB's declared policy and the low rate of inflation.

The various product and market initiatives planned for 2015 are linked to expectations regarding growth in customer numbers and customer assets. Developments here could exceed expectations, in particular if current branch bank customers are successfully encouraged to make their own financial decisions online. 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 their acceptance of the newly introduced products and the highly simplified account opening process. The new brand image boosted new business in the first few weeks of the year, in particular in the B2C banking business line brand, but the scope of this increase had been anticipated.

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 which allows financial advisers to reduce their administrative workload and on individual portfolio solutions for insurance companies, small and medium-sized banks, and the non-banking sector. Business can also be promoted by means of greater cooperation within the banking sector, which may go hand in hand with the outsourcing of settlement processes so as to limit regulatory expenses.

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 videotelephony – may additionally boost this development. Further opportunities may arise from new technical developments that cannot as yet be forecast, which comdirect then adapts. In this respect, partnerships with fintech companies may also have a part to play, expanding the portfolio of products and services. Even with Cortal Consors having acquired DAB Bank, there are currently no signs of a radical sector consolidation. Should this materialise nonetheless, there would be the opportunity to increase market shares and gain customers.

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 significantly expanded mobile offering, we are also able to benefit from the growing trend of banking using mobile devices.

> 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 81.27% 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

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. As the Commerzbank Group is responsible for its subordinate companies complying with regulatory requirements pursuant to Section 27 of Germany's Remuneration Regulation for Institutions (InstitutsVergV), 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 were modified accordingly and variable compensation is determined 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 2012 annual general meeting.

Further compensation rules for banks and financial institutions in the EU were stipulated by the Capital Requirements Directive IV (CRD IV) and the Capital Requirements Regulation (CRR) in 2013, which came into effect on 1 January 2014. The Directive was transposed into national law effective as of 1 January 2014, resulting in amendments to, among other things, the German Banking Act (KWG) and the Remuneration Regulation for Institutions (InstitutsVergV).

Together with compensation experts from the Commerzbank Group, comdirect bank AG examined the need to amend the compensation system for the members of the Board of Managing Directors and revised it. An additional bonus cap was already specified for financial year 2014 based on the amount of the individual variable compensation for overall target attainment at the time of its definition. This may no longer exceed the annual fixed salary. As of financial year 2015, a multi-year assessment basis will additionally gradually apply when determining the overall volume of variable compensation for the Board of Managing Directors.

comdirect bank AG endeavours to achieve appropriate and sustainable compensation of the Board of Managing Directors that avoids incentives to take disproportionately high risks and at the same time offers effective conduct incentives to achieve the targets specified in the bank's strategy. The compensation policy therefore permanently contributes 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 Supervisory Board considered the matter of compensation of the Board of Managing Directors on three occasions in financial year 2014, both during its ordinary meetings and by circular resolution.

Overall compensation of the Board of Managing Directors comprises 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 active members of the Board of Managing Directors, the target amount for the variable compensation component is currently limited to a maximum of approximately 40% 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

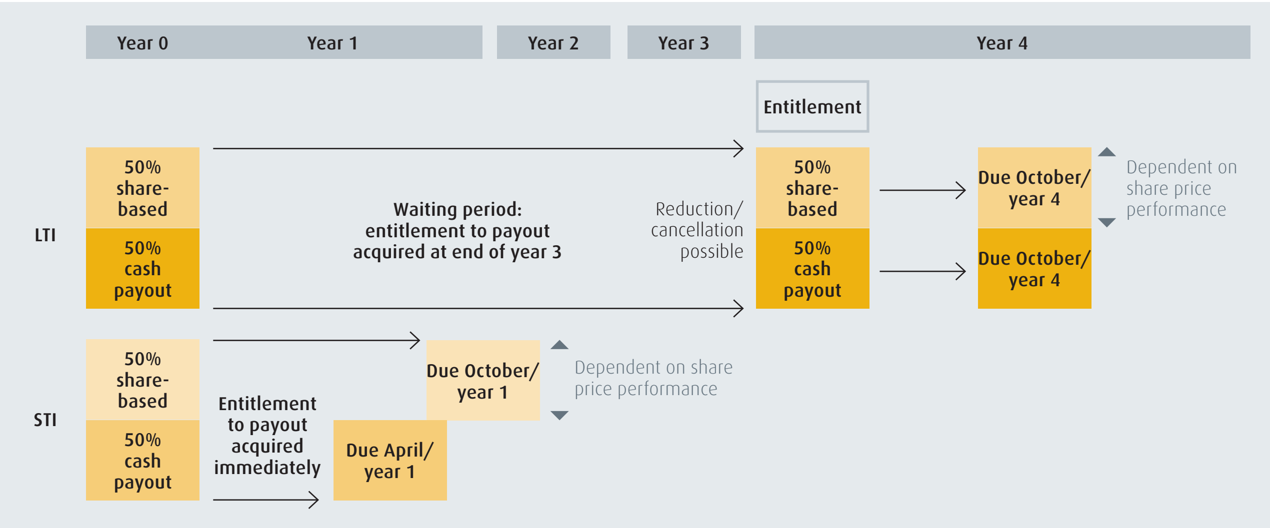
The non-performance-related fixed compensation comprises an annual fixed salary plus fringe benefits. Without prejudice to the possibility of a review by the Supervisory Board, the annual fixed salary for members of the Board of Managing Directors is set for the entire term of their respective contract of employment and is paid in twelve monthly instalments. In addition to a 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 bank.

Performance-related variable compensation

The system described below applies for the performance-related variable compensation of the Board of Managing Directors.

The volume of performance-related variable compensation depends on the achievement of corporate targets of comdirect bank and the Commerzbank Group and also of individual goals in the financial year to be assessed, combined with the target value 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 the cost of capital. Target attainment can amount to a minimum of 0% and a maximum of 200% of the target amount for the variable compensation component and limits the volume of the variable compensation of the Board of Managing Directors accordingly (cap). The amount of the individual variable compensation can likewise be a minimum of 0% and a maximum of 200% of the individual target amount at the time of its definition. At the same time, this individual variable compensation may not exceed the fixed salary for the financial year in question (bonus cap).

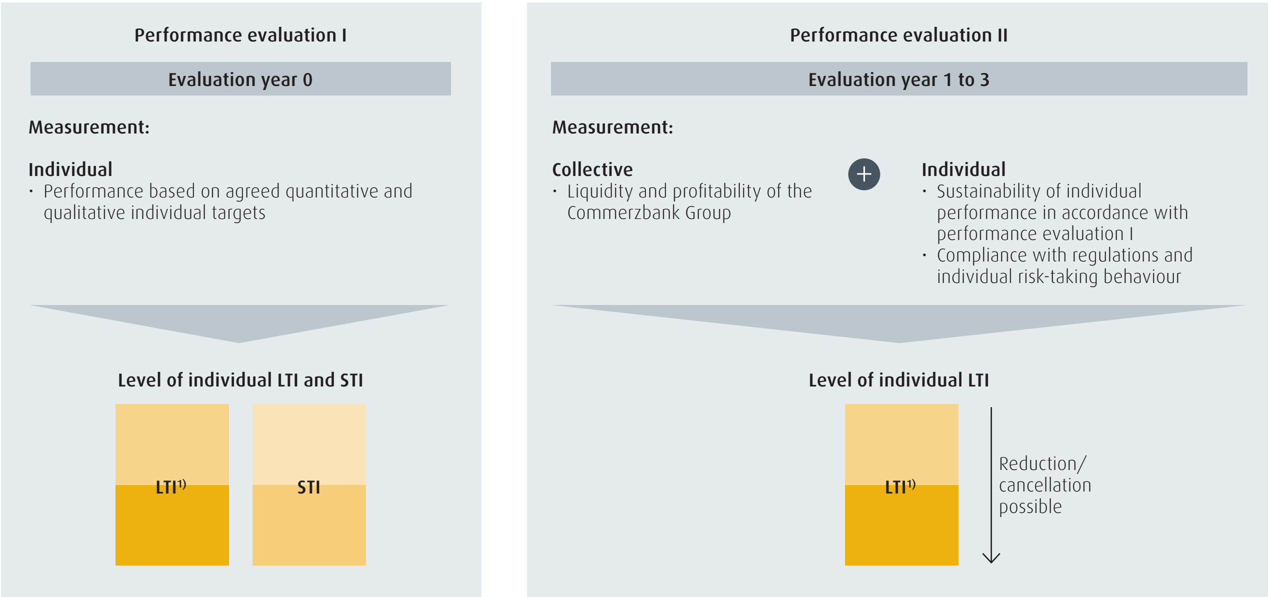
The individual variable compensation for the members of the Board of Managing Directors is split into two parts – a long-term incentive (LTI), which comprises 60% of total variable compensation for the CEO and 40% for members of the Board of Managing Directors and is paid out at the earliest three and 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. Entitlement to the LTI is only conferred upon expiry of the three-year waiting period. Entitlement to the STI is conferred immediately. Half of both the LTI and STI component is settled as a cash payout and the remaining half in the form of shares in Commerzbank AG after a six-month blocking period. Entitlements and due dates for the LTI and STI components are shown in the chart below.



With regard to variable compensation for financial year 2014, the STI will therefore fall due in financial year 2015 (year 1) and the LTI will fall due in 2018 (year 4) subject to a reduction or cancellation of the entitlement.

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. 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 the collective level, this review includes the liquidity and profitability of the Commerzbank Group. At the 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 and failure to meet the liquidity and profitability criteria of the Commerzbank Group reduce the respective compensation from the LTI component (malus).

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).

Pensions

The members of the Board of Managing Directors receive a pension entitlement for their work at comdirect bank, 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 are non-forfeitable 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 using the actuarial opinions of an independent actuary based on the projected unit credit method (see note (70) starting on page 119).

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 2014 amounted to €1,229 thousand (previous year: €1,221 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 2014.

In addition to the compensation granted for the year under review and the compensation 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 up to the 2014 reporting date as well as the payouts made in 2014 on an individual basis for each of the active members of the Board of Managing Directors.

Dr Thorsten Reitmeyer resigned from the Board of Managing Directors with effect from 31 December 2014. The contract of employment with Dr Reitmeyer was likewise terminated on 31 December 2014 by mutual agreement. All the entitlements acquired up to the end of financial year 2014 remain in place and are presented in the following table. Payouts may be effected on the basis of the ongoing STI and LTI components up to financial year 2018.

Dr Thorsten Reitmeyer (Chief Executive Officer until 31 December 2014)

€ 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 2014 for respective reporting year[3]	Cumulative compensation paid for respective reporting year as of 31.12.2014	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				
2014	**410**	**26**	**47**	**47**		**71**		**71**		**436**	**436**	**672**	**601**
2013	390	12	55	55	55	83		83[4]		110	512	678	595
2012	360	18	61	61	49	91		91[5]			488	682	591
2011	360	141	77	77	68	115		115[6]			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, in financial year 2017 for tranche 2013 and in financial year 2018 for tranche 2014. 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), in financial year 2017 (tranche 2013) and in financial year 2018 (tranche 2014) 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 2014, the STI component granted for 2013 was also paid in 2014.
4) Valuation of LTI component granted for 2013 as of 31.12.14: share-based LTI €73 thousand.
5) Valuation of LTI component granted for 2012 as of 31.12.14: share-based LTI €84 thousand.
6) Valuation of LTI component granted for 2011 as of 31.12.14: share-based LTI €100 thousand.

Holger Hohrein (Member of the Board of Managing Directors from 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 2014 for respective reporting year[3]	Cumulative compensation paid for respective reporting year as of 31.12.2014	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				
2014	**230**	**7**	**43**	**43**		**29**		**29**		**237**	**237**	**381**	**352**
From 1.10. 2013	58	1	8	8	8	5		5[4]		16	75	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 and in financial year 2018 for tranche 2014. The amount can be reduced or cancelled depending on results of performance evaluation II and payout is due in financial year 2017 (tranche 2013) and in financial year 2018 (tranche 2014) 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 2014, the STI component granted for 2013 was also paid in 2014.
4) Valuation of LTI component granted for 2013 as of 31.12.14: share-based LTI €5 thousand.

Martina Palte (Member of the Board of Managing Directors from 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 2014 for respective reporting year[3]	Cumulative compensation paid for respective reporting year as of 31.12.2014	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				
2014	**180**	**11**	**32**	**32**		**21**		**21**		**191**	**191**	**297**	**276**
2013	180	9	28	28	28	19		19[4]		56	245	283	264
From 1.7. 2012	90	3	16	16	12	10		10[5]			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, in financial year 2017 for tranche 2013 and in financial year 2018 for tranche 2014. The amount can be reduced or cancelled depending on results of performance evaluation II and payout is due in financial year 2016 (tranche 2012), in financial year 2017 (tranche 2013) and in financial year 2018 (tranche 2014) 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 2014, the STI component granted for 2013 was also paid in 2014.
4) Valuation of LTI component granted for 2013 as of 31.12.14: share-based LTI €16 thousand.
5) Valuation of LTI component granted for 2012 as of 31.12.14: share-based LTI €10 thousand.

Details regarding the pensions of the members of the Board of Managing Directors active in 2014 are shown individually in the following table.

€ thousand	Pension obligation (DBO) under IFRS as of 31.12.2014	Vested rights as of 31.12.2014
Dr Thorsten Reitmeyer	317	399
Holger Hohrein	22	27
Martina Palte	36	42
Total	**375**	**468**

In the past financial year, no member of the Board of Managing Directors received payments, considerations or corresponding commitments from a third party in relation to their activities as a board member. 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 €85 thousand in this regard in the year under review. No loans or advance payments were granted in the reporting year.

The model tables for the presentation of management board compensation as recommended by the German Corporate Governance Code (DCGK) can be found below. In accordance with the DCGK, the compensation granted for a financial year is to be presented in the table "Benefits granted". Variable compensation is stated as the sum to be granted in the event of 100% target attainment for the year under review.

Benefits granted **€ thousand**	Dr Thorsten Reitmeyer CEO (until 31 December 2014)				Holger Hohrein CFO and HR Director (from 1 October 2013)				Martina Palte COO (from 1 July 2012)			
	2013	**2014**	**2014 (Min)**	**2014 (Max)**	2013	**2014**	**2014 (Min)**	**2014 (Max)**	2013	**2014**	**2014 (Min)**	**2014 (Max)**
Fixed salary[1]	390	410	410	410	58	230	230	230	180	180	180	180
Fringe benefits[1]	12	26	26	26	1	7	7	7	9	11	11	11
Total	**402**	**436**	**436**	**436**	**59**	**237**	**237**	**237**	**189**	**191**	**191**	**191**
One-year variable compensation[2]	56	54	0	82	8	39	0	69	33	33	0	54
Multi-year variable compensation	224	216	0	328	20	91	0	161	77	77	0	126
Share-based STI for 2013 and 2014 resp.[3]	56	54	0	82	8	39	0	69	33	33	0	54
LTI cash payout for 2013 and 2014 resp.[4]	84	81	0	123	6	26	0	46	22	22	0	36
Share-based LTI for 2013 and 2014 resp.[5]	84	81	0	123	6	26	0	46	22	22	0	36
Total	**682**	**706**	**436**	**846**	**87**	**367**	**237**	**467**	**299**	**301**	**191**	**371**
Pension expenses[6]	42	40	40	40	0	20	20	20	15	15	15	15
Total benefits granted in accordance with the DCGK	**724**	**746**	**476**	**886**	**87**	**387**	**257**	**487**	**314**	**316**	**206**	**386**

1) Compensation granted for the respective financial year.
2) Target STI cash payout for the respective financial year in the event of 100% target attainment; maximum amount: target attainment is limited to 200% based on the variable compensation target specified for the financial year. At the same time, the total amount of variable compensation specified for the financial year at the time of calculation may not exceed the fixed salary granted for that financial year.
3) Shared-based STI target for the respective financial year in the event of 100% target attainment; maximum amount: target attainment is limited to 200% based on the variable compensation target specified for the financial year. At the same time, the total amount of variable compensation specified for the financial year at the time of calculation may not exceed the fixed salary granted for that financial year. The variable compensation amount may still fluctuate subsequent to being calculated, based on share price developments.
4) Target LTI cash payout for the respective financial year in the event of 100% target attainment; maximum amount: target attainment is limited to 200% based on the variable compensation target specified for the financial year. At the same time, the total amount of variable compensation specified for the financial year at the time of calculation may not exceed the fixed salary granted for that financial year.
5) Shared-based LTI target for the respective financial year in the event of 100% target attainment; maximum amount: target attainment is limited to 200% based on the variable compensation target specified for the financial year. At the same time, the total amount of variable compensation specified for the financial year at the time of calculation may not exceed the fixed salary granted for that financial year. The variable compensation amount may still fluctuate subsequent to being calculated, based on share price developments.
6) Service cost in accordance with IAS 19 from pension schemes and other pension benefits for the respective financial year.

In accordance with the DCGK, the compensation allocated for or in a financial year is to be presented in the table "Allocation". Compensation is deemed to have been allocated insofar as all the benefit conditions were met by the end of the year under review and there can be no more changes in its value.

Allocation **€ thousand**	Dr Thorsten Reitmeyer CEO (until 31 December 2014)		Holger Hohrein CFO and HR Director (from 1 October 2013)		Martina Palte COO (from 1 July 2012)	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Fixed salary[1)]	410	390	230	58	180	180
Fringe benefits[1)]	26	12	7	1	11	9
Total	436	402	237	59	191	189
One-year variable compensation[2)]	47	55	43	8	32	28
Multi-year variable compensation	55	49	8	n/a	28	12
Share-based STI for 2013 and 2012 resp.[3)]	55	49	8	n/a	28	12
Other	0	0	0	0	0	0
Total	**538**	**506**	**288**	**67**	**251**	**229**
Pension expenses[4)]	40	42	20	0	15	15
Allocated remuneration in accordance with the DCGK	578	548	308	67	266	245

1) Compensation granted for the respective financial year.
2) STI cash payout for the respective financial year, taking target attainment into account (falling due in 04/2015 or 04/2014 respectively).
3) Share-based STI payout in the respective financial year, taking target attainment and share price developments up to the maturity date into account (10/2014 or 10/2013).
4) Service cost in accordance with IAS 19 from pension schemes and other pension benefits for the respective financial 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 €231 thousand in the financial year (previous year: €226 thousand). As of the reporting date, pension obligations to former members of the Board of Managing Directors pursuant to IFRS totalled €4,740 thousand (previous year: €3,809 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 €60,000 and his Deputy €30,000.

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		Remuneration for committee activities		Total	
	2014	2013	2014	2013	2014	2013
Martin Zielke	0	0	0	0	0	0
Frank Annuscheit	0	0	0	0	0	0
Sandra Persiehl (from 15 May 2014)	15	0	4	0	19	0
Georg Rönnberg	24	24	24	24	48	48
Sabine Schmittroth	24	24	12	12	36	36
Maria Xiromeriti (from 15 May 2014)	15	0	0	0	15	0
Thorben Gruschka (until 15 May 2014)	9	24	0	0	9	24
Angelika Kierstein (until 15 May 2014)	9	24	2	6	11	30

> 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).

Based on the circumstances known to us at the time at which legal transactions or measures were effected or omitted, comdirect received adequate consideration for each legal transaction and ultimately suffered no disadvantage from measures either being effected or omitted.

Reportable measures were neither effected nor omitted.

Consolidated financial statements

> Income statement

Income statement of comdirect group according to IFRS

€ thousand		1.1. to 31.12.	
	Notes	2014	2013
Interest income		194,006	214,815
Interest expenses		48,203	76,174
Net interest income before provisions for possible loan losses	(26)	**145,803**	**138,641**
Provisions for possible loan losses	(9), (27)	–279	–1,429
Net interest income after provisions for possible loan losses		**145,524**	**137,212**
Commission income		333,946	323,348
Commission expenses		140,796	135,018
Net commission income	(28)	**193,150**	**188,330**
Trading result and result from hedge accounting	(29), (30)	145	287
Result from financial investments	(31)	4,829	9,243
Administrative expenses	(32)	**270,852**	**259,866**
Other operating result	(33)	9,825	4,826
Pre-tax profit		**82,621**	**80,032**
Taxes on income	(20), (34)	16,331	19,498
Net profit		**66,290**	**60,534**
Allocation to reserves		9,802	9,695
Consolidated profit	(22)	**56,488**	**50,839**

Undiluted/diluted earnings per share

		1.1. to 31.12.	
	Notes	2014	2013
Net profit (in € thousand)		66,290	60,534
Average number of ordinary shares (number)	(53)	141,220,815	141,220,815
Undiluted/diluted earnings per share (in €)	(23)	**0.47**	**0.43**

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 2014.

> Statement of comprehensive income

Statement of comprehensive income of comdirect group according to IFRS

€ thousand	Notes	1.1. to 31.12. 2014	2013
Net profit		**66,290**	**60,534**
Items which cannot be reclassified to the income statement			
– Change in actuarial gains/losses recogised in equity	(53)	−6,252	708
Items which can be reclassified to the income statement			
– Change in the revaluation reserves after tax	(53)		
Change in value recognised in equity		35,204	−25,988
Reclassification to the income statement		−4,139	−7,294
Other comprehensive income for the period		**24,813**	**−32,574**
Comprehensive income		**91,103**	**27,960**

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

The tax amounts included in other comprehensive income for the period are as follows:

Other comprehensive income for the period

€ thousand	Before tax	Tax	After tax
1 January to 31 December 2014			
Actuarial gains and losses	−8,587	2,335	−6,252
Change in the revaluation reserves	41,900	−10,835	31,065
Other comprehensive income for the period	**33,313**	**−8,500**	**24,813**
1 January to 31 December 2013			
Actuarial gains and losses	975	−267	708
Change in the revaluation reserves	−44,647	11,365	−33,282
Other comprehensive income for the period	**−43,672**	**11,098**	**−32,574**

> Balance sheet

Balance sheet of comdirect group according to IFRS

Assets

€ thousand	Notes	as of 31.12.2014	as of 31.12.2013
Cash reserve	(6), (35)	6,023	1,292,775
Claims on banks	(7), (36), (38)	11,199,940	9,048,745
Claims on customers	(7), (37), (38)	235,366	189,866
Trading assets	(11), (39)	0	150
Financial investments	(12), (40)	3,670,615	3,572,484
Intangible assets	(13), (41), (43)	24,752	30,383
Fixed assets	(14), (42), (43)	14,131	11,687
Current income tax assets	(20), (44)	6,867	6,667
Deferred income tax assets	(20), (44)	0	3,149
Other assets	(45)	12,008	6,931
Total assets		**15,169,702**	**14,162,837**

Liabilities and equity

€ thousand	Notes	as of 31.12.2014	as of 31.12.2013
Liabilities to banks	(16), (46)	15,911	2,132
Liabilities to customers	(16), (47)	14,455,111	13,487,874
Negative fair values from derivative hedging instruments	(5), (17), (48)	641	2,563
Trading liabilities	(18), (49)	253	440
Provisions	(19), (50)	47,903	45,502
Current income tax liabilities	(20), (51)	1,124	9,900
Deferred income tax liabilities	(20), (51)	2,552	0
Other liabilities	(52)	54,329	62,813
Equity	(53)	**591,878**	**551,613**
– Subscribed capital		141,221	141,221
– Capital reserve		223,296	223,296
– Retained earnings		117,571	114,020
– Revaluation reserves		53,302	22,237
– Consolidated profit		56,488	50,839
Total liabilities and equity		**15,169,702**	**14,162,837**

> Statement of changes in equity

€ thousand	Subscribed capital	Capital reserve	Retained earnings	Revaluation reserves[1)]	Group result	Total
Equity as of 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	–	–	708	–	–	708
Change in the 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 31.12.2013/1.1.2014	**141,221**	**223,296**	**114,020**	**22,237**	**50,839**	**551,613**
Net profit from 1.1. to 31.12.2014	–	–	–	–	66,290	66,290
Change in actuarial gains/losses recognised in equity	–	–	–6,252	–	–	–6,252
Change in the revaluation reserves	–	–	–	31,065	–	31,065
Comprehensive income 2014	**–**	**–**	**–6,252**	**31,065**	**66,290**	**91,103**
Profit distributions	–	–	–	–	–50,839	–50,839
Allocation to reserves/ transfer from reserves	–	–	9,802	–	–9,802	0
Equity as of 31.12.2014	**141,221**	**223,296**	**117,571**	**53,302**	**56,488**	**591,878**

1) Pursuant to IAS 39

In financial year 2014, dividend payments totalling €50,839 thousand (2013: €62,137 thousand) were distributed to shareholders of comdirect bank AG. This equates to a payment of €0.36 per share (2013: €0.44).

In financial year 2014, 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.

For details of the equity items, see note (53).

> Cash flow statement

€ thousand		1.1. to 31.12.	
	Notes	2014	2013
Net profit		**66,290**	**60,534**
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		24,969	27,759
– Result from the sale of assets	(31)	–5,226	–9,485
– Other adjustments	(26)	–103,147	–123,796
Sub-total		**–17,114**	**–44,988**
Changes in assets and liabilities from operating activities after adjustment for non-cash items			
– Claims			
on banks	(36)	–2,150,688	–1,117,360
on customers	(37)	–38,063	55,452
– Positive/negative fair values from derivative hedging instruments and trading assets	(39), (48)	1,154	206
– Securities	(40)	–95,052	68,296
– Other assets from operating activities	(45)	–2,658	3,285
– Liabilities			
to banks	(46)	13,779	231
to customers	(47)	955,785	1,734,952
– Other liabilities and equity from operating activities	(50), (52)	–37,647	–13,211
Interest and dividends received	(26)	236,103	245,084
Interest paid	(26)	–54,613	–76,649
Income tax payments	(34)	–30,440	–35,807
Cash flow from operating activities		**–1,219,454**	**819,491**
Cash inflows from the disposal of fixed assets and intangible assets	(33), (43)	3	–48
Cash outflows for the acquisition of fixed assets and intangible assets	(33), (43)	–16,462	–16,291
Cash flow from investment activities		**–16,459**	**–16,339**
Dividend payment		–50,839	–62,137
Cash flow from financing activities		**–50,839**	**–62,137**
Cash and cash equivalents as of the end of the previous year		**1,292,775**	**551,760**
– Cash flow from operating activities		–1,219,454	819,491
– Cash flow from investment activities		–16,459	–16,339
– Cash flow from financing activities		–50,839	–62,137
Cash and cash equivalents as of the end of the period		**6,023**	**1,292,775**

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

The cash flow statement has only limited informative value for the comdirect group. It cannot substitute liquidity and financial planning and is not used as a performance indicator. It does not give any indication of the actual liquidity position. This is essentially dependent on operating activities and not on cash on hand and balances held with central banks.

> Notes

Basis of accounting principles

The consolidated financial statements of the comdirect group as of 31 December 2014 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 subgroup financial statements of comdirect bank AG, Pascalkehre 15, 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 2013 were published in the online Federal Gazette on 8 July 2014.

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 13 February 2015.

Accounting and measurement methods

1 Basic principles

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

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. In principle, income is accounted for at the fair value of the consideration. Interest income and expenses are recognised in net interest income on the basis of the effective interest method, taking into account all the contractual agreements relating to the financial assets or liabilities. Commission for services delivered over a specific period is recognised for the period during which the service was delivered. Fees relating to the full delivery of a specific service are recognised at the time at which the service was delivered in full. For charges relating to specific periods (e.g. custody charges, account charges), the fees are deferred on the reporting date.

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 recognised 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 recognising 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. Estimates and assessments are subject to ongoing reviews and are performed in accordance with the relevant standard. Uncertainties relate in particular to determining the provisions for possible loan losses, the fair value of financial instruments and pension obligations.

2 Changes in accounting and measurement 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 2014 were taken into account. There were no changes in comparison to the previous year on the basis of newly applicable standards.

Standards to be applied in future:

Standard	Title	Date of application
IFRS 14	Regulatory Deferral Accounts: First-time Adoption of International Financial Reporting Standards	1 January 2016*
IFRS 11 (amended)	Joint Arrangements: Acquisition of an Interest in a Joint Operation	1 January 2016*
IAS 27 (amended)	Separate Financial Statements: Equity Method in Separate Financial Statements	1 January 2016*
IFRS 10 / IAS 28 (amended)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016*
IAS 16 / IAS 41 (amended)	Property, Plant and Equipment and Agriculture: Bearer Plants	1 January 2016*
IAS 16 (amended)	Property, Plant and Equipment: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016*
IAS 38 (amended)	Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016*
IFRS 15	Revenue from Contracts with Customers	1 January 2017*
IFRS 9	Financial Instruments	1 January 2018*

* The application dates are subject to timely endorsement of the standards by the European Commission.

We opted out of early application of the standards and interpretations which are compulsory for the 2015 financial year or later.

The provisions of the new IFRS 9 "Financial instruments" are aimed at abolishing and replacing IAS 39.

In terms of classification and measurement, the financial instruments held by the comdirect group will be allocable to the measurement categories as stipulated in IFRS 9. Valuations are based on the business model in question. We currently anticipate that portions of the securities portfolio presently classified as available for sale will be carried at amortised cost in the future. Fluctuations in values will then no longer be reported in other comprehensive income for the period or in revaluation reserves.

In the area of impairments, IFRS 9 calls for a transition from an incurred loss model to an expected loss model. In the case of credit-impaired financial assets, the losses expected over the instrument's remaining lifetime must additionally be taken into account. In the year of first-time application, this is likely to result in moderate expenses for the higher volume of provisions for possible loan losses. Provision expenses for possible loan losses should then return to approximately their previous level in the subsequent years.

With regard to hedge accounting, we do not anticipate any significant implications for the comdirect group's consolidated financial statements.

IFRS 15 regulates the manner of collection, the volume and the time of collection of revenue from contracts with customers. This standard additionally calls for the disclosure of a substantial amount of qualitative and quantitative information regarding contractual agreements, performance obligations and significant discretionary decisions and assessments. The impact this may have on the comdirect group's consolidated financial statements is currently being examined.

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

3 Consolidated companies

In addition to the parent company comdirect bank AG, Quickborn, the scope of consolidation comprises ebase GmbH, Aschheim, and five special funds which are included in the consolidated financial statements as special purpose entities. There were no changes in the scope of consolidation in comparison to the previous year.

comdirect bank AG holds 100% of the shares in each of the consolidated group units. All the consolidated companies prepared annual financial statements as of 31 December 2014. A statement of comdirect bank AG's holdings can be found in the tables section of the Notes.

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 are eliminated as part of debt, income and expense consolidation. Interim gains or losses reported in the consolidated financial statements are eliminated, 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 three-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 (level 3 valuation hierarchy). These initial inputs are from the perspective of the seller of an asset or a liability and take into account the assumptions that market participants would use for pricing. The risks inherent to the valuation method that is used and the incorporated input factors are to be included here. No instruments are currently allocated to this category at the comdirect group.

Transfers between hierarchical levels are reported as of the last day of the relevant quarter. More information on the fair values of financial instruments and their allocation to the valuation hierarchy can be found in note (59) and (60).

A transaction on the primary market or, if this cannot be identified, on the most advantageous market for the financial instrument in question serves as the basis for determining the fair value. Identifying the primary market and determining which is the most advantageous market are the subject of individual discretionary decisions.

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 the income statement in net interest income on the basis of the effective interest method. Negative interest income incurred in the financial year due to money market transactions is recognised as interest expenses.

Financial instruments in the "available for sale" category are recognised 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 the income statement in net interest income throughout the term of the instrument.

The rules on hedge accounting under IAS 39 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 a 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 claims on banks and customers are explained in note (38).

8 Currency translation
Monetary assets and liabilities carried in the balance sheet which are held in foreign currency are translated at the mean 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 in the balance sheet, provided they relate to claims in 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.

At comdirect, default reasons are, in particular, defined as being a delay of 90 days and the reaching of a defined default action level after which notice of termination is given.

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 and which qualify for hedge accounting and show a positive fair value are reported under this balance sheet 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”.

11 Trading assets

Derivative financial instruments that are not used as hedging instruments as part of hedge accounting and show a positive fair value are reported as trading assets. The instruments are measured at fair value. Measurement results 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.

12 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 lastingly 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. 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 against earnings using the straight-line method 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 ten 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 economic 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".

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.

⓯ Leases

In recognising 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 leased items are then recognised 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 leased items are recognised by the lessor.

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

16 Liabilities
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.

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

18 Trading liabilities
Derivative financial instruments that are not used as hedging instruments as part of hedge accounting and show a negative fair value are reported as trading liabilities. The instruments are measured at fair value. Measurement results 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.

19 Provisions

Basic principles
A provision must be recognised if on the balance sheet date, as the result of a past event, a present legal or constructive obligation has arisen, an outflow of resources to meet this obligation is probable and it is possible to make a reliable estimate of the amount of this obligation. 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 of 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 benefit 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, compensation 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. Changes in the estimated assumptions from year to year and deviations from the actual annual effects are reported in actuarial gains and loss (see note (50) regarding the effects of changes in parameters).

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 (50) and (70).

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 in the statement of comprehensive income. The discount rate for the pension commitments is determined using a model derived from matching eurozone 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).

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 of 31 December 2014 and applicable in the event of realisation of the temporary differences. Deferred 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, with the consent of the Supervisory Board, authorised to increase the share capital of the company by a maximum amount of €70.0m (2014 authorised capital) by issuing new shares against cash or non-cash contributions on one or more occasions until 14 May 2019. 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, with the approval of the Supervisory Board, to issue 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 valid until 15 April 2018.

22 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 the 2014 financial year, comdirect bank AG reported a distributable profit in accordance with the German Commercial Code (HGB) of €56,488,326.00.

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 €0.40 per no-par-value bearer share.

23 Earnings per share

Basic earnings per share are calculated in accordance with IAS 33 and are based on the net profit for the year, which is attributable in full to the shareholders of comdirect bank AG. The figure calculated is shown below the income statement. As in the previous year, diluted earnings correspond to basic earnings.

24 Share-based compensation

Variable compensation of the Board of Managing Directors

The volume of performance-related variable compensation depends on the achievement of corporate targets of comdirect and the 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 the cost of capital. Target attainment can amount to a minimum of 0% and a maximum of 200% of the target amount for the variable compensation component and limits the volume of the variable compensation of the Board of Managing Directors accordingly (cap).

The individual variable compensation component for the members of the Board of Managing Directors is split into two parts – a long-term incentive (LTI), which comprises 60% of total variable compensation for 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. Entitlement to the LTI is only conferred upon expiry of the three-year waiting period. Entitlement to the STI is conferred immediately. Half of both the LTI and STI component is settled as a cash payout and the remaining half in the form of shares in Commerzbank AG after a 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 in 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 expenses for recognition of a provision for the share-based LTI component are recognised 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 was discontinued as part of the revision of the compensation system within the comdirect group. Performance shares were issued for the last time in 2010 and were paid out in 2013.

25 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, Frankfurt/Main.

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 are concluded on the basis of this master agreement.

On the basis of the general agreement and the master agreement, the following services were provided during the 2014 financial year:

- Trading and processing services
- Payments and cash dispenser service
- Print services
- IT services
- Internal auditing
- Use of the "Intelligence Commerzbank" (ICOM) securities trading system
- Risk management
- Handling of financial instruments in own trading and credit services
- Compliance
- Cooperation on the product "Contracts for Differences"
- Placement of building finance loans
- Granting rights of use
- Project services, e.g. customer taxation, regular reporting pursuant to EMIR
- Other services

In total, the expenses for the above services amounted to €29.3m in the financial year (2013: €26.2m).

In the year under review, the earnings generated from these agreements totalled €8.1m (2013: €5.3m).

An addendum to the cooperation agreement regarding CFD trading was agreed upon in the previous year. As such, comdirect bank AG's previously exclusive use of the CFD platform was limited. The competitive disadvantage caused by this will be offset by Commerzbank over the next three years. comdirect bank AG was awarded €0.3m in this respect for 2014.

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 €3.0m due to this assignment agreement (2013: €2.7m).

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

As of the balance sheet date, the nominal value of daily money and fixed-term deposits as well as promissory notes totalled €10,690m (2013: €8,776m). During the year under review, the comdirect group companies generated total interest income of €139.6m from these transactions with Commerzbank AG (2013: €131.9m) and €0m from transactions with its affiliated companies (2013: €0.3m). There is a separate general agreement between comdirect bank AG and Commerzbank AG for these money and capital market transactions.

As of the balance sheet date, bonds and notes from affiliated companies amounted to €1,217m in the portfolio (2013: €1,807m). The interest income on this item amounted to €21.8m for the financial year as a whole (2013: €48.7m).

Bonds with a nominal volume of €887.6m were purchased from the portfolios of affiliated companies during the reporting year (2013: €679.5m). Bonds with a nominal volume of €340.5m were sold to affiliated companies (2013: €7.6m). Furthermore, equity instruments from the portfolios of affiliated companies with a market volume of €16.3m were purchased (2013: €0m). Equity instruments with a nominal volume of €15.3m were sold to affiliated companies (2013: €0m).

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 year under review, income of €1.9m (2013: €2.2m) was generated on the average portfolio of lent securities amounting to €1.5bn (2013: €1.6bn).

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 year under review, commission from these areas totalled less than €0.1m (2013: less than €0.3m).

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 2014, the comdirect group companies received sales and sales follow-up commission at prevailing market rates from the investment companies of the Commerzbank Group.

Commerzbank AG received sales and ongoing sales follow-up commission amounting to €10.1m for placement activities for the benefit of ebase in the 2014 financial year (2013: €11.0m).

As part of its processing and management services for custody accounts, ebase procures support and services from Commerzbank AG. In the year under review, Commerzbank AG received payment totalling €1.4m for these services (2013: €1.2m).

ebase purchased other services from Commerzbank AG in the amount of €0.2m in the 2014 financial year (2013: €0.2m).

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 made provisions for old-age pension obligations by allocating trust assets to Commerzbank Pension-Trust e.V. As of 31 December 2014, the market value of the trust assets in this trust totalled €5.8m (2013: €4.9m).

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)). All legal transactions were carried out at arm's length, with the comdirect group not incurring any disadvantages.

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 of the reporting date, the comdirect group held bonds from the government and government-related entities with a book value of €51.7m (prior-year reporting date: €20.9m). The comdirect group companies generated interest income of €0.6m from these bonds during the year under review (2013: €1.7m).

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 families), including through the use of products of the comdirect group as part of the normal product and service offering. All products and services were provided on the basis of 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 the comdirect group, related parties received compensation on the basis of their position as members of the boards (see note (70)). The employee representatives on 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

26 Net interest income

€ thousand	2014	2013	*Change in %*
Interest income from fixed-income securities held in the "available for sale" portfolio	40,025	66,687	*−40.0*
Interest income from credit and money market transactions	153,831	146,618	*4.9*
Operating income from investments, shares and other variable-yield securities	1,230	1,486	*−17.2*
Net interest income from derivative financial instruments	−230	0	*–*
Other interest income	−850	24	*–*
Interest income and similar income	**194,006**	**214,815**	*−9.7*
Interest expenses for deposits	47,258	72,944	*−35.2*
Balance of interest from derivative hedging instruments	0	2,029	*−100.0*
Other interest expenses	945	1,201	*−21.3*
Interest expenses	**48,203**	**76,174**	*−36.7*
Total	**145,803**	**138,641**	*5.2*

In the course of the year, changes were made to the presentation of net interest income from hedging derivatives and the presentation of the amortisation of cumulative adjustments made to the hedged items. These are now presented as net amounts within interest income, in line with the presentation of the interest effects of the corresponding hedged items.

27 Provisions for possible loan losses

€ thousand	Allowance	Reversal	Direct write-downs	Income received on written-down claims	Total 2014
Provisions for possible loan losses for on-balance sheet lending transactions	**1,581**	**1,406**	**657**	**59**	**−773**
Claims on customers	1,581	1,406	657	59	−773
– Significant lending business	0	0	0	0	0
– Non-significant lending business	1,581	1,406	657	59	−773
Provisions for credit risks	**2,152**	**2,646**	**0**	**0**	**494**
Total	**3,733**	**4,052**	**657**	**59**	**−279**

€ 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
Provisions for credit risks	**2,473**	**2,307**	**0**	**0**	**−166**
Total	**4,266**	**3,630**	**835**	**42**	**−1,429**

28 Net commission income

€ thousand	2014	2013	*Change in %*
Commission income	**333,946**	**323,348**	*3.3*
Securities transactions	301,023	291,986	*3.1*
Payment transactions	18,547	18,799	*–1.3*
Placement business	8,234	7,636	*7.8*
Other commission	6,142	4,927	*24.7*
Commission expenses	**140,796**	**135,018**	*4.3*
Securities transactions	128,778	124,230	*3.7*
Payment transactions	7,598	6,811	*11.6*
Other commission	4,420	3,977	*11.1*
Net commission income			
Securities transactions	172,245	167,756	*2.7*
Payment transactions	10,949	11,988	*–8.7*
Placement business	8,234	7,636	*7.8*
Other commission	1,722	950	*81.3*
Total	**193,150**	**188,330**	*2.6*

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 €1.9m (2013: €2.2m).

29 Result from hedge accounting

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

€ thousand	2014	2013	*Change in %*
Results from hedging instruments	–52	1,649	*–*
Results from hedged items	59	–1,640	*–*
Total	**7**	**9**	*–22.2*

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).

30 Trading result

€ thousand	2014	2013	*Change in %*
Result from interest rate related transactions	138	278	*–50.4*
Total	**138**	**278**	*–50.4*

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”.

31 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	2014	2013	Change in %
Disposal gains	5,746	9,973	−42.4
Disposal losses	−523	−439	19.1
Impairment	−394	−291	35.4
Total	**4,829**	**9,243**	−47.8

Impairments relate entirely to equity instruments.

32 Administrative expenses

€ thousand	2014	2013	Change in %
Personnel expenses	77,650	73,402	5.8
Other administrative expenses	173,553	168,662	2.9
Depreciation of office furniture and equipment and intangible assets	19,649	17,802	10.4
Total	**270,852**	**259,866**	4.2

Personnel expenses

€ thousand	2014	2013	Change in %
Wages and salaries	65,930	62,188	6.0
Compulsory social security contributions	10,977	10,252	7.1
Expenses for pensions and other employee benefits	743	962	−22.8
Total	**77,650**	**73,402**	5.8

The item “wages and salaries” includes share-based payments (IFRS 2) totalling €247 thousand (2013: €780 thousand).

Breakdown of expenses for pensions and other employee benefits

€ thousand	2014	2013	Change in %
Company pension scheme	651	859	−24.2
Expenses for early retirement	64	77	−16.9
Contributions to Versicherungsverein des Bankgewerbes a.G. (BVV)	28	26	7.7
Total	**743**	**962**	−22.8

Other administrative expenses			
€ thousand	**2014**	**2013**	*Change in %*
Marketing expenses	60,248	59,324	*1.6*
Communication expenses	9,114	11,971	*−23.9*
Consulting expenses	16,384	14,362	*14.1*
Expenses for external services	44,746	41,275	*8.4*
Sundry administrative expenses	43,061	41,730	*3.2*
Total	**173,553**	**168,662**	*2.9*

Other administrative expenses in the year under review include minimum lease payments totalling €5,432 thousand (2013: €5,055 thousand), which are recognised as expenses for operating leases, and contributions to the Deposit Protection Fund in the amount of €9,496 thousand (2013: €8,164 thousand).

Depreciation of office furniture and equipment and intangible assets			
€ thousand	**2014**	**2013**	*Change in %*
Office furniture and equipment	5,277	4,658	*13.3*
Intangible assets	14,372	13,144	*9.3*
Total	**19,649**	**17,802**	*10.4*

Depreciation of intangible assets includes impairment losses totalling €1,389 thousand (2013: €0 thousand).

33 Other operating result

€ thousand	**2014**	**2013**	*Change in %*
Other operating income	**14,118**	**8,660**	*63.0*
Tax matters from previous years	139	42	*231.0*
Income from writing-back of provisions and accruals	8,600	3,957	*117.3*
Income from service level agreements	2,356	1,595	*47.7*
Project grants	0	303	*−100.0*
Insurance payments	56	151	*−62.9*
Income from other accounting periods	1,690	1,207	*40.0*
Licence fees and royalties	263	0	–
Income from recoverable input taxes	439	604	*−27.3*
Sundry income items	575	801	*−28.2*
Other operating expenses	**4,293**	**3,834**	*12.0*
Goodwill payments and price differences in security transactions	1,425	966	*47.5*
Non-income-related taxes including interest from previous years	438	458	*−4.4*
Expenses from service level agreements	565	0	–
Expense from legal proceedings and recourse	241	956	*−74.8*
Losses on the disposal on fixed assets	124	48	*158.3*
Loan loss provisions and write-downs outside retail lending	165	89	*85.4*
Provisions for contingent losses	142	0	–
Expenses from other accounting periods	9	125	*−92.8*
Regulatory expenses for losses	1,073	1,045	*2.7*
Sundry expense items	111	147	*−24.5*
Total	**9,825**	**4,826**	*103.6*

34 Taxes on income

€ thousand	2014	2013	*Change in %*
Current taxes on income current year	24,630	20,538	*19.9*
Current taxes on income from previous years	−5,964	−1,186	*402.9*
Deferred taxes	−2,335	146	–
Total	**16,331**	**19,498**	*−16.2*

Reconciliation of taxes on income

€ thousand	2014	2013
Profit from ordinary activities of comdirect bank AG and ebase GmbH	**82,621**	**80,032**
multiplied by the respective income tax rate for the company		
= Calculated income tax paid in financial year	22,437	21,752
Effect of tax-free income from financial investments	−471	−583
Effect of losses from financial investments; not tax deductible	0	14
Effect of taxes from previous years recognised in the financial year	−5,964	−1,397
Other effects	329	−288
Total	**16,331**	**19,498**

The tax income from previous years results largely from the tax audit completed at comdirect bank AG in 2014.

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 11.38% (previous year 11.55%) for ebase GmbH (Aschheim location).

This produces an income tax rate of around 27.15% for comdirect bank AG and around 27.20% (previous year 27.38%) for ebase GmbH.

There was deferred tax income of €171 thousand as a result of the Quickborn municipality changing its trade tax rate (from 320% to 330%) as of 1 January 2015.

Notes to the balance sheet

35 Cash reserve

€ thousand	31.12.2014	31.12.2013	*Change in %*
Cash on hand	249	330	*−24.5*
Balances held with central banks	5,774	1,292,445	*−99.6*
Total	**6,023**	**1,292,775**	*−99.5*

The minimum reserve requirement to be met at the end of December 2014 totalled €136,617 thousand (31.12.2013: €122,338 thousand).

36 Claims on banks

€ thousand	Total			Due on demand		Other claims	
	31.12.2014	**31.12.2013**	*Change in %*	**31.12.2014**	**31.12.2013**	**31.12.2014**	**31.12.2013**
German banks	11,199,849	9,048,745	*23.8*	261,885	213,160	10,937,964	8,835,585
Foreign banks	91	0	–	91	0	0	0
Total	**11,199,940**	**9,048,745**	*23.8*	**261,976**	**213,160**	**10,937,964**	**8,835,585**

Claims on banks include foreign currency amounts of €131,875 thousand (2013: €93,414 thousand).

Claims on banks primarily comprise promissory notes in the amount of €9,613,492 thousand (2013: €7,650,714 thousand) as well as overnight money and fixed-term deposits totalling €1,374,426 thousand (2013: €1,184,692 thousand).

No provisions for possible loan losses for claims on banks were made in the years under review.

Claims on banks include accrued interest in the amount of €49,967 thousand (2013: €49,506 thousand).

37 Claims on customers

€ thousand	Total			Due on demand		Other claims	
	31.12.2014	**31.12.2013**	*Change in %*	**31.12.2014**	**31.12.2013**	**31.12.2014**	**31.12.2013**
Claims on German customers	**220,990**	**184,347**	*19.9*	**182,244**	**155,225**	**38,746**	**29,122**
– Companies and financial institutions	38,746	29,122	*33.0*	0	0	38,746	29,122
– Private customers	182,244	155,225	*17.4*	182,244	155,225	0	0
Claims on international customers	**16,587**	**7,830**	*111.8*	**9,476**	**7,830**	**7,111**	**0**
– Companies and financial institutions	7,111	0	–	0	0	7,111	0
– Private customers	9,476	7,830	*21.0*	9,476	7,830	0	0
Total claims before provisions for possible loan losses	**237,577**	**192,177**	*23.6*	**191,720**	**163,055**	**45,857**	**29,122**
– Portfolio loan loss provisions	−2,211	−2,311	*−4.3*	−2,211	−2,311	0	0
Total claims after provisions for possible loan losses	**235,366**	**189,866**	*24.0*	**189,509**	**160,744**	**45,857**	**29,122**

Claims on customers include €124,029 thousand (2013: 106,993 thousand) from loans against securities. These claims are secured by securities. The claims on customers include amounts in foreign currency totalling €0.5 thousand (2013: €0.8 thousand).

38 Provisions for possible loan losses

Provisions for possible loan losses by class of receivables

€ thousand	As of 1.1.2014	Utilised	Reversal	Allowance	As of 31.12.2014
Provisions for possible loan losses for on-balance sheet lending transactions	**2,311**	**275**	**1,406**	**1,580**	**1,581**
Claims on customers	2,311	275	1,406	1,580	1,581
– Significant lending business	0	0	0	0	0
– Non-significant lending business	2,311	275	1,406	1,580	1,581
related to transactional accounts	1,922	254	1,208	1,493	1,953
related to securities accounts and other accounts	389	21	198	88	258
Claims on banks	0	0	0	0	0
Provisions for credit risks	**4,780**	**15**	**2,646**	**2,152**	**4,271**
Total	**7,091**	**290**	**4,052**	**3,733**	**6,482**

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 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	
	2014	**2013**	*Change in %*	**2014**	**2013**	**2014**	**2013**
Balance as of 1 January	**2,311**	**2,041**	*13.2*	**0**	**0**	**2,311**	**2,041**
Allowances	1,581	1,793	*–11.8*	0	0	1,581	1,793
Deductions	1,681	1,523	*10.4*	0	0	1,681	1,523
– of which utilised	275	200	*37.5*	0	0	275	200
– of which reversals	1,406	1,323	*6.3*	0	0	1,406	1,323
Portfolio for possible loan losses as of 31 December	**2,211**	**2,311**	*–4.3*	**0**	**0**	**2,211**	**2,311**

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

39 Trading assets

Trading assets comprise the positive fair values from derivative financial instruments not used for hedging purposes under hedge accounting. As at the 2013 reporting date, this comprised forward rate agreements with a nominal volume of €650m.

€ thousand	31.12.2014	31.12.2013	*Change in %*
Interest-related transactions	**0**	**150**	*–100.0*

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.

40 Financial investments

The item “financial investments” consists of the bonds and other fixed-income securities, equities and other variable-yield securities not held for trading purposes.

The financial instruments shown in the financial investments portfolio are allocated to the category “available-for-sale”.

€ thousand	31.12.2014	31.12.2013	*Change in %*
Bonds and other fixed-income securities of the “available for sale” portfolio	3,605,434	3,498,933	*3.0*
– Bonds and notes	3,605,434	3,498,933	*3.0*
issued by public sector borrowers	421,459	199,021	*111.8*
issued by other borrowers	3,183,975	3,299,912	*–3.5*
Equities and other variable-yield securities of the “available for sale” portfolio	65,181	73,551	*–11.4*
Total	**3,670,615**	**3,572,484**	*2.7*

Financial investments include amounts in foreign currency totalling 61,354 thousand (2013: €57,836 thousand).

The item “bonds and notes” includes accrued interest totalling €41,174 thousand (2013: €47,064 thousand).

41 Intangible assets

€ thousand	31.12.2014	31.12.2013	*Change in %*
Internally generated software	14,664	17,170	*–14.6*
Software purchased	9,128	11,293	*–19.2*
Acquired customer relationships	960	1,920	*–50.0*
Total	**24,752**	**30,383**	*–18.5*

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

There were indications of the impairment of an intangible asset in 2014. The future usage of software acquired in the B2C segment is set to fall below the original expectations. It became apparent when the business case was reviewed that this asset’s book value was in excess of the recoverable amount. As the asset cannot be sold due to legal agreements, its value in use was used as the recoverable amount.

The value in use was calculated with the aid of a method based on the net present value. Average risk-adjusted interest rates of between 9.00% and 16.65% were used in the calculations. As the value in use did not indicate any positive contribution to the success of the company, this software was subject to an impairment loss equal to the book value of €1.4m. The amount of depreciation in future reporting periods will be adjusted accordingly.

42 Fixed assets

€ thousand	31.12.2014	31.12.2013	*Change in %*
Office furniture and equipment	14,131	11,687	*20.9*
Total	**14,131**	**11,687**	*20.9*

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

43 Schedule of assets

€ thousand	Intangible assets					
	Internally generated software		Software purchased		Acquired customer relationships	
	2014	2013	2014	2013	2014	2013
Book value as of 1 January	**17,170**	**19,018**	**11,293**	**9,911**	**1,920**	**2,880**
Cost of acquisition/manufacture as of 1 January	88,869	90,462	50,371	44,443	11,592	11,592
– Additions	4,262	5,113	4,479	6,604	0	0
– Disposals	0	6,706	176	676	0	0
Cost of acquisition/manufacture as of 31 December	93,131	88,869	54,674	50,371	11,592	11,592
Cumulative write-downs as of 1 January	71,699	71,444	39,078	34,532	9,672	8,712
– Additions	6,768	6,961	5,255	5,222	960	960
– Impairments	0	0	1,389	0	0	0
– Disposals	0	6,706	176	676	0	0
Cumulative write-downs as of 31 December	78,467	71,699	45,546	39,078	10,632	9,672
Book value as of 31 December	**14,664**	**17,170**	**9,128**	**11,293**	**960**	**1,920**

€ thousand	Office furniture and equipment		Holdings in subsidiaries	
	2014	2013	2014	2013
Book value as of 1 January	**11,687**	**11,772**	**0**	**27**
Cost of acquisition/manufacture as of 1 January	57,629	54,024	0	27
– Additions	7,728	4,621	0	0
– Disposals	3,534	1,016	0	27
Cost of acquisition/manufacture as of 31 December	61,823	57,629	0	0
Cumulative write-downs as of 1 January	45,942	42,252	0	0
– Additions	5,277	4,659	0	0
– Impairments	0	0	0	0
– Disposals	3,527	969	0	0
Cumulative write-downs as of 31 December	47,692	45,942	0	0
Book value as of 31 December	**14,131**	**11,687**	**0**	**0**

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

44 Income tax assets

€ thousand	31.12.2014	31.12.2013	Change in %
Current income tax assets	6,867	6,667	3.0
Deferred income tax assets	0	3,149	−100.0
Total	**6,867**	**9,816**	−30.0

Current income tax assets contain claims from the current and previous financial year. Deferred income tax assets and liabilities are offset as they relate to the same tax authorities. In financial year 2014, offsetting deferred income tax assets and liabilities produced an income tax liability. A breakdown is given in note (51).

Of the current income tax assets of €6,867 thousand (2013: €6,667 thousand), €1,278 thousand will probably be realised after the end of 2015 (2013: €6,083 thousand after the end of 2014).

45 Other assets

€ thousand	31.12.2014	31.12.2013	Change in %
Deferred items	1,060	271	291.1
Receivables from local advisory services	1	1	0.0
Claims on product providers	1,983	1,688	17.5
Claims on group companies	2,436	739	229.6
Receivables from securities transactions	1,584	1,177	34.6
Trade receivables	401	116	245.7
Salary advances	846	757	11.8
Reclaims on supervisory authorities	1,353	0	–
Other	2,344	2,182	7.4
Total	**12,008**	**6,931**	73.3

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	2014	2013	Change in %
As of 1 January	**1,766**	**1,935**	−8.7
Additions	2	24	−91.7
Reversals/Use	496	193	157.0
Loan loss provisions as of 31 December	**1,272**	**1,766**	−28.0

46 Liabilities to banks

€ thousand	31.12.2014	31.12.2013	Change in %
German banks	15,911	2,132	646.3
Total	**15,911**	**2,132**	646.3

Liabilities to banks exclusively comprise liabilities due on demand (see note (55) "Maturities, by remaining lifetime").

47 Liabilities to customers

€ thousand	Total			Due on demand		With agreed maturity or withdrawal notice	
	31.12.2014	31.12.2013	*Change in %*	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Liabilities to German customers	**14,063,278**	**13,148,088**	*7.0*	**13,271,745**	**12,173,340**	**791,533**	**974,748**
– Private customers	13,999,371	13,091,072	*6.9*	13,208,760	12,120,066	790,611	971,006
– Corporate customers and self-employed private individuals	63,907	57,016	*12.1*	62,985	53,274	922	3,742
Liabilities to international customers	**391,833**	**339,786**	*15.3*	**354,957**	**299,223**	**36,876**	**40,563**
– Private customers	382,427	339,256	*12.7*	345,551	298,693	36,876	40,563
– Corporate customers and self-employed private individuals	9,406	530	–	9,406	530	0	0
Total	**14,455,111**	**13,487,874**	*7.2*	**13,626,702**	**12,472,563**	**828,409**	**1,015,311**

Liabilities to customers include foreign currency amounts of €192,506 thousand (2013: €151,018 thousand).

Through the Deposit Protection Fund of the Association of German Banks (Bundesverband deutscher Banken e. V.), since 1 January 2015 each customer is insured for deposits of up to €77.1m (comdirect bank AG customers) or €4.9m (ebase GmbH customers). In addition, comdirect bank AG and ebase GmbH are members of Entschädigungseinrichtung deutscher Banken GmbH (German Banks' Compensation Fund).

48 Negative fair values from derivative hedging instruments

Derivative financial instruments used for hedging purposes and covered by hedge accounting and showing a negative fair value are disclosed in this item:

€ thousand	31.12.2014	31.12.2013	*Change in %*
Negative fair values from allocated effective fair value hedges	**641**	**2,563**	*–75.0*

Only interest rate swaps are used for hedging purposes. They are carried at fair value. The nominal volume of the financial instruments amounts to €28m (2013: €73m).

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.

49 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 (31.12.2013: €10m).

€ thousand	31.12.2014	31.12.2013	*Change in %*
Interest-related transactions	**253**	**440**	*–42.5*

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 Provisions

€ thousand	31.12.2014	31.12.2013	*Change in %*
Provisions for pensions and similar commitments	31,239	22,003	*42.0*
Other provisions	16,664	23,499	*−29.1*
Total	**47,903**	**45,502**	*5.3*

Provisions for pensions and similar commitments comprise pension obligations and deferred compensation obligations. There are also obligations relating to partial retirement arrangements. These are covered in full by plan assets. The previous year's figure included €211 thousand for obligations relating to partial retirement and early retirement arrangements.

Breakdown of pension obligations and deferred compensation shown in the balance sheet:

€ thousand	31.12.2014	31.12.2013	*Change in %*
Net present value of pension obligations	36,344	26,004	*39.8*
Market value of plan assets	−5,093	−4,212	*20.9*
Total	**31,251**	**21,792**	*43.4*

The provision is equal to net liabilities – no effect is had by limitation of the asset (asset ceiling).

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

€ thousand	2014	2013	*Change in %*
Current service expenses	647	756	*−14.4*
Interest expenses arising from the obligation	1,002	983	*1.9*
Interest income from plan assets	−164	−156	*5.1*
Total allocations	**1,485**	**1,583**	*−6.2*

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 €–9 thousand (2013: €77 thousand), for pension insolvency insurance in the amount of €15 thousand (2013: €22 thousand) and for costs for Versicherungsverein des Bankgewerbes a.G. (BVV) in the amount of €28 thousand (2013: €26 thousand). The actual gains from plan assets amounted to €870 thousand (2013: €97 thousand).

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

€ thousand	**2014**	**2013**	*Change in %*
Net present value of pension obligations as of 1 January	**26,004**	**26,166**	*–0.6*
Allocations			
Current service expenses	647	756	*–14.4*
Contributions from employees from salary sacrifice	32	0	–
Interest expenses	1,002	983	*1.9*
Utilised			
Pension benefits paid	–612	–617	*–0.8*
Transfers	0	–264	*–100.0*
Experience gains and losses	189	–568	–
Gains and losses from changes in financial assumptions	9,082	–452	–
Net present value of pension obligations as of 31 December	**36,344**	**26,004**	*39.8*

The weighted duration of the obligations amounts to 19.9 years (31.12.2013: 17.8 years). The expected due dates of the pension payments are as follows:

€ thousand	**2015**	**2016**	**2017**	**2018**	**2019**	**2020-2024**
Expected pension payment	688	737	754	785	871	5,330

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	**DBO as of 31.12.2014**	**DBO as of 31.12.2013**
Interest-rate sensitivity		
Discount rate +50 basis points	–3,281	–2,092
Discount rate –50 basis points	3,802	2,387
Salary progression sensitivity		
Salary progression +50 basis points	1,084	729
Salary progression –50 basis points	–848	–557
Pension-adjustment sensitivity		
Pension-adjustment +50 basis points	1,939	1,225
Pension-adjustment –50 basis points	–1,606	–1,001
Mortality rate (life expectancy) adjustment sensitivity		
Reduction in probability of death by 10%[1]	994	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	2014	2013	*Change in %*
Market value of plan assets as of 1 January	**4,212**	**4,118**	*2.3*
Allocation to plan assets	32	0	–
Refunds for pension benefits	0	0	–
Interest income from plan assets	164	156	*5.1*
Experience gains and losses	685	−62	–
Market value of plan assets as of 31 December	**5,093**	**4,212**	*20.9*

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.

The reported plan assets are primarily held as assets in a pension trust. A portion of this, €265 thousand, relates to reinsurance cover. The assets held in the pension trust to meet pension claims are as follows:

	31.12.2014		**31.12.2013**	
Market value of plan assets as of 1 January in %	**Active market**	**Inactive market**	**Active market**	**Inactive market**
Fixed-income securities/bond funds	50.4	13.7	54.0	15.4
Equities/equity funds	8.0	3.4	8.5	3.6
Other financial instruments	11.8	10.1	5.2	9.5
Liquidity	2.6	0.0	3.8	0.0
Total	**72.8**	**27.2**	**71.5**	**28.5**

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

in %	31.12.2014	31.12.2013
Parameters for determining the pension obligations at year-end		
– Discount rate	2.3	3.9
– Salary progression	2.5	2.5
– Pension adjustment	1.8	1.8
Parameters for determining pension expenses in financial year		
– Discount rate	3.9	3.8
– Salary progression	2.5	2.5
– Pension adjustment	1.8	1.8

Changes in other provisions:

€ thousand	As of 1.1.2014	Utilised	Written-back	Allocation	As of 31.12.2014
Provisions for non-income-related taxes	1,924	1,697	0	200	427
Provisions for staff	8,007	5,196	425	7,738	10,124
Provisions for interest from additional tax claims	5,616	746	4,870	24	24
Provisions for credit risk	4,780	15	2,647	2,152	4,270
Other provisions	3,172	416	1,526	589	1,819
Total	**23,499**	**8,070**	**9,468**	**10,703**	**16,664**

The provisions for staff mainly relate to provisions for variable compensation components, which are scheduled to be used in financial year 2015. This item also includes provisions for anniversary expenses of €835 thousand (2013: €759 thousand).

We expect a remaining lifetime of more than one year for part of the provisions. In particular, this relates to individual items attributable to provisions for staff – above all provisions for long-term compensation components and provisions for anniversary bonuses. The same applied in the previous year.

51 Income tax liabilities

€ thousand	31.12.2014	31.12.2013	*Change in %*
Current income tax liabilities	1,124	9,900	*−88.6*
Deferred income tax liabilities	2,552	0	*–*
Total	**3,676**	**9,900**	*−62.9*

Current income tax liabilities include liabilities for the current and previous financial years.

Deferred income tax assets and liabilities are offset as they relate to the same tax authorities. In financial year 2014, offsetting deferred income tax assets and liabilities produced an income tax liability.

Deferred income tax liabiilities breakdown as follows:

€ thousand	Income tax assets	Income tax liabilities	31.12.2014 balance	Income tax assets	Income tax liabilities	31.12.2013 balance
Negative fair values from derivative hedging instruments	289	0	289	817	0	817
Claims on customers (provisions for possible loan losses)	328	0	328	462	0	462
Financial investments						
– Recognised in profit or loss	11,902	–145	11,757	8,316	–456	7,860
– Recognised in equity	0	–18,397	–18,397	0	–7,561	–7,561
Intangible assets	0	–3,135	–3,135	0	–3,575	–3,575
Provisions						
– Recognised in profit or loss	3,027	–107	2,920	3,912	–63	3,849
– Recognised in equity	3,632	0	3,632	1,297	0	1,297
Other liabilities	54	0	54	0	0	0
Total	**19,232**	**–21,784**	**–2,552**	**14,804**	**–11,655**	**3,149**

Of the current income tax liabilities of €1,124 thousand (2013: €9,900 thousand), €562 thousand will probably be realised after the end of 2015 (2013: €4,060 thousand after the end of 2014). €19,232 thousand of deferred income tax assets totalling €15,485 thousand and €21,784 thousand of deferred income tax liabilities totalling €15,489 thousand are expected to be realised after the end of 2015. In the previous year, deferred income tax assets totalling €10,400 thousand and deferred income tax liabilities totalling €6,694 thousand had a remaining lifetime of more than one year.

As at 31 December 2014, 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 respectively applicable trade earnings tax rate for comdirect bank AG (Quickborn office) and for ebase GmbH (Aschheim office).

comdirect bank AG was subject to a trade tax rate of 11.33% in 2014. This tax rate increased to 11.66% as of 1 January 2015, following a change in the trade tax rate effected by the Quickborn municipality. This results in an income tax rate of 27.15% on current liabilities and 27.49% on deferred liabilities for comdirect bank AG.

Taking into account its trade tax rate of 11.38% (previous year: 11.55%), ebase GmbH is subject to an income tax rate of approximately 27.20% (previous year: 27.38%).

52 Other liabilities

€ thousand	31.12.2014	31.12.2013	*Change in %*
Liabilities from final withholding tax	9,681	24,430	*–60.4*
Trade accounts payable	26,616	25,364	*4.9*
Liabilities to affiliated companies	13,642	5,204	*162.1*
Other	4,390	7,815	*–43.8*
Total	**54,329**	**62,813**	*–13.5*

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.

53 Equity

€ thousand	31.12.2014	31.12.2013	*Change in %*
Subscribed capital	141,221	141,221	*0.0*
Capital reserve	223,296	223,296	*0.0*
Retained earnings	117,571	114,020	*3.1*
Revaluation reserves	53,302	22,237	*139.7*
Consolidated profit	56,488	50,839	*11.1*
Equity	**591,878**	**551,613**	*7.3*

Subscribed capital

Subscribed capital comprises no-par value shares.

	Number
Number of shares held as of 1.1.2014	**141,220,815**
Issue of new shares	0
Number of shares held as of 31.12.2014	**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.

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.

Additional information

54 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	31.12.2014	31.12.2013
Profit after tax[1]	55.5	59.9
Subscribed capital	141.2	141.2
Revaluation reserves	53.3	22.2
General reserves[2]	346.2	327.6
Other intangible assets	−24.8	−30.4
Deferred tax assets and liabilities	−16.5	−15.6
Economic capital	**555.0**	**505.0**
Reserve for fluctuations in economic capital	−120.0	−70.0
Risk cover potential	**435.0**	**435.0**

1) After-tax profit/loss in 2014 in accordance with the income statement of the comdirect group after allowing for a deduction of €1.0m for expected loss from financial investments recognised at fair value in equity.
2) Including corrections resulting from divergent pension obligations due to the gone concern approach.

comdirect bank's overall risk position as of year-end was €155.5m (2013: €149.0m). As of the end of the financial year, utilisation of risk cover potential was thus 35.7% (2013: 34.3%). 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) in conjunction with Regulation (EU) No. 575/2013 and the results of the calculation are used for internal management surposes. A separate notification of this is not submitted to the regulatory authorities. The equity of the regulatory scope of consolidation comprising comdirect bank AG and European Bank for Financial Services GmbH (ebase) is used as a basis in accordance with IFRS requirements.

Banking regulatory capital requirements were complied with at all times during the year under review. At comdirect bank AG, the own funds ratio as of the end of the financial year stood at 42.13% (in accordance with Article 92 CRR, previous year: 45.28%).

€ thousand	31.12.2014	31.12.2013[1)]	Change in %
Subscribed capital	141,221	141,221	0.0
General reserves	300,932	305,440	−1.5
Deducted items	−24,854	−30,383	−18.2
Core capital	**417,299**	**416,278**	0.2
Liable equity	**417,299**	**416,278**	0.2
Own funds for SolvV	**417,299**	**416,278**	0.2
Risk-weighted assets	820,186	668,770	22.6
Eligible amount for operational risks, multiplied by 12.5	169,297	250,587	−32.4
Total	**989,483**	**919,357**	7.6

1) Previous years' figures amended because figures up to and including 2013 were calculated using comdirect bank AG's separate financial statements in accordance with the German Commercial Code (HGB).

55 Maturities, by remaining lifetime

€ thousand	Remaining lifetimes as of 31 December 2014					
	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	11,199,940	261,976	1,506,605	1,504,359	7,732,000	195,000
Claims on customers	235,366	189,509	45,857	0	0	0
Bonds and other fixed-income securities in the "available for sale" portfolio	3,605,434	0	342,221	315,036	2,832,016	116,161
Total	**15,040,740**	**451,485**	**1,894,683**	**1,819,395**	**10,564,016**	**311,161**
Liabilities to banks	15,911	15,911	0	0	0	0
Liabilities to customers	14,455,111	13,626,702	466,072	44,998	107,548	209,791
Total	**14,471,022**	**13,642,613**	**466,072**	**44,998**	**107,548**	**209,791**

€ 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	160,744	29,122	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**

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

56 Claims on/liabilities to affiliated companies

€ thousand	31.12.2014	31.12.2013	Change in %
Assets			
Claims on banks	11,148,165	9,035,590	*23.4*
Financial investments	1,216,876	1,806,825	*−32.7*
Other assets	2,436	739	*229.6*
Total	**12,367,477**	**10,843,154**	*14.1*
Liabilities			
Liabilities to banks	13,067	0	–
Other liabilities	13,642	5,204	*162.1*
Total	**26,709**	**5,204**	*413.2*

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

57 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 financial 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 €12,367m (2013: €10,843m). 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 €237.6m (2013: €192.2m) in claims on customers before provisions for possible loan losses, default risks from loans against securities in the amount of €124.0m (2013: €107.0m) are covered by securities pledged as collateral by customers.

Credit quality of assets

The following table lists financial assets in accordance with the rating scale developed by the Initiative for Germany as a Financial Centre (IFD).

€ thousand	Claims on customers	Claims on banks	Financial investments	Other
31.12.2014				
Very good	150,672	11,199,940	3,556,693	6,023
Good	2,486	0	48,741	0
Satisfactory	6,945	0	0	0
Adequate	7,607	0	0	0
Heightened risk	10,721	0	0	0
High risk	8,262	0	0	0
Default	1,916	0	0	0
No allocation	48,968	0	65,181	0
Total	**237,577**	**11,199,940**	**3,670,615**	**6,023**
31.12.2013				
Very good	125,169	9,048,745	3,460,084	1,292,775
Good	1,926	0	28,945	0
Satisfactory	5,128	0	0	0
Adequate	6,173	0	0	0
Heightened risk	11,182	0	9,904	0
High risk	8,888	0	0	0
Default	1,622	0	0	0
No allocation	32,089	0	73,551	0
Total	**192,177**	**9,048,745**	**3,572,484**	**1,292,775**

The unallocated claims on customers are first and foremost short-term claims on institutional product partners in the funds business who present a low default risk. The unallocated financial investments are primarily shares in public funds.

Overdue, but as yet unimpaired financial assets

€ thousand	Claims on customers		
	31.12.2014	**31.12.2013**	*Change in %*
Age structure			
– 30 to 90 days	2,015	1,354	*48.8*
– 91 to 179 days	682	227	*200.4*
– 180 days and more	1,978	1,953	*1.3*
Total	**4,675**	**3,534**	*32.3*

Less provisions for possible loan losses, claims on customers which are overdue but not yet impaired total €1,965 thousand for those in arrears of 30 to 90 days (2013: €1,298 thousand), €665 thousand for those in arrears of 91 to 179 days (2013: €209 thousand) and €1,881 thousand for those in arrears of 180 days or more (2013: €1,831 thousand).

Individually impaired financial assets

€ thousand	Claims on customers		
	31.12.2014	31.12.2013	*Change in %*
Volume of claims individually impaired	1,916	1,622	*18.1*
Impairment	−976	−897	*8.8*
Book value	**940**	**725**	*29.7*

The risk report contains further details on the origin and cause of credit risk, on risk quantification and management as well as information on the current risk situation.

Liquidity risk
Liquidity risk in the narrower sense is understood as the risk that the bank will be unable to meet or to meet on time its current and future payment obligations. The wider definition of liquidity risk also encompasses refinancing risk, that is the risk that the liquidity will 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 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 2014				
	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	6,023	6,023	0	0	0
– Claims on banks	11,199,940	261,976	3,079,065	7,924,530	205,797
– Claims on customers	235,366	189,509	45,857	0	0
– Bonds and notes	3,605,434	0	672,985	2,938,209	122,035
Derivative financial instruments					
– Forward Rate Agreements	0	0	0	0	0
Total	**15,046,763**	**457,508**	**3,797,907**	**10,862,739**	**327,832**

€ 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**

Payment obligations under financial liabilities in accordance with contractually agreed maturities

€ thousand	Remaining lifetimes as of 31 December 2014				
	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	15,911	15,911	0	0	0
– Liabilities to customers	14,455,111	13,626,702	511,386	112,801	261,025
Derivative financial liabilities					
– Negative fair values from derivative hedging instruments	641	0	641	0	0
– Trading liabilities	253	0	253	0	0
Credit obligations					
– Private customers	0	3,769,348	0	0	0
of which from loans against securities	0	2,331,987	0	0	0
Total	**14,471,916**	**17,411,961**	**512,280**	**112,801**	**261,025**

€ 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	0
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**

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 31.12.2013	As of 31.12.2014	Year high	Year low	Median 2014	Median 2013
Total VaR 97.5% Holding period 1 day	2,281	1,417	2,530	1,213	1,488	2,273
Stress test – overall result	**103,523**	**108,046**	**116,233**	**97,865**	**109,481**	**107,156**

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.

58 Fair value of financial instruments

The table below shows the fair values of financial instruments 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	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Loans and receivables				
– Cash reserve	6,023	1,292,775	6,023	1,292,775
– Claims on banks	11,421,591	9,189,230	11,199,940	9,048,745
– Claims on customers	235,366	189,866	235,366	189,866
Total	**11,662,980**	**10,671,871**	**11,441,329**	**10,531,386**
Available-for-sale financial assets				
– Financial investments	3,670,615	3,572,484	3,670,615	3,572,484
Total	**3,670,615**	**3,572,484**	**3,670,615**	**3,572,484**
Liabilities measured at amortised cost				
– Liabilities to banks	15,911	2,132	15,911	2,132
– Liabilities to customers	14,499,721	13,514,505	14,455,111	13,487,874
Total	**14,515,632**	**13,516,637**	**14,471,022**	**13,490,006**
Financial assets and liabilities at fair value through profit or loss				
– Trading assets	0	150	0	150
– Negative fair values from derivative hedging instruments	641	2,563	641	2,563
– Trading liabilities	253	440	253	440
Total	**894**	**3,153**	**894**	**3,153**

The fair value of the financial instruments due on demand is their nominal value. These instruments include the cash reserve, overdraft facilities and demand deposits under the balance sheet item "claims on banks" in the amount of €212,023 thousand (2013: €747,787 thousand), "claims on customers" in the amount of €235,366 thousand (2013: €189,866 thousand), "liabilities to banks" in the amount of €15,911 thousand (2013: €2,132 thousand) and "liabilities to customers" in the amount of €13,637,317 thousand (2013: €12,489,192 thousand).

Allocation of fair values of financial investments is presented in the "fair value hierarchy" (note (59)).

59 Fair value hierarchy

The table below shows how the individual financial instruments are allocated to the appropriate level of the fair value hierarchy and to the corresponding measurement category in accordance with IAS 39.

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	31.12.2014			
	Total	Level 1	Level 2	Level 3
Assets				
Loans and receivables				
– Cash reserve	6,023	0	6,023	0
– Claims on banks	11,421,591	0	11,421,591	0
– Claims on customers	235,366	0	235,366	0
Fair value through profit or loss				
– Trading assets	0	0	0	0
Available for sale				
– Financial investments	3,670,615	2,524,639	1,145,976	0
Total assets	**15,333,595**	**2,524,639**	**12,808,956**	**0**
Liabilities				
Liabilities measured at amortised cost				
– Liabilities to banks	15,911	0	15,911	0
– Liabilities to customers	14,499,721	0	14,499,721	0
Fair value through profit or loss				
– Negative fair values from derivative hedging instruments	641	0	641	0
– Trading liabilities	253	0	253	0
Total liabilities	**14,516,526**	**0**	**14,516,526**	**0**

€ thousand	31.12.2013			
	Total	Level 1	Level 2	Level 3
Assets				
Loans and receivables				
– Cash reserve	1,292,775	0	1,292,775	0
– Claims on banks	9,189,230	0	9,189,230	0
– Claims on customers	189,866	0	189,866	0
Fair value through profit or loss				
– Trading assets	150	0	150	0
Available for sale				
– Financial investments	3,572,484	2,208,815	1,363,669	0
Total assets	**14,244,505**	**2,208,815**	**12,035,690**	**0**
Liabilities				
Liabilities measured at amortised cost				
– Liabilities to banks	2,132	0	2,132	0
– Liabilities to customers	13,514,505	0	13,514,505	0
Fair value through profit or loss				
– Negative fair values from derivative hedging instruments	2,563	0	2,563	0
– Trading liabilities	440	0	440	0
Total liabilities	**13,519,640**	**0**	**13,519,640**	**0**

Securities with fair value of €92m 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 €25m were reclassified from level 2 to level 1, as an active market was available due to increased market activity.

60 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	31.12.2014	31.12.2013	*Change in %*
Loans and receivables			
– Interest income	153,831	146,618	*4.9*
– Provisions for possible loan losses	−773	−1,263	*−38.8*
Net result	**153,058**	**145,355**	*5.3*
Available-for-sale financial assets			
– Fair value changes (recognised in equity)	46,729	−35,405	–
– Valuation results reposted from the revaluation reserves to the income statement	394	291	*35.4*
– Results of sales reposted from the revaluation reserves to the income statement	−5,223	−9,534	*−45.2*
Sub-total: change in revaluation reserves before tax	**41,900**	**−44,648**	–
– Interest income	40,025	66,687	*−40.0*
– Amortisation hedge adjustments	−849	−317	*167.8*
– Dividends and similar income	1,230	1,486	*−17.2*
– Results from financial investments	4,829	9,243	*−47.8*
– Change in hedged fair value from hedging instruments	59	−1,640	–
– Other income	0	24	*−100.0*
Net result	**87,194**	**30,835**	*182.8*
Liabilities measured at amortised cost			
– Interest expenses	−47,331	−72,944	*−35.1*
Net result	**−47,331**	**−72,944**	*−35.1*
At fair value through profit or loss: held for trading			
– Trading result	138	278	*−50.4*
Net result	**138**	**278**	*−50.4*
At fair value through profit or loss: derivative hedging instruments			
– Net interest income	−230	−2,029	*−88.7*
– Change in fair value from hedging instruments	−52	1,649	–
Net result	**−282**	**−380**	*−25.8*

Interest income for financial instruments not recognised at fair value in profit or loss amounts to €194.2m (2013: €214.5m); interest expenses amount to €47.3m (2013: €72.9m).

Interest income from loans and receivables in the year under review do not include any significant interest income from impaired receivables.

61 Average number of employees during the reporting period

	2014			2013			*Change (Total) in %*
	Total	**Female**	**Male**	**Total**	**Female**	**Male**	
At comdirect bank AG	**1,017**	**513**	**504**	**976**	**497**	**479**	*4.2*
– in the call centre	376	210	166	366	207	159	*2.8*
– in the back office	140	111	29	142	112	30	*–1.6*
– in other areas	501	192	309	468	178	290	*7.1*
At ebase GmbH	**247**	**152**	**95**	**238**	**149**	**89**	*3.6*
Average number of employees during the reporting period	**1,264**	**665**	**599**	**1,214**	**646**	**569**	*4.1*

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 2014.

	2014			2013			*Change (Total) in %*
	Total	**Female**	**Male**	**Total**	**Female**	**Male**	
At comdirect bank AG	**30**	**16**	**14**	**24**	**13**	**11**	*26.7*

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

€ thousand	1.1. to 31.12.2014	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
Interest income	194,006	214,815	263,870	269,090	211,280
Interest expenses	48,203	76,174	112,887	118,243	109,206
Net interest income before provisions for possible loan losses	**145,803**	**138,641**	**150,983**	**150,847**	**102,074**
Provisions for possible loan losses	–279	–1,429	–4,430	–1,331	–255
Net interest income after provisions for possible loan losses	**145,524**	**137,212**	**146,553**	**149,516**	**101,819**
Commission income	333,946	323,348	288,298	292,434	281,227
Commission expenses	140,796	135,018	120,599	109,849	108,455
Net commission income	**193,150**	**188,330**	**167,699**	**182,585**	**172,772**
Trading result and result from hedge accounting	145	287	–8	–1,079	–22
Result from financial investments	4,829	9,243	3,690	–5,989	9,919
Administrative expenses	**270,852**	**259,866**	**235,911**	**232,074**	**210,028**
– Personnel expenses	77,650	73,402	68,167	67,465	62,563
– Other administrative expenses	173,553	168,662	152,249	147,877	133,404
Marketing expenses	60,248	59,324	56,000	57,208	53,021
Communication expenses	9,114	11,971	8,790	6,450	4,353
Consulting expenses	16,384	14,362	11,698	10,832	7,334
Expenses for external services	44,746	41,275	38,094	36,467	30,258
Sundry administrative expenses	43,061	41,730	37,667	36,920	38,438
– Depreciation of office furniture and equipment and intangible assets	19,649	17,802	15,495	16,732	14,061
Other operating result	9,825	4,826	11,519	15,117	6,414
Pre-tax profit	**82,621**	**80,032**	**93,542**	**108,076**	**80,874**
Taxes on income	16,331	19,498	19,262	–3,687	21,240
Net profit	**66,290**	**60,534**	**74,280**	**111,763**	**59,634**

1) 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 31.12.2014	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
Net profit	**66,290**	**60,534**	**74,280**	**111,763**	**59,634**
Items which cannot be reclassified to the income statement					
– Change in actuarial gains/losses recognised in equity	–6,252	708	–3,349	–	–
Items which can be reclassified to the income statement					
– Change in the revaluation reserves after tax					
Change in value recognised in equity	35,204	–25,988	46,924	–23,825	–13,554
Reclassification to the income statement	–4,139	–7,294	–2,721	4,425	–7,321
Other comprehensive income for the period	**24,813**	**–32,574**	**40,854**	**–19,400**	**–20,875**
Comprehensive income	**91,103**	**27,960**	**115,134**	**92,363**	**38,759**

1) Figures adjusted due to application of amended IAS 19 and retrospective adjustment of commission in funds business

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

€ thousand	2014			
	Q1	Q2	Q3	Q4
Interest income	49,514	49,643	49,317	45,532
Interest expenses	14,399	13,507	11,479	8,818
Net interest income before provisions for possible loan losses	**35,115**	**36,136**	**37,838**	**36,714**
Provisions for possible loan losses	–261	769	–431	–356
Net interest income after provisions for possible loan losses	**34,854**	**36,905**	**37,407**	**36,358**
Commission income	86,406	77,855	82,208	87,477
Commission expenses	34,833	34,068	35,069	36,826
Net commission income	**51,573**	**43,787**	**47,139**	**50,651**
Trading result and result from hedge accounting	–4	37	49	63
Result from financial investments	1,747	924	440	1,718
Administrative expenses	**64,808**	**66,728**	**64,908**	**74,408**
– Personnel expenses	18,211	18,844	19,566	21,029
– Other administrative expenses	42,212	43,326	40,780	47,235
Marketing expenses	12,276	15,940	13,404	18,628
Communication expenses	1,965	2,212	2,109	2,828
Consulting expenses	3,962	4,160	4,664	3,598
Expenses for external services	11,548	10,893	10,758	11,547
Sundry administrative expenses	12,461	10,121	9,845	10,634
– Depreciation of office furniture and equipment and intangible assets	4,385	4,558	4,562	6,144
Other operating result	767	4,674	1,089	3,295
Pre-tax profit	**24,129**	**19,599**	**21,216**	**17,677**
Taxes on income	6,254	5,105	5,768	–796
Net profit	**17,875**	**14,494**	**15,448**	**18,473**

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

€ thousand	2014			
	Q1	Q2	Q3	Q4
Net profit	**17,875**	**14,494**	**15,448**	**18,473**
Items which cannot be reclassified to the income statement				
– Change in actuarial gains/losses recognised in equity	–1,635	–1,040	–1,205	–2,372
Items which can be reclassified to the income statement				
– Change in the revaluation reserves after tax				
Change in value recognised in equity	6,982	14,601	11,598	2,023
Reclassification to the income statement	–1,645	–772	–324	–1,398
Other comprehensive income for the period	**3,702**	**12,789**	**10,069**	**–1,747**
Comprehensive income	**21,577**	**27,283**	**25,517**	**16,726**

€ 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**
Trading result and result from hedge accounting	46	24	90	127
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				
Change in value recognised in equity	−5,827	−14,740	−2,415	−3,006
Reclassification to the income statement	−5,632	−1,239	−357	−66
Other comprehensive income for the period	**−10,796**	**−15,775**	**−2,723**	**−3,280**
Comprehensive income	**6,558**	**−1,299**	**14,037**	**8,664**

64 Segment reporting by business line

€ thousand	1.1. to 31.12.2014			
	B2C	B2B	Consoli-dation	comdirect group total
Interest income	193,765	484	−243	194,006
Interest expenses	47,665	781	−243	48,203
Net interest income before provisions for possible loan losses	146,100	−297		145,803
Provisions for possible loan losses	−273	−6		−279
Net interest income after provisions for possible loan losses	145,827	−303		145,524
Commission income	161,950	172,074	−78	333,946
Commission expenses	18,235	122,586	−25	140,796
Net commission income	143,715	49,488	−53	193,150
Trading result and result from hedge accounting	145	0		145
Result from financial investments	4,276	553		4,829
Administrative expenses	230,579	40,442	−169	270,852
Other operating result	8,603	1,338	−116	9,825
Pre-tax profit	**71,987**	**10,634**		**82,621**
Segment investments	12,335	4,135		16,470
Segment depreciation	15,353	4,296		19,649
Cost/income ratio	76.1%	79.2%		76.6%
Segment income	372,740	175,658		
– of which external income	372,615	175,363		
– of which inter-segmental income	125	295		
Segment expenses	300,753	165,024		

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 (25)). The interest income from money and capital market transactions in the amount of €158.3m exceeds 10% of the total income for the segments. This was earned almost exclusively in the B2C business line.

€ thousand	1.1. to 31.12.2013			
	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
Trading result and result from hedge accounting	287	0		287
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		

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 €253 thousand were necessary (2013: €6 thousand). There were also write-downs on intangible assets in the amount of €1,389 thousand (2013: €0 thousand).

Material non-cash income resulted from accrued interest. Non-cash income totalled €117.3m (2013: €107.6m).

Non-cash expenses mainly stemmed from depreciations, allocations to provisions, recognition of other liabilities and accrued interest in customer business. Non-cash expenses totalled €97.9m (2013: €91.6m).

In the B2B business line, net commission income is generated from securities services for institutional and private customers. Other sources of income, such as deposit business, are not material. Impairments on financial assets of €140 thousand were taken into account (2013: €285 thousand).

Material non-cash income resulted from deferred commission. Non-cash income totalled €39.3m (2013: €37.7 m).

Non-cash expenses mainly stemmed from allocations to provisions. Non-cash expenses totalled €33.2m (2013: €30.4m).

The segment income and expenses reported relate 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.

65 Other liabilities

€ thousand	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	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	4,279	4,828	8,106	11,222	0	2,328
Lease payments	450	460	374	412	0	0
Total	**4,729**	**5,288**	**8,480**	**11,634**	**0**	**2,328**

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

66 Fees for auditors

€ thousand	31.12.2014	31.12.2013	*Change in %*
Annual audits	433	364	*19.0*
Other certification services	194	189	*2.6*
Tax advisory services	138	161	*−14.3*
Total	**765**	**714**	*7.1*

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

67 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.

68 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

Sandra Persiehl
Chairwoman of the works council of comdirect bank AG
(from 15 May 2014)

Georg Rönnberg
Certified accountant and tax consultant,
Neu-Anspach

Sabine Schmittroth
Group Executive Manager
for Retail Business in the Central Germany Region
at Commerzbank AG,
Frankfurt/Main

Maria Xiromeriti
Group leader Service of comdirect bank AG,
Quickborn
(from 15 May 2014)

Thorben Gruschka
Staff member IT Support department of comdirect bank AG,
Quickborn
(until 15 May 2014)

Angelika Kierstein
Department Support Finance & Controlling
of comdirect bank AG,
Quickborn
(until 15 May 2014)

Board of Managing Directors

Dr Thorsten Reitmeyer
Chairman of the Board of Managing Directors, CEO
(until 31 December 2014)

Holger Hohrein
Member of the Board of Managing Directors, CFO

Martina Palte
Member of the Board of Managing Directors, COO

69 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

Frank Annuscheit
Seats on comparable supervisory boards:
- Versicherungsverein des Bankgewerbes a.G. (BVV), Berlin
  Deputy Chairman
  (from 27 June 2014)
- Commerz Services Holding GmbH, Frankfurt/Main
  Chairman

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 (until 31 December 2014)
Seats on comparable supervisory bodies:
- European Bank for Financial Services GmbH (ebase),
  Aschheim

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

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

70 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. Entitlement to payment of the LTI components is linked to suspensive conditions. An additional bonus cap was already specified for financial year 2014 based on the amount of the individual compensation at the time of its definition. This may no longer exceed the annual fixed salary. The share-based components may also be subject to share price-related fluctuations up to the time at which they are allocated.

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 2014 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 2014 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 the amount to be determined at that time. The individual components below relate to the subheadings under IAS 24.17.

Taking into account commercial law regulations, compensation for the Board of Managing Directors totalling €1,229 thousand (2013: €1,221 thousand) was reported for financial year 2014. The figure for the previous year also contains the contributions from Board of Managing Directors members who stepped down in financial year 2013.

Short-term benefits

€ thousand	Non-variable components		Value of fringe benefits		STI cash payout	
	2014	2013	2014	2013	2014	2013
Dr Thorsten Reitmeyer	410	390	26	12	47	55
Holger Hohrein (from 1 October 2013)	230	58	7	1	43	8
Martina Palte	180	180	11	9	32	28
Total	**820**	**628**	**44**	**22**	**122**	**91**

In financial year 2014, expenses were recorded in the income statement for the variable components due in the short term for Dr Reitmeyer €67 thousand (2013: €34 thousand), for Mr Hohrein €38 thousand (2013: €5 thousand) and for Mrs Palte €37 thousand (2013: €20 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 2014.

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] (Value upon granting)	
	Tranche 2014	Tranche 2013	Tranche 2014	Tranche 2013
Dr Thorsten Reitmeyer	47	55	71	83
Holger Hohrein (from 1 October 2013)	43	8	29	5
Martina Palte	32	28	21	19
Total	**122**	**91**	**121**	**107**

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 falls due at the earliest in the fourth year after the end of the financial year for which the compensation component is granted. 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.

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

€ thousand	Share-based STI Tranche 2013	
	Due for payment in the reporting year	Value upon granting
Dr Thorsten Reitmeyer	55	55
Holger Hohrein (from 1 October 2013)	8	8
Martina Palte	28	28
Total	**91**	**91**

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

€ thousand	Tranche 2013		Tranche 2012		Tranche 2011	
	Evaluation as of 31.12.2014	Value upon granting	Evaluation as of 31.12.2014	Value upon granting	Evaluation as of 31.12.2014	Value upon granting
Dr Thorsten Reitmeyer	73	83	84	91	100	115
Holger Hohrein (from 1 October 2013)	5	5	0	0	0	0
Martina Palte	16	19	10	10	0	0
Total	**94**	**107**	**94**	**101**	**100**	**115**

In financial year 2014, expenses were recorded in the income statement for Dr Reitmeyer €134 thousand (2013: €71 thousand), Mr Hohrein €44 thousand (2013: €6 thousand) and Mrs Palte €47 thousand (2013: €22 thousand) arising from the share-based compensation components illustrated.

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 2014	Tranche 2013	Tranche 2012	Tranche 2011
Dr Thorsten Reitmeyer	71	83	91	115
Holger Hohrein (from 1 October 2013)	29	5	0	0
Martina Palte	21	19	10	0
Total	**121**	**107**	**101**	**115**

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 €107 thousand (2013: €70 thousand) for Dr Reitmeyer, €8 thousand (2013: €1 thousand) for Mr Hohrein and €14 thousand (2013: €6 thousand) for Mrs Palte.

Post-employment benefits

The members of the Board of Managing Directors receive a pension commitment for their activities at comdirect bank AG. Accordingly, members of the Board of Managing Directors who were active as of the balance sheet date, are eligible for a claim to a capital payment. The company has formed pension provisions under IFRS for these future claims, the amount of which depends on the length of service, pensionable salary and current actuarial interest rate. The valuation is based on actuarial assessments, using the projected unit credit method, which are conducted by an independent actuary.

The pension obligations under IFRS towards members of the Board of Managing Directors who were active during the financial year developed as follows:

€ thousand	Dr Thorsten Reitmeyer		Holger Hohrein		Martina Palte	
	2014	2013	2014	2013	2014	2013
Pension obligations under IFRS (DBO) as of 1.1.	**251**	**211**	**3**	**0**	**17**	**3**
Change in financial year	66	40	19	3	19	14
– of which service cost recognised in income statement	40	42	20	0	15	15
Pension obligations under IFRS (DBO) as of 31.12.	**317**	**251**	**22**	**3**	**36**	**17**

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 Reitmeyer stood down from the Board of Managing Directors with effect from the end of 31 December 2014. All the entitlements acquired up to the end of financial year 2014 remain in place. Payouts may be effected on the basis of the ongoing STI and LTI components up to financial year 2018. No additional benefits were arranged in relation to his resignation.

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 €4,740 thousand (2013: €3,809 thousand).

In financial year 2014, a total of €231 thousand (2013: €226 thousand) was paid to former members of the Board of Managing Directors of comdirect bank AG.

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 (2013: €137 thousand). This comprises any applicable VAT and the remuneration breakdown by the members of the Supervisory Board is as follows:

€ thousand	Non-variable components		Remuneration for committee activities		Total	
	2014	2013	2014	2013	2014	2013
Martin Zielke	0	0	0	0	0	0
Frank Annuscheit	0	0	0	0	0	0
Sandra Persiehl (from 15 May 2014)	15	0	4	0	19	0
Georg Rönnberg	24	24	24	24	48	48
Sabine Schmittroth	24	24	12	12	36	36
Maria Xiromeriti (from 15 May 2014)	15	0	0	0	15	0
Thorben Gruschka (until 15 May 2014)	9	24	0	0	9	24
Angelika Kierstein (until 15 May 2014)	9	24	2	6	11	30

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.

71 Holdings

The following companies were included in the consolidated financial statements in accordance with IFRS 10. Details of the companies' equity and net profit for the year are taken from the financial statements prepared in accordance with their national financial reporting guidelines.

Affiliated companies:

Name	Domicile	Share of capital held in %	Equity in € thousand	Net profit for the year in € thousand
European Bank for Financial Services GmbH (ebase)	Aschheim/Germany	100.0	33,316	6,516

SPEs (special funds):

Name	Domicile	Share of capital held in %	Funds volume in € thousand	Net profit for the year in € thousand
CDBS-Cofonds	Frankfurt/Main, Germany	100.0	134,091	4,785
CDBS-Cofonds II	Frankfurt/Main, Germany	100.0	96,013	1,195
CDBS-Cofonds III	Frankfurt/Main, Germany	100.0	106,024	2,381
CDBS-Cofonds IV	Frankfurt/Main, Germany	100.0	106,406	2,270
CDBS-Cofonds V	Frankfurt/Main, Germany	100.0	103,067	2,071

> 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, 13 February 2015
The Board of Managing Directors

Holger Hohrein

Martina Palte

> Repetition of the auditor's report

Based on the final results of our audit, we have issued the following unqualified auditor's report, which is dated 13 February, 2015:

"We have audited the consolidated financial statements prepared by 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 1 January to 31 December 2014. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and 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, 13 February, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Lothar Schreiber
Wirtschaftsprüfer
(German Public Auditor)

ppa. Uwe Gollum
Wirtschaftsprüfer
(German Public Auditor)

> Six-year overview of comdirect group

		2014	Change in %	2013	Change in %
Customers, assets under custody and key products					
comdirect group*		**31.12.**		**31.12.**	
Customers	number	2,892,003	*2.4*	2,825,067	*2.5*
Custody accounts	number	1,717,088	*1.2*	1,697,006	*−0.3*
Total assets under custody	in € million	58,936	*7.1*	55,046	*12.7*
– of which: portfolio volume	in € million	44,500	*7.0*	41,579	*12.0*
– of which: deposit volume	in € million	14,435	*7.2*	13,467	*14.9*
business-to-customer (B2C) business line					
Customers	number	1,909,105	*4.7*	1,823,579	*6.2*
Custody accounts	number	879,492	*4.7*	839,949	*4.2*
Current accounts	number	1,158,617	*11.1*	1,043,192	*15.7*
Tagesgeld PLUS (“daily money plus”) accounts	number	1,553,309	*6.3*	1,461,471	*8.7*
Total assets under custody	in € million	34,750	*9.0*	31,891	*14.3*
– of which: portfolio volume	in € million	20,483	*10.3*	18,564	*14.0*
– of which: deposit volume	in € million	14,267	*7.1*	13,327	*14.7*
Credit volume	in € million	187	*17.6*	159	*−8.1*
business-to-business (B2B) business line					
Customers	number	982,898	*−1.9*	1,001,488	*−3.6*
Custody accounts	number	837,596	*−2.3*	857,061	*−4.3*
Total assets under custody	in € million	24,186	*4.4*	23,156	*10.6*
– of which: portfolio volume	in € million	24,017	*4.4*	23,015	*10.4*
– of which: deposit volume	in € million	169	*20.7*	140	*44.3*
Orders and order volume		**2014**		**2013**	
Executed orders	number	20,341,376	*6.0*	19,189,622	*6.7*
– of which: B2C	number	11,099,421	*11.1*	9,989,086	*17.9*
– of which: B2B	number	9,241,955	*0.5*	9,200,536	*−3.3*
Average order activity per custody account (B2C)	number	12.9	*6.6*	12.1	*13.1*
Order volume per executed order (B2C)[1]	in €	5,377	*−6.6*	5,759	*21.0*
Earnings ratios		**2014**		**2013**	
Net commission income	in € thousand	193,150	*2.6*	188,330	*12.3*
Net interest income before provisions for possible loan losses	in € thousand	145,803	*5.2*	138,641	*−8.2*
Administrative expenses	in € thousand	270,852	*4.2*	259,866	*10.2*
Pre-tax profit	in € thousand	82,621	*3.2*	80,032	*−14.4*
Net profit	in € thousand	66,290	*9.5*	60,534	*−18.5*
Earnings per share	in €	0.47	*9.3*	0.43	*−18.9*
Return on equity before tax[2]	in %	15.5	–	15.1	–
Cost/income ratio	in %	76.6	–	76.1	–
Dividend per share	in €	0.40[3]	*11.1*	0.36	
Balance sheet key figures		**31.12.**		**31.12.**	
Balance sheet total	in € million	15,170	*7.1*	14,163	*13.7*
Equity	in € million	592	*7.2*	552	*−5.8*
Equity ratio[4]	in %	3.6	–	3.7	–
Employees' figures		**31.12.**		**31.12.**	
Employees	number	1,287	*4.4*	1,233	*4.8*
Employees full-time basis	number	1,153.3	*4.8*	1,100.6	*4.8*

*) 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

2012	Change in %	2011	Change in %	2010	Change in %	2009	Change in %
31.12.		**31.12.**		**31.12.**		**31.12.**	
2,755,257	*4.7*	2,630,525	*14.6*	2,296,075	*6.8*	2,150,563	*3.4*
1,702,021	*1.1*	1,683,301	*13.6*	1,482,023	*4.4*	1,419,037	*−0.6*
48,854	*17.5*	41,587	*−2.2*	42,535	*19.6*	35,572	*15.0*
37,134	*20.2*	30,882	*−4.1*	32,197	*21.7*	26,463	*29.4*
11,720	*9.5*	10,705	*3.6*	10,338	*13.5*	9,110	*−13.1*
1,716,783	*5.2*	1,632,467	*4.7*	1,559,021	*7.5*	1,450,720	*7.5*
806,417	*2.9*	783,616	*4.7*	748,151	*4.0*	719,194	*3.1*
901,419	*16.4*	774,518	*19.7*	647,048	*21.2*	533,928	*25.6*
1,344,940	*8.8*	1,235,770	*9.3*	1,130,998	*17.7*	960,935	*18.0*
27,909	*12.1*	24,896	*−5.4*	26,319	*18.3*	22,241	*9.3*
16,286	*13.7*	14,324	*−11.1*	16,113	*22.5*	13,158	*33.2*
11,623	*10.0*	10,571	*3.6*	10,207	*12.4*	9,083	*−13.2*
173	*−8.5*	189	*−4.5*	198	*12.4*	176	*−11.3*
1,038,474	*4.0*	998,058	*35.4*	737,054	*5.3*	699,843	*−4.1*
895,604	*−0.5*	899,685	*22.6*	733,872	*4.9*	699,843	*−4.1*
20,945	*25.5*	16,692	*2.9*	16,216	*21.6*	13,331	*25.9*
20,848	*25.9*	16,558	*2.9*	16,084	*20.9*	13,305	*–*
97	*−27.6*	134	*2.3*	131	*> 100*	26	*–*
2012		**2011**		**2010**		**2009**	
17,988,010	*−3.7*	18,677,910	*22.0*	15,305,203	*4.4*	14,661,234	*−17.1*
8,472,017	*−7.4*	9,151,389	*17.0*	7,824,053	*6.9*	7,319,045	*−20.7*
9,515,993	*−0.1*	9,526,521	*27.3*	7,481,150	*1.9*	7,342,189	*−13.1*
10.7	*−10.1*	11.9	*11.2*	10.7	*3.9*	10.3	*−25.0*
4,759	*−10.3*	5,308	*3.9*	5,110	*13.3*	4,512	*4.8*
2012		**2011**		**2010**		**2009**	
167,699	*−8.2*	182,585	*5.7*	172,772	*16.1*	148,757	*−16.0*
150,983	*0.1*	150,847	*47.8*	102,074	*−6.1*	108,693	*−33.5*
235,911	*1.7*	232,074	*10.5*	210,028	*5.6*	198,918	*−18.1*
93,542	*−13.5*	108,076	*33.6*	80,874	*6.4*	75,993	*−8.2*
74,280	*−33.5*	111,763	*87.4*	59,634	*5.3*	56,624	*−6.9*
0.53	*−32.9*	0.79	*88.1*	0.42	*5.3*	0.40	*−6.8*
17.5	*–*	21.2	*–*	16.8	*–*	17.6	*–*
70.7	*–*	68.0	*–*	72.1	*–*	70.4	*–*
0.44	*−21.4*	0.56	*33.3*	0.42	*2.4*	0.41	*0.0*
31.12.		**31.12.**		**31.12.**		**31.12.**	
12,451	*9.4*	11,378	*3.1*	11,040	*12.8*	9,785	*−12.3*
586	*7.1*	547	*6.4*	514	*−3.6*	533	*12.2*
4.3	*–*	4.7	*–*	4.4	*–*	4.9	*–*
31.12.		**31.12.**		**31.12.**		**31.12.**	
1,176	*2.4*	1,148	*2.5*	1,120	*−3.0*	1,155	*−0.7*
1,050.2	*2.5*	1,024.8	*2.2*	1,002.9	*−2.6*	1,029.2	*−0.4*

> Financial calendar 2015

27 January	Press-/Analysts' conference in Frankfurt/Main
25 March	Annual report 2014
28 April	Quarterly report
07 May	Annual General Meeting in Hamburg
23 July	Half-year report
22 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 and layout
ergo Unternehmenskommunikation,
Cologne/Frankfurt am Main/Berlin/Munich

Translation
English Business AG,
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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