comdirect bank AG

Financial Report 2015

.comdirect

Key figures of comdirect group

		2015	2014	Change in %
Customers, assets under custody and key products		**31.12.**	**31.12.**	
comdirect group*				
Customers	number	2,989,454	2,892,003	3.4
Custody accounts	number	1,786,168	1,717,088	4.0
Total assets under custody	in € million	65,498	58,936	11.1
– of which: portfolio volume	in € million	49,463	44,500	11.2
– of which: deposit volume	in € million	16,035	14,435	11.1
Business-to-customer (B2C) business line				
Customers	number	2,001,256	1,909,105	4.8
Custody accounts	number	943,656	879,492	7.3
Current accounts	number	1,265,923	1,158,617	9.3
Tagesgeld PLUS ("daily money plus") accounts	number	1,634,288	1,553,309	5.2
Total assets under custody	in € million	39,942	34,750	14.9
– of which: portfolio volume	in € million	24,143	20,483	17.9
– of which: deposit volume	in € million	15,799	14,267	10.7
Credit volume	in € million	300	187	60.4
Business-to-business (B2B) business line				
Customers	number	988,198	982,898	0.5
Custody accounts	number	842,512	837,596	0.6
Total assets under custody	in € million	25,556	24,186	5.7
– of which: portfolio volume	in € million	25,320	24,017	5.4
– of which: deposit volume	in € million	236	169	39.6
Orders and order volume		**2015**	**2014**	
Executed orders	number	23,566,088	20,341,376	15.9
– of which: B2C	number	14,489,218	11,099,421	30.5
– of which: B2B	number	9,076,870	9,241,955	−1.8
Average order activity per custody account (B2C)	number	15.9	12.9	23.3
Order volume per executed order (B2C) [1]	in €	5,498	5,377	2.3
Earnings ratios		**2015**	**2014**	
Net commission income	in € thousand	228,365	193,150	18.2
Net interest income before provisions for possible loan losses	in € thousand	137,404	145,803	−5.8
Administrative expenses	in € thousand	279,980	270,995	3.3
Pre-tax profit	in € thousand	90,608	82,478	9.9
Net profit	in € thousand	65,042	66,193	−1.7
Earnings per share	in €	0.46	0.47	−2.1
Return on equity before tax [2]	in %	16.7	15.5	–
Cost/income ratio	in %	75.0	76.6	–
Balance sheet key figures		**31.12.**	**31.12.**	
Balance sheet total	in € million	16,769	15,170	10.5
Equity	in € million	624	590	5.7
Equity ratio [3]	in %	3.3	3.5	–
Regulatory indicators under CRR/CRD IV [4]		**31.12.**	**31.12.**	
Risk weighted assets [5]	in € million	951	820	16.0
Eligible amount for operational risks	in € million	20	14	42.9
Core capital	in € million	433	417	3.8
Own funds for solvency purposes	in € million	433	417	3.8
Own funds ratio [6]	in %	36.3	42.1	–
Employees' figures		**31.12.**	**31.12.**	
Employees	number	1,314	1,287	2.1
Employees full-time basis	number	1,173.5	1,153.3	1.8

*) 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.
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 and other risks)

Report of the Supervisory Board

Cooperation between the Board of Managing Directors and the Supervisory Board

The Supervisory Board again worked in close partnership with the Board of Managing Directors of comdirect bank in financial year 2015, 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).

The Supervisory Board has at all times ensured that it has been kept appropriately informed by the Board of Managing Directors in accordance with the information and reporting duties laid out in the Rules of Procedure of the Board of Managing Directors. 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 Head of Audit and Head of Risk Management & Compliance, 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 2015

The Supervisory Board met at four regularly convened meetings in financial year 2015; on 19 March, before and after the annual general meeting on 7 May, on 25 August and on 19 November 2015.

As in previous years, a central topic was the reporting on the status of the implementation of the current strategy programme. Here, we obtained extensive information on the further development of the range of products and services offered by comdirect bank. The Board of Managing Directors kept us informed with regard to the various projects carried out in 2015, such as the introduction of the Junior current account and launch of the smartPay app. They also reported on the new feature which enables users to open a current account entirely online via a digital device, including account-switching and account-unblocking services around the clock. Another focus was on the future strategic orientation of comdirect bank, which has been extensively discussed and adopted in agreement with the Board of Managing Directors.

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. In addition, we looked at the associated agenda for the following year against the backdrop of the new strategy. Moreover, the Supervisory Board regularly examined the risk status of the bank. The focus was on the 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 7 May 2015 and the proposals to the annual general meeting.

Other subjects discussed by the Supervisory Board were the compensation of the Board of Managing Directors and the changes in the Board of Managing Directors.

In addition to the ordinary meetings, the Supervisory Board adopted further resolutions based on the recommendations of the Presiding Committee using the written circulation procedure. 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 2014,
- the stipulation of the target amount for the variable compensation component for the members of the Board of Managing Directors for financial year 2015,
- the approval of the appointment and employment of Mr Arno Walter as CEO with effect from 15 March 2015.

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 2016.

Activities of the committees

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

The Risk and Audit Committee of the Supervisory Board met four times in the reporting year; on 19 March, on 7 May before the annual general meeting of comdirect bank AG, on 25 August and on 19 November. Each meeting was also attended by at least one representative from the auditors commissioned for the year-end audit and review of the interim financial statements. At the meeting on 19 March 2015, 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 others. 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 annual report of the Compliance and Money Laundering Officer in March and was informed about the overall audit report from Audit for financial year 2014. The Chairman of the Risk and Audit Committee obtained comprehensive information from the Head of Audit prior to the meeting. This information included a significant finding in the 2014 financial year concerning a service provider according to the minimum requirements for risk management (MaRisk). There were no new major findings in 2015. In the meeting of the Risk and Audit Committee on 7 May 2015, the Chairman of the Risk and Audit Committee was authorised to sign the contract commissioning the auditors, PwC, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, Hamburg branch, selected by the annual general meeting on the same date, to audit the annual and consolidated financial statements, including the management reports as of 31 December 2015. During the year, the Risk and Audit Committee obtained information at every meeting on the activities of the Audit and the Compliance function. The Risk and Audit Committee was also informed at all meetings about the respective status of EU reform regarding audit of financial statements and their national implementation and discussed the potential effects and necessary measures for comdirect bank with the Board of Managing Directors.

The Chairman of the Risk and Audit Committee also held regular talks with the German public accountant, the Chief Financial Officer and the Head of Audit.

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 2016. 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 and with the main areas of the audit of the 2015 annual financial statements.

The Presiding Committee of the Supervisory Board adopted resolutions in the reporting year by means of the written circulation procedure as well as in four meetings on 19 March, before the annual general meeting on 7 May, on 25 August and on 19 November. The topics discussed included the recommendations to the Supervisory Board regarding issues relating to the compensation for the Board of Managing Directors, including

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

- the stipulation of the target amount for the variable compensation component for the members of the Board of Managing Directors for financial year 2015 and

- the stipulation of the criteria for assessing the variable compensation component for the Board of Managing Directors for financial year 2016.

Other resolutions related to the recommendations to the Supervisory Board regarding the appointment and employment of Mr Arno Walter as CEO with effect from 15 March 2015, and the appointment and employment of Dr Sven Deglow as member of the Board of Managing Directors with effect from 1 September 2015. Additional resolutions were passed relating to the 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 2016 (risk takers). 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 further 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 19 March 2015. 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 AG (in accordance with the German Commercial Code (HGB)), the management report of comdirect bank AG (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 2015, 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 18 March 2016 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 18 March 2016, 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."

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

On the recommendation of the Presiding Committee, the Supervisory Board appointed Mr Arno Walter as CEO for a period of three years with effect from 15 March 2015. In addition to extensive professional expertise, Mr Walter has many years of experience in the financial sector. Mr Walter is responsible for the areas of Corporate Strategy & Consulting, Audit, Treasury & Business Partners and Corporate Communications, and is also chairman of the supervisory board of ebase.

On the recommendation of the Presiding Committee, the Supervisory Board also appointed Dr Sven Deglow as a member of the Board of Managing Directors for a period of three years with effect from 1 September 2015. In addition to extensive professional expertise, Dr Deglow has many years of experience in the financial sector as a result of his prior role as Chief Representative. As Chief Marketing Officer, Dr Deglow is responsible for the areas of Banking, Investing, Marketing, Trading, and User Interface.

The divisions of the other members of the Board of Managing Directors are tailored as follows: Mr Hohrein is responsible for the areas of Business Development & Innovation Management, Finance, Controlling & Investor Relations, Information Technology, and Risk Management & Compliance.

Ms Palte is responsible for Advisory Services, Information Security & Outsourcing Management, Service, Human Resources as well as the Legal and Data Protection & Organisation departments.

The current responsibilities are detailed in the “Management and control” section of this financial report.

Thanks for excellent performance

We would like to thank the members of the Board of Managing Directors and all employees of the comdirect group for an excellent performance once again in financial year 2015. We would like to thank the staff council for their constructive cooperation at all times.

Quickborn, 18 March 2016

The Supervisory Board

Group management report

Foundations of the comdirect group

Business model of the comdirect group

The comdirect group is one of Germany's leading direct banks. comdirect offers its around three million customers (end of 2015) smart products and services for all-round management of their finances. The range is continuously expanded with new products and services that are consistently designed from a customer's point of view and that offer real added value. They can carry out their banking transactions, trade in securities and implement investment decisions from anywhere and at any time easily and conveniently.

The comdirect group is very well positioned in the business fields of banking, investing and trading, as well as in business with institutional partners. With around 1.8 million custody accounts, assets under management of over €65bn and 23.6 million executed securities transactions (as at the end of 2015 in each case), it is the market leader in online securities business in Germany.

Organisational structure, segments and locations

The group is managed on the basis of two business segments. 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).

comdirect bank AG has its registered office in Quickborn near Hamburg, and also has an IT centre in Rostock. The registered office of ebase GmbH is in Aschheim near Munich.

Management and control

The comdirect group is managed by the Board of Managing Directors of comdirect bank AG.

The Supervisory Board of comdirect bank AG appointed Arno Walter as the new CEO with effect from 15 March 2015. He is the successor of Dr Thorsten Reitmeyer, who left the company as of 31 December 2014. Dr Sven Deglow was appointed Chief Marketing Officer (CMO) on the Board of Managing Directors of comdirect bank AG with effect from 1 September 2015. Martina Palte and Holger Hohrein remain on the Board of Managing Directors, meaning that it now consists of four members. The responsibilities of the members of the Board of Managing Directors are summarised in the following table:

Responsibilities of the members of the Board of Managing Directors

Arno Walter CEO	Corporate Strategy & Consulting Corporate Communications Internal Audit Treasury & Business Partners ebase (Chairman of the Supervisory Board)
Holger Hohrein	Finance, Controlling & Investor Relations Information Technology Business Development & Innovation Management Risk Management & Compliance
Dr Sven Deglow	Banking Investing Trading Marketing User Interface
Martina Palte	Service Human Resources Legal, Data Protection & Organisation Information Security & Outsourcing Management Advisory Services

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.

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 55 to 62.

Corporate Governance statement
Management and control of the comdirect group comply with generally accepted high standards. These are summarised in the Corporate Governance statement pursuant to Section 289a of the German Commercial Code (HGB). This statement includes, among other items, 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 €1.54bn (as of end 2015) 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 from money market and capital market transactions with Commerzbank AG and its affiliated companies.

A detailed overview of the business relations can be found in the group notes on pages 81 to 84.

B2C business line

Products, services and business processes
With smart products and services in the B2C business line (comdirect bank AG) we offer our customers comprehensive management of their personal finances in as easy a way as possible. They can access the bank’s full product range wherever and whenever they like via a large number of innovative access channels – be this for financial and securities investments, payment transactions or loans.

Intuitive solutions for mobile devices therefore play an ever greater role. As part of the further developed online offer, comdirect is Germany’s first bank to also offer entirely digital account-opening, including account-switching and account-unblocking services round the clock. comdirect’s service team has staff on hand 24 hours a day to answer customer queries by video link, chat, email, telephone, fax or letter.

In banking, comdirect represents convenient handling of banking transactions. The main product is the current account, whose position as one of the highest quality products on the market also in the past year has been underpinned by additional functionalities and not least by a lifetime satisfaction guarantee. comdirect generates interest income in banking by reinvesting customer deposits in the money and capital markets and from interest on credit lines and overdrafts. There is also commission income in conjunction with payment transaction cards issued and from placing consumer loans.

In trading, comdirect facilitates speedy, secure and cost-effective stock exchange and OTC securities trading. Via the real-time trading platform Pro Trader, the CFD Trader – formally CFD platform – further developed over the year under review and other functions, comdirect offers most modern trading technology in connection with highly reliable trading quality and availability, wide service range and attractive pricing. A special focus in the future will be on mobile trading.

In investing, we make a comprehensive range of investment products available for both the continuous securities savings plan and the one-off investment. The focus of customer interest here is on pre-structured investment proposals on the basis of index funds (ETFs) and actively managed securities funds with broad asset and risk diversification. Using the comdirect AnlageAssistent (InvestmentAssistant) – formerly “Better financial Investment” (BGA) – which was substantially further developed over the reporting year, investors can simply and cost-efficiently put together a portfolio according to their own personal requirements.

In trading and investing, 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.

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 video telephony. 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
Acccount & Financial Investment	Current account Investment account AnlageAssistent (InvestmentAssistant) 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. Furthermore, there here are now a great deal of start-ups specialising in financial technologies (FinTechs) in the market, which are increasingly competing with banks with innovative services.

In terms of the number of current accounts and deposit volume, comdirect 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 sales follow-up commission.

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. 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.

Technical aspects, such as the further development of mobile technologies and devices, security across online and mobile channels and broadband penetration in particular, play an important role in deciding in favour of a direct bank model in Germany. At the same time, the long-term industry trends remain positive: The increased use of digital communication channels and mobile devices for banking transactions, as well as ongoing closures of bank branches nationwide, represent great growth potential for direct banks in the future. Technical possibilities available today, such as video-supported customer dialogue, stimulate the development of new customer-oriented solutions. They thus also allow direct banks to approach customers in an ever more personal way.

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 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)
FinTechs (in the area of asset management)

Cooperation partners receive comprehensive services that they can use independently via the ebase website and the online portal. This includes commission processing and professional data management, as well as support for the partners in marketing, sales and reporting. An online portal with a multitude of functions around accounts and custody accounts is provided for end customers.

The earnings model of ebase primarily centres on commission from securities business, as well as on custody account management fees, which are supplemented by other service fees and interest income.

ebase's product range

Investment custody account	Fund securities account (Order Desk Depot, Managed Depot, custody accounts for company pensions (bAV) and working hours custody accounts) ETFs Savings and drawdown plans VL custody account (Investment of capital-building payments)
Custody account	Equities, bonds, certificates, warrants
Accounts	Flex account (Depot settlement account) Daily money account Fixed-term deposit accounts
Loans	Overdrafts Loans against securities
Asset management	Standardised fund asset management

Market, competitive position and key influencing factors

In B2B business, ebase is competing with funds platforms and other direct banks with B2B business, who are now penetrating the German market even from abroad. In terms of custody assets placed by third parties, ebase has a leading position in Germany among B2B platforms. However, ebase is well-positioned in the various target segments. In the previous year, ebase further established itself as a partner for FinTechs, significantly increasing the brand recognition through a series of cooperations.

ebase is in intensive dialogue with various banks regarding outsourcing of custody accounts administration. By expanding its business with corporates, ebase is gaining more market shares with its service spectrum across company pensions and pension commitments with fund reinsurance. ebase is also very well positioned in the independent financial advisers (IFA) customer segment. All major sales organisations and broker pools are now linked to ebase. The aim is a partner specific expand in the range of products and services offered. In terms of the cooperation with asset managers, added value regarding digitalisation and simplification of business processes is the priority. Its handling of data interfaces to third-party systems, online opening of custody accounts and web-based adequacy and suitability tests pursuant to the German Securities Trading Act (WpHG) for managed custody account solutions puts ebase well ahead of its competition in this segment.

The attractive price model for investments in investment funds and ETF products, oriented in particular to retail customers interested in savings plans, contributes to the product's competitiveness. Over 250 cooperation partners and their intermediaries and sales organisations already use ebase as their partner for maintaining their customers' accounts and custody accounts.

The developments in the segments of the individual partners, which are partly determined by regulatory issues, together with the overall competitive situation, have an essential influence in the B2B business line.

Targets and strategies

The comdirect group stands for a new approach of what a bank is. As a smart financial companion, comdirect would like to offer its customers much more than the usual range of bank services and support them in comprehensively managing their finances in simple ways. Those who wish to better save, invest, conveniently carry out financial transactions, finance personal goals or provide for old age will quickly be able to find the right solution at comdirect and ebase – anytime, always relevant to their own situation, and always tailored to their personal needs.

With this positioning, comdirect group is the partner for a growing number of customers – even for those who have been using other banking models so far. At the same time, 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 solutions and its comprehensive mobile service package for banking, investing and trading.

The comdirect group intends to profit fully from the positive market trend in online and mobile banking, continuously increasing the volumes it manages. The comdirect group's specific levels of ambition of its new 2020 strategy adopted at the end of 2015 are:

- to create new investment opportunities for various target groups, enthuse them in investing and saving with securities – by doing this we intend to take a leading position in digital asset management both in direct business and via institutional partners,

- to introduce significantly more investors to trading and therefore to maintain the lead in the online brokerage market in Germany,

- to be the preferred financial companion for modern and independent clients and to be perceived as the innovation leader in the market with its smart solutions,

- to remain one of the most profitable retail banks in Germany in 2020, measured against return on equity.

The measures are oriented to these strategic levels of ambition in both business fields. These measures concern:

Digital asset management with securities: comdirect and ebase are targeting different customer groups and needs with smart solutions and a tailored approach. By doing this, we want to interlink the comdirect AnlageAssistent (InvestmentAssistant) with other digital advice and asset management models in terms of perspective: Our clients should be enabled to handle their investments entirely by themselves using automated investment proposals. If they would like additional help in making a decision, we are able to explain the investment proposals in a personal discussion. For all clients who wish to fully delegate their investments, ebase offers digital asset management based on ETF sample portfolios with its fintego Managed Depot.

Making banking even simpler and more intuitive: Using intelligent and appropriate solutions, and comprehensive but understandable information, comdirect offers support in making financial decisions. At the same time it removes access barriers for existing and new customers and aims to actively but non-invasively provide support in banking transactions via any access channel, anywhere, at any time.

The further development of innovation management: To make our customers' lives easier we consistently innovate from their perspective and use their creativity as much as that of our employees. We also rely on new stimulus from the intensive cooperation and strategic partnership with FinTechs among others. We are the first bank in Germany to support FinTech start-ups with promising ideas via a start-up garage both financially and by providing infrastructure and resources. We also generate ideas by participating in formats such as the Bankathon, on which new software was developed with a high level of customer use for the financial sector. General trends and developments in the industry are also focused on by our new blog "Bank. Neu denken." (Bank. Re-envisioned.) Several bloggers have been posting information on the topics of innovation and the future since 2015.

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

The system of key financial performance indicators was correspondingly modified during the reporting year using the objectives determined as part of the new 2020 strategy. Return on Equity (RoE) is the key performance indicator (KPI) for the group and its two segments. The underlying profit 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 the executed orders in the B2C business line, which we therefore regard as a key indicator. Other key indicators of business development allow us to monitor target attainment with regard to securities-based investment and saving. This refers to:

- the number of custody accounts in the B2C business line
- the volume of net fund inflows into these custody accounts
- and assets under management in the comdirect group and both business lines.

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.

In addition to the financial indicators and their key influencing variables, development 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 34).

The net promoter score (NPS) is the key non-financial performance indicator. It 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 customer calls and by email, 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. Possible further non-financial performance indicators, which are expedient for the management of strategic development, are defined and imposed as part of the strategy process.

KPIs

comdirect group	Return on Equity (RoE) Assets under management
B2C business line	Return on Equity (RoE) Net fund inflows into custody accounts Number of custody accounts Assets under management Executed orders (trades) Net Promoter Score (NPS)
B2B business line	Return on Equity (RoE) Assets under management

Market and economic review

Macroeconomic framework conditions

The economic framework conditions have shown varied development over the reporting year for comdirect group. The very pronounced volatility on the equity markets contributed to the significant increase in trade numbers in the B2C business line. As a result, negative effects arising from another drop in market interest rates and low yields on the bond market were overcompensated for. The regulatory environment remains challenging and requires cost intensive measures, which will also affect the result going forward. The long-term positive trends that lead to an ever stronger acceptance and use of our direct banking model by bank customers also remained in force in 2015.

Economic environment

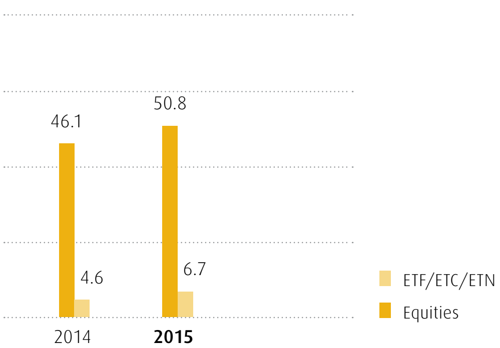
Overall, economic recovery remained subdued in the eurozone over the 2015 financial year. Following a promising start in the first quarter, economic momentum quickly subsided again. The economy benefited from the depreciation of the euro and low commodities prices, but the growth was slowed by the sagging global economy and the unaltered high level of debt. Falling demand from the emerging economies negatively impacted the export business in Germany above all. The greatest risks to future economic development stem from decreasing demand from China and other emerging markets.

Disposable income in Germany was up by 2.8% year-on-year, the savings ratio increased from 9.2% to 9.7%. As the representative comdirect saving and investment index – calculated on a monthly basis – shows, over almost the entire course of the year people in Germany spent their income rather than saved.

Framework conditions for trading and investing

The international stock exchanges had a real roller-coaster ride in 2015. The equity markets benefited over the whole year from low market interest rates, but external influences frequently led to some strong countermovements. Overall, this resulted in pronounced volatilities.

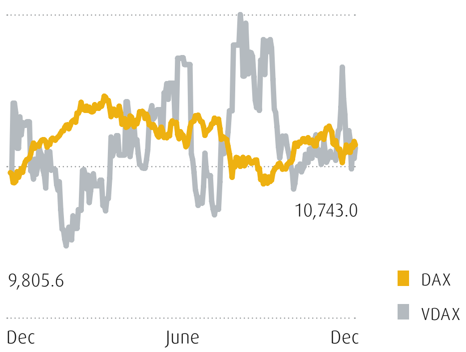
Number of orders Deutsche Börse*
shares traded (in billion)



Source: Deutsche Börse AG

* XETRA, Frankfurt Stock Exchange and Tradegate

DAX and VDAX development from 30.12.2014 to 30.12.2015
(in points)



Source: Bloomberg; VDAX normalised to the DAX performance as of year-end 2014

After an extraordinarily strong start to the year, due partly to the weak euro and ECB bond purchases, the German DAX reached a new record of 12,374.7 points on 10 April. Persistent concern about the stability of the eurozone, weakened growth in China and other emerging economies, as well as increasing geopolitical tensions hindered further price upsurges in the second quarter. A sharp price correction then began over the summer months, triggered partly by lack of clarity about future US interest rate policy, capital market upheavals in China and finally the Volkswagen crisis. The DAX fell to its nadir of 9,427.6 points on 24 September. Following the ECB's announcement to further relax its monetary policy and the positive market mood at the end of the year, share prices recovered in the final quarter and the DAX grew by a total of 9.6% year-on-year.

Due to the high volatility over the course of the year, trading activity on the German stock markets was very pronounced. In terms of value, the volume of trading on the German spot market (XETRA, Tradegate and Frankfurt stock exchange) was significantly up by 27.5% year-on-year. The order figures also rose sharply. Equity order volumes rose by 26.5%, while order figures climbed by 10.2%. The volume of exchange-traded funds (ETFs) as well as exchange-traded commodities (ETCs) and notes (ETNs) increased very noticeably in comparison with the 2014 financial year by 40.6%, while the number of trades rose by 44.5%. In derivatives trading (Euwax and Frankfurt stock exchange), the stock exchange turnover surpassed the corresponding figure from the previous year by 17.7%.

In the market environment of persistently low interest rates, sales of the public funds recorded in the BVI developed extremely positively. Between January and November, they posted record inflows of €67.4bn following only €31.6bn in the comparable period of the previous year. There was especially high demand amongst investors for equity funds, while mixed and fixed-income funds were also in very high demand.

The ebase fund barometer, published quarterly, showed above-average trading activity year-on-year; however, this was less strongly pronounced in the second half of the year. After the index value had already stood at 102.9 points in January and risen in March to 143.1 points, it fell in June to 107.5 points and on occasion over the rest of the course of the year even fell well below 100 points.

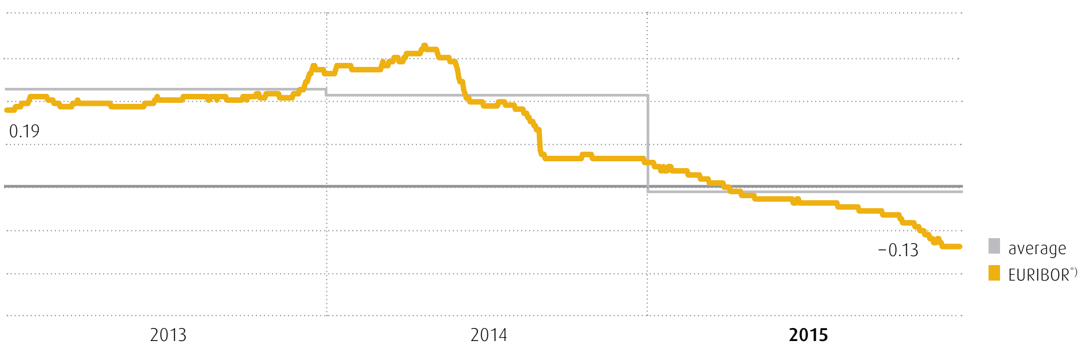
Framework conditions for banking

Over the reporting year, the European Central Bank (ECB) maintained its expansive monetary policy. In March, the ECB began a comprehensive bond purchase programme that is providing approximately €60bn a month for bond purchases and is scheduled to run until March 2017. However, over the course of the year this measure proved less effective than hoped. Economic growth in the eurozone remained subdued and inflation expectations continue to be very low.

Due to the sluggish economy, the ECB retained the main refinancing rate at 0.05%; the deposit interest rate fell from −0.20% to −0.30% in December. However, the Fed raised its base rate in December by a quarter of a percentage point to a range of between 0.25% and 0.5%. Due to the economic upswing and the positive development on the employment market, the US Federal Reserve had already prepared the markets for a gradual increase in the base rates over the course of the year. As a result of the high level of liquidity on the capital markets, the EURIBOR interest rates fell significantly again. Averaged out over the year, the three-month EURIBOR, which is the decisive rate for some of our investments, was far below the previous year's figure (0.21%) at −0.02% and was quoted at – 0.13% as of year-end.

Following the surprising correction on the bond markets at the end of April, yields on government bonds fell again at the end of the second quarter; following the announcement of the expanded ECB bond purchase programme, they began to move sidewards. At the end of the year, interest on ten-year German government bonds was only 0.61%. The persistent concern about the economy in the emerging economies, in particular in China, contributed to the high level of demand for secure government bonds and led to correspondingly low yields. For corporate bonds and bank bonds, the market spreads narrowed significantly in the first half of the year. A countermovement began in the third quarter, but did not last long. Overall, the Treasury portfolio, focused on bonds of the highest quality, was characterised by a further reduced interest margin.

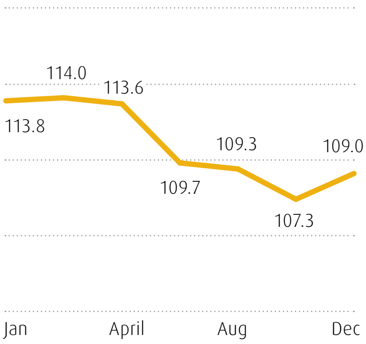
Three-month EURIBOR 2013 – 2015
(in %)



Source: EURIBOR EBF

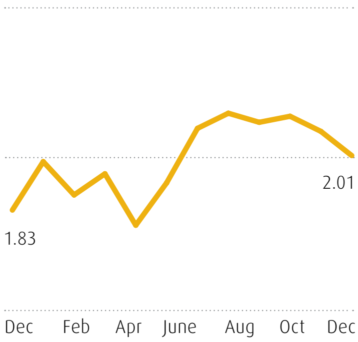
* Three-month money

Building Finance Sentiment index (January 2015 – December 2015)
(in points)



Source: comdirect bank

Ten-year mortgage interest rates (December 2014 – December 2015)
(in %)



Source: Deutsche Bundesbank

Framework conditions for advice

The interest in the construction or purchase of own homes, and thus the interest in building finance, was still high during the reporting year. comdirect's Building Finance Sentiment index, which is calculated in conjunction with the Forsa opinion research institute, decreased over the course of the year, but hovered above 100 points and stood at 109.0 points at the end of the year (December 2014: 113.8 points). A value greater than 100 indicates a high level of willingness to take out building finance loans. The volume of loans for residential property construction increased year-on-year by 22%. The growth was limited by the real estate prices having risen again, and which were particularly high in major conurbations. Interest rates for building capital also rose slightly.

Industry framework conditions

Online banking and brokerage is enjoying increasing popularity among internet users in Germany. As a recent representative survey on behalf of the digital association Bitkom showed, 73% of all internet users carry out their banking transactions online (previous year: 68%). According to the association's information, the trend is moving above all to mobile banking due to the wide availability of banking apps, i.e. towards the use of mobile devices such as smartphones and tablets for banking transactions.

comdirect's assessment is that those who benefit most from the increasing interest in online banking and the increasing willingness among retail bank customers to switch, include in particular the direct banks, whose technologically sophisticated platforms are mostly superior to the multichannel approaches of retail banks. At the same time, the expansion of this service by retail banks leads to greater habituation to online models and to the lowering of access barriers. This is supported by the closure of branches nationwide, which was also further progressed in 2015 and is likely to continue in the coming years.

The fierce competitive environment combined with increasing regulatory costs and the persistent low interest rate environment have led to consolidation in the market. In Germany, the four leading direct banks – among them comdirect – serves a large portion of direct bank customers. However, niche providers (FinTechs) are encroaching onto the market with innovative solutions. comdirect sees less of a threat in the creativeness of the local FinTech scene than an opportunity, and is striving to further develop its product range by actively supporting selected providers and strategic partnerships.

There is also more movement in the area of payment formats. For the first time, large supermarket chains and other providers are now accepting credit card payments, meaning that an attractive credit card offer with good conditions is becoming an ever more important competitive factor. With paydirekt, a new provider of online payments has arrived on the market that, given its very high security standards, has good prospects of rapidly building up a large trader network. comdirect offers this service and is therefore able to benefit from this development.

The availability of high-speed internet access, a key prerequisite for using 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 76.7% in mid-2015 (mid-2014: 71.3%). LTE availability stood at 94.0% (mid-2014: 86.5%).

In the industry environment for B2B platforms and B2B direct banks, the decrease in the 34f intermediaries following the tightened regulatory requirements led in some places to a new distribution of the customer base. In this context, the connection between ebase, the individual intermediaries and the customers procured gains a new meaning. In the institutional business, the increased competition – not least from new foreign competitors – among the potential settling banks is reflected particularly in increased pressure on the margins.

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 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. ebase is also well positioned here.

Regulatory environment

The regulatory conditions remained challenging in the reporting year. At a European level, the ECB is responsible for selected banks of systemic relevance. As part of the Commerzbank Group, comdirect and ebase have also been subject to ECB supervision since the end of 2014.

Implementing new legal and regulatory requirements to some extent involves significant costs. This affects the comdirect group itself as well as ebase’s partners. The regulatory changes detailed below were crucial in the previous year.

The expanded regulatory requirements of investment advisory services under the guideline regarding markets for financial instruments (MiFID II) aim to increase investor protection and have a direct impact on the business activities of comdirect and ebase, as well as their partner segments. On the basis of a preliminary study, comdirect bank has launched an implementation project with the aim of implementing all requirements on schedule for the beginning of 2017. Corresponding implementation work is also expected for ebase in financial year 2016 – a corresponding project has also been initiated. According to the regulations of MiFID II, financial intermediaries must decide what business model they wish to operate in the future, i.e. a dependent or independent advisory service. The topics of cost transparency and the amount and reimbursement of commissions to end customers become more important as a result of MiFID II, in particular in the case of asset managers.

Within this guideline, the PRIIP regulation regarding packaged retail and insurance-based investment products for the comdirect group is also relevant. This includes uniform standards for format and content of key information documents for packaged investment products, which is intended to significantly improve transparency of the products and thereby the consumer’s understanding. The implementation of the PRIIP Regulation and the German Retail Investor Protection Act (Kleinanlegerschutzgesetz) is part of the MiFID II project. In addition, the accompanying regulation MiFIR (Markets in Financial Instruments Regulation) provides for the regulation of OTC trading platforms, which will require a licence from national supervisory authorities from 2017 onwards.

On 16 November 2015 the EU Council and European Parliament ratified the Regulation on payment services in the domestic market (PSD II), which must be implemented by the institutions by the end of 2017. The Directive – a revision of the payment services directive of 2007 – provides for, among other things, stricter security measures for electronic payment transactions and greater protection of consumer data and rights. This means that more comprehensive authentication of customers, e.g. via biometric data, is necessary. The project to implement the requirements of PSD II will begin in the comdirect group in 2016.

The requirements of the Directive on Credit Agreements for Consumers Relating to Residential Immovable Property, which had to be transferred into German law by 21 March 2016, have already been largely implemented. The Directive includes re-regulation of the obligation of property loan brokers to obtain permission, which affects comdirect due to the procurement of mortgage credit. Furthermore, regulations regarding advisory duties for lenders have been incorporated in the implementation act, which affects not only property loans but which also apply in the case of permanent and significant overdrawing of current accounts.

The European banking union continued to take shape over the previous year. With the adoption of the Settlement Mechanism Act in the German Bundestag, an important step towards the introduction of the European Single Resolution Mechanism (SRM) was completed, which came into force on 1 January 2016. The Bank Recovery and Resolution Directive (BRRD), on which the SRM is based, was introduced in Germany by the BRRD implementation act. However, the precise form that the european bank levy to finance the project will take has not yet been finalised. A centralised European deposit protection scheme, which would directly affect comdirect, aims to complement the code of the banking union; however, it has not yet progressed very far due to varying interests between the member states.

Business performance and earnings situation at the comdirect group

Overall assessment of the economic situation

2015 was another year of profitable growth for the comdirect group. The customer base increased by nearly 100 thousand to almost 3 million, while total assets under custody climbed by over €6bn to a record €65.5bn. Despite the administrative expenses being slightly higher again than in the previous year, the target value of over €85m that was raised during the year was confidently achieved at €90.6m pre-tax profit, thus also exceeding the previous year's figure (€82.5m).

While interest income in the current low interest rate environment was moderately below the previous year's figure as expected, net commission income increased more than expected, setting a new record. Crucial for this was the rise in trade figures reflected in the high market volatility, but also in comdirect's renewed improved market position in online brokerage. comdirect was also able to grow more strongly in investing – especially in ETF savings plans.

While earnings reached a new record level, the increase in administrative expenses was disproportionally low. This was caused primarily by a rise in other administrative expenses, due in particular to higher processing costs as a consequence of the larger volume in the securities business. This was due to investments in comdirect's brand recognition and brand profile, as well as increased expenditure for the development of new products and services, all of which has helped us to make our customers' lives a little easier again. Examples include our entirely digital account-opening service, the substantially more sophisticated comdirect AnlageAssistent (InvestmentAssistant) in investing, great advances in mobile and social trading and not least the fintego Managed Depot in B2B business. The newly increased customer satisfaction and customer willingness to recommend us is just as much a confirmation of this as is our outstanding attainment in performance comparisons. Not least, the net fund inflows on the security custody and deposit accounts that have increased since the previous year demonstrate that an ever greater number of customers are putting their trust in the comdirect group.

In addition to other administrative expenses, personnel expenses also increased. This rise was largely due to a growing number of employees.

Comparison between forecast and actual performance

The comdirect group has attained or exceeded the principal targets set out in the 2014 group management report.

Due to the revised handling of contributions to the German banks' compensation fund, the previous year's figures were slightly adjusted retrospectively.

Performance indicator		Actual 2014	Outlook report 2014	Actual 2015	Change from 2014
comdirect group					
Pre-tax profit	€ million	82.5	Decrease (revised: increase to over €85m)	90.6	+ 9.9%
Assets under management	€ billion	58.9	Growth	65.5	+ 11.1%
B2C business line					
Pre-tax profit	€ million	71.8	Decrease (revised: increase)	79.8	+ 11.0%
Assets under management	€ billion	34.8	Growth	39.9	+ 14.9%
Net fund inflows	€ billion	2.0	Significant increase	4.1	+ 102.0%
Number of current accounts	thousand	1,159	Noticeable increase	1,266	+ 9.3%
Number of trades	million	11.10	Recognisable increase	14.49	+ 30.5%
Net promoter score (NPS)		51	Unchanged high level	52	+ 1
Unaided brand awareness*	in %	13	Increase	16	23
B2B business line					
Pre-tax profit	€ million	10.6	Stable development	10.9	+ 2.1%
Assets under management	€ billion	24.2	Moderate increase	25.6	+ 5.7%

* from 2015 based on online users over 14 years; previous year correspondingly adjusted

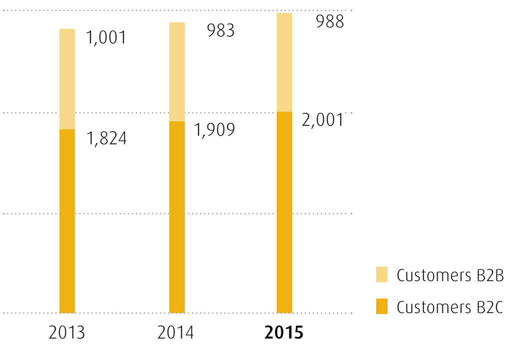
The most striking deviation from the original planning concerns the pre-tax profit that was planned as declining for the comdirect group and the B2C business line, but had actually noticeably increased. The crucial reason for this is the higher-than-expected net commission income, which overcompensated for the scheduled moderate rise in administrative expenses and the decrease in net interest income.

The rise in assets under management by 11.1% was greater than planned, since the price effects as well as the net inflows exceeded our expectations. This especially applies to the B2C business line, which achieved an increase of 14.9%. The remaining targets in the operating business were attained or exceeded. A detailed explanation is included in the following presentation of business and earnings development.

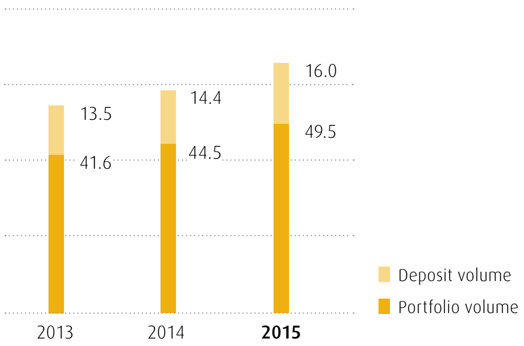
Business performance

The comdirect group's business development fully met expectations. With growth in total number of customers of 97.5 thousand to 2,989.5 thousand, we were able to build on the good figure of the previous year. The number of custody accounts rose against the market trend by 69.1 thousand to 1,786.2 thousand (previous year: 1,717.1 thousand). The growth has more than doubled since the previous year due in particular to the expansion of services in trading and investing and the stronger orientation of investors to securities. With a greater number of custody accounts and trades, as well as total assets under custody of currently €65.50bn (end 2014: €58.94bn), the comdirect group has confirmed its market leadership in the online securities business in Germany. The same applies to its position as one of Germany's leading direct banks. In banking, the number of current accounts as well as deposit volume have increased perceptibly. Over the last twelve months, the comdirect group recorded net fund inflows of around €4.2bn, of which about 60% was attributable to the portfolio volume.

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



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



The B2C business line gained 92.2 thousand customers and exceeded 2 million customers for the first time. Thanks to strengthened focus on the areas of investing and trading, the new customer number of the previous year (85.5 thousand) was exceeded in a persistently challenging market environment. The successful marketing campaign that generated a high level of coverage and acceptance also contributed to the high customer numbers. What is positive is that the majority of the new customers were gained in the retail bank environment. This shows in particular that more online-savvy customers than before consider a decision that benefits comdirect, and that access barriers have successfully been reduced. At the end of 2015, the business line counted 2,001.3 thousand customers (end 2014: 1,909.1 thousand customers).

The total number of custody accounts and current accounts in the B2C business line grew by 8.4%, once again outstripping growth in customer numbers (4.8%). At the end of 2015, comdirect managed a current account for 63.3% of B2C customers and was the main bank for one in four account holders. As an anchor product, the current account also contributed to the growth in investing, and there were significant cross-selling effects particularly towards securities savings plans.

In trading, the upturn in customer activity is shown by the significant rise in annualised order activity per custody account to 15.9 as against 12.9 in 2014.

At 988.2 thousand, the number of customers in the B2B business line was steady because of the vital new business with IFAs and FinTechs as well as in the baV-segment (previous year: 982.9 thousand). Following an increased number of cancellations in the first quarter, ebase achieved a slight net growth overall in customer base over the remaining course of the year. As was the case in the previous years, account closures affected some custody accounts without any holdings for capital-building payments (VL) following expiry of the corresponding VL contracts. In line with expectations, custody account holdings from migrations in previous years were also slightly decreasing.

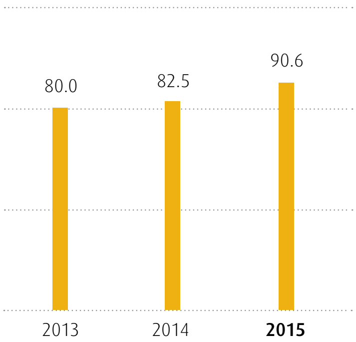
The comdirect group's assets under management recorded a rise of 11.1% to €65.50bn (end 2014: €58.94bn). The increase was due primarily to the higher portfolio volume, which at €49.46bn was up by 11.2% on the end of 2014 (€44.50bn). In comparison with the previous year, a far larger part of the increase was attributable to customers' net investments, which relate to a significant degree to the continuing saving on securities savings plans.

The deposit volume increased by 11.1% to €16.04bn (end 2014: €14.44bn). The higher volumes on current and clearing accounts contributed to this in particular.

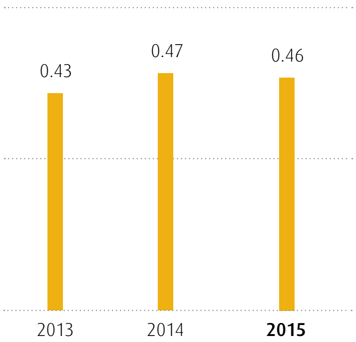
In the financial year 2015, VISA Europe and US-based VISA Inc. announced that they had reached an agreement whereby VISA Europe would be sold to VISA Inc., thereby integrating it under company law. The transaction is expected to take place in the first half of 2016 and until the time of the preparation of the financial statements remained subject to approval by the regulatory authorities.

As a member of VISA Europe, comdirect will receive an amount of up to €37.2m from the sale of its share, which comprises a cash portion and shares entitled to be converted into shares of VISA Inc. (preferred stocks). A future additional payment of the purchase price is also possible (earn-out).

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



Earnings after tax per share
(in €)



This gave rise to a write-up of €32.5m recognised directly in equity of the VISA Europe share taking into account liquidity discounts and further risks.

Earnings situation

The noticeable increase in pre-tax profit of 9.9% to €90.6m (previous year: €82.5m) exceeded original expectations and the upwardly adjusted target value of over €85m. The increase in administrative expenses of 3.3% was over-compensated for by the overproportionate rise in earnings of 5.8% to the new record level of €373.5m. The rise in net commission income more than offset the expected amount of reduction in interest income and other operating result. The cost/income ratio improved year-on-year from 76.6% to 75.0%.

Of the total income before provisions for possible loan losses, €141.8m (previous year: €150.8m), or 38.0% (previous year: 42.6%), 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.

The RoE – calculated using the pre-tax profit and the average equity in the reporting year (excluding revaluation reserves) – increased to 16.7% (previous year: 15.4%). This corresponds to a RoE after taxes of 12%.

After deducting income taxes of €25.6m – representing a tax rate of 28.2% (previous year: 19.7%) – there remains a consolidated net profit of €65.0m (previous year: €66.2m). This corresponds to earnings per share of €0.46 (previous year: €0.47).

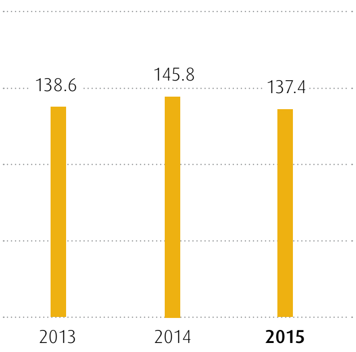
In addition to the change in the revaluation reserves due to changes in the market value of financial instruments in the “available for sale” category, the comprehensive income of the comdirect group of €90.5m (previous year: €91.0m) also includes actuarial effects from pensions.

In the year under review, the change in the revaluation reserves was influenced to a great extent by revaluation of the shares held in VISA Europe. This resulted in a positive effect of €32.1m, taking deferred taxes into account.

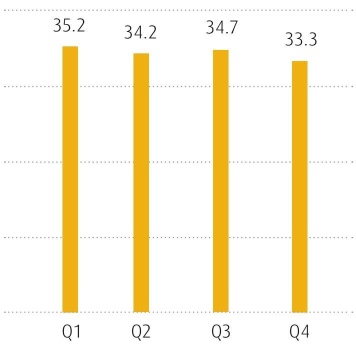
Proposal for appropriation of profit

The Board of Managing Directors and Supervisory Board will propose to the annual general meeting in Hamburg on 12 May 2016 that the distributable profit of comdirect bank AG calculated in accordance with the German Commercial Code (HGB) of €56.5m (previous year: €56.5m) be used for a dividend of €0.40 per share (previous year: €0.40). Based on the comdirect group’s consolidated net profit in accordance with IFRS, this results in a transfer to retained earnings of €8.6m, with which we take account of our growth.

Net interest income before provisions for possible loan losses (in € million)



Net interest income before provisions for possible loan losses on a quarterly comparison (in € million)



Net interest income and provisions for possible loan losses

Due to the repeated fall in short-term market interest rates, the persistently low level of capital market interest rates and the narrowing of credit spreads, the net interest income before provisions for possible loan losses has decreased by €8.4m to €137.4m (previous year: €145.8m). Since, in this market environment, during long periods of the year, securities could be replaced on maturity only by those with lower yields, net interest income also declined overall over the year.

The interest income decreased to €165.3m (previous year: €194.0m), and 81.4% (previous year: 79.3%) was attributable to income from lending and money market transactions, with 18.1% (previous year: 20.6%) attributable to fixed-income and variable yield securities (available for sale). Compared with the negative interest and spread effects, the positive volume effect from the rise in the deposit volume had no significant bearing on this. The tangible decline in earnings was partly offset by adjusting customer conditions. The interest expenses totalled €27.9m (previous year: €48.2m).

At €–2.9m, provisions for possible loan losses were above the previous year's moderate value of €–0.3m, which had however been due to the reversal of provisions for possible loan losses. The appropriations to risk provisioning were made primarily during the second half of the year and are associated with the VISA credit card. The card limits were adjusted as required due to the switch from weekly to monthly billing.

After provisions, net interest income for the comdirect group stands at €134.5m (previous year: €145.5m).

Result from financial investments

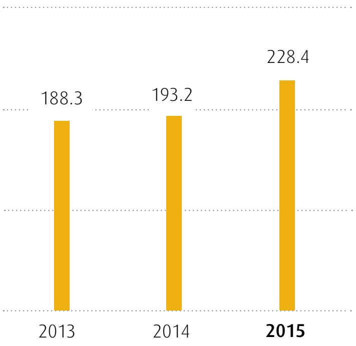
The result from financial investments amounted to €4.2m following €4.8m in the previous year. As in the previous year, it includes mainly income from the disposal of individual securities before final maturity, with which the Treasury portfolio is regularly adjusted to the changed market conditions and also managed regarding the maturity structure. Losses on disposals were again insignificant at €–0.2m. Measurement effects in the portfolio were also negligible. The impairment losses amounted to only €–0.6m (previous year: €–0.4m).

Result from hedge accounting and trading result

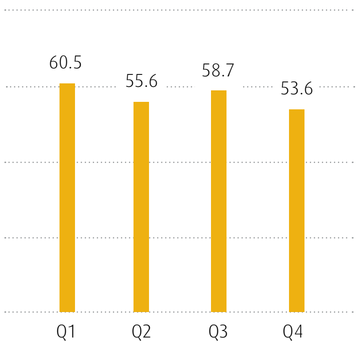
comdirect uses interest rate swaps to hedge interest rate-related changes in the market value of several bonds with the same volume and same maturity. Forward rate agreements (FRAs) are also used to a limited degree for interest book management. At the end of 2015, the derivative volume was almost completely reduced.

The result from hedge accounting was balanced in the financial year (previous year €7 thousand), and the trading result was €219 thousand (previous year: €138 thousand).

Net commission income
(in € million)



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



Net commission income

Net commission income increased 18.2% to €228.4m (previous year: €193.2m), thereby reaching the highest value in the bank's history. The marked rise is based mainly on a record value in the trade figures 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 noticeably positive price effects. The commission income from custody account fees deviated only negligibly from the previous year's value.

Payment transactions generated a noticeably increased contribution to net commission income of €12.4m (previous year: €10.9m). Caused primarily by advisory activities in the B2C business line, other net commission income contributions were also up at €13.8m (previous year: €10.0m).

Other operating result

The other operating result of €3.3m (previous year: €9.8m) primarily comprises income from the reversal of individual provisions. The high figure of the previous year is due to a non-recurring effect of €4.5m arising from the reversal of a provision for VAT obligations for several years.

Administrative expenses

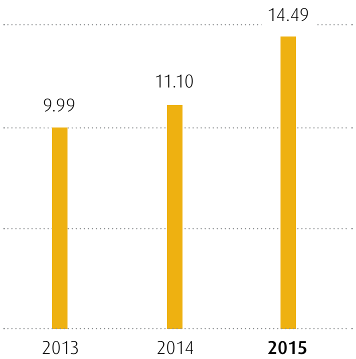
The 3.3% increase in administrative expenses to €280.0m (previous year: €271.0m) was outstripped by earnings. The rise is due partly to greater other administrative expenses and partly to likewise greater personnel expenses.

Other administrative expenses rose disproportionately by €6.6m to €180.3m (previous year: €173.7m); this reflects the success of the measures for increasing efficiency at all levels of the comdirect group. The increase is particularly due to greater processing costs as a result of the greater volume in securities business. Investment in brand recognition and perception, in particular the wide placement of the "Bank. Re-envisioned." campaign also had an impact. In addition, investments in the product and services portfolio directly reported in expenses led to a rise in sundry administrative expenses.

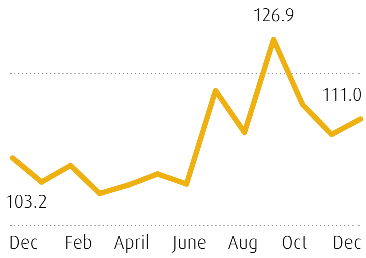
At €83.2m, personnel expenses were up by 7.1% on the previous year (€77.7m). The growing number of customers led in particular to additional recruitment in the market segments and in IT. In total, the number of employees of the comdirect group rose by 2.1% over the previous year. Furthermore, salary adjustments and provisions for performance-related compensation components had the effect of offsetting expenses due to the very strong business performance.

At €16.5m depreciations were below the previous year's value (€19.6m), which included a one-off impairment for banking software no longer used. During the reporting year, the expiry of scheduled depreciation of internally generated software reduced expenses.

Executed orders B2C
(in million)



Brokerage Index (December 2014 – December 2015)
(in points)



B2C business line

Business development in brokerage

Trading

With its new functionalities in the CFD trade, expansion of online trade on foreign stock exchanges and successfully launched cooperation in social trading, comdirect has more closely adapted its range of securities trading services to customer needs. For one year now we have been offering our custody account customers support and new ideas for investments via peer-to-peer trading. You can see which securities from other customers who follow a similar trading strategy were traded the most.

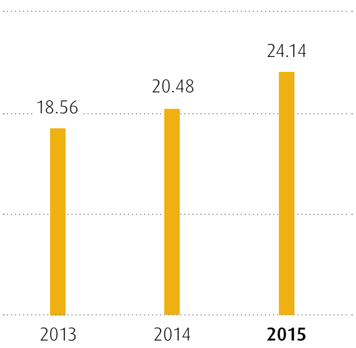
The focus of product development was on the expansion of the mobile securities trading service.

In the extraordinarily volatile stock exchange environment of the past year, comdirect customers have consistently utilised opportunities for returns and intervened very vigorously in market events. There was an above-average level of trading activities in all quarters. As the monthly calculated comdirect Brokerage Index shows, there was strong demand in particular for shares following a rather hesitant start to the year. Due also to the great attraction of ETFs, fund investors weathered practically the entire year on the buying side, while purchases and sales in certificates, bonds and warrants were roughly equal. The overall positive basic mood was not impaired by the interim sharp price correction. Instead, many investors utilised the fallen price level in the third quarter to make purchases.

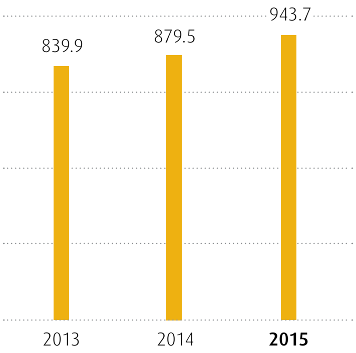
The executed orders via comdirect increased 30.5% over the previous year (11.10 million) to 14.49 million, reaching an all-time high. This extraordinarily high growth rate, which reflects the strong market volatilities, significantly outperformed the German spot and derivative markets. As in the previous year 46% of the trades were carried out via our OTC trading platform (LiveTrading). CFD trading again enjoyed above-average growth in 2015, already contributing some 27.5% (previous year: 23.2%) to the total number of trades. With more than 14,000 CFD accounts and a large number of active traders, the CFD Trader has now become one of Germany's largest providers. Through its proven partnership with the most important market maker throughout Germany – Commerzbank AG – comdirect was able in the past year, even in difficult market phases, to offer very reliable trading quality along with high liquidity and low spreads, whilst also gaining shares in a market characterised by consolidation.

In the B2C business line, securities sales (without CFDs and including securities savings plans) totalled €57.75bn (previous year: €45.84bn), equivalent to the growth over the previous year of 26%. The number of orders per custody account increased from 12.9 to 15.9.

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



Custody accounts B2C as of 31.12.
(in thousand)



Investing

In investing, comdirect further expanded its already strong market position in online investments. The strong growth in the ETF savings plan business, where comdirect had taken a leading role in Germany, was crucial in this. Furthermore, the range of services in actively managed securities funds was further developed via KomfortFonds among others, which are characterised by broad asset and risk diversification. The comdirect AnlageAssistent (InvestmentAssistant) was further developed and is now more intuitive to use. From a savings rate of just €100 monthly or a one-off deposit of €3,000, customers can use the quality-controlled investment proposals for their asset accumulation. In addition to two highly successful custody account transfer campaigns, the active marketing of the AnlageAssistent (InvestmentAssistant) also contributed to the growth. This addresses customers much more purposefully and helps them find suitable solutions faster.

Portfolio assets grew to €24.14bn over the course of the year. This increase of 17.9% on year-end 2014 (€20.48bn) was, in addition to price effects, down to net investments by customers, and totalled €2.6bn (previous year: €1.1bn). These are primarily due to the aforementioned custody account transfers and greater numbers of share purchases. Of particular note is also the strong growth in ETF savings plans, whose number has risen in comparison with the previous year by more than 52%. Furthermore, the positive development in one-off investments in ETFs and actively managed funds also had an effect. The growth was also benefited by the persistent low in interest rates that significantly increased the attractiveness of securities portfolios in comparison with overnight money and fixed-term deposits.

The number of custody accounts rose before the end of the year by 7.3% to 943.7 thousand (end 2014: 879.5 thousand), growing much more strongly than in the previous year. Among other things, the increasing movement towards securities savings contributed to this. Furthermore, many new customers set up a custody account together with their current account. At the end of 2015 comdirect managed a custody account for 47% of its banking customers.

Business development in banking

In banking, comdirect was again able to gain many new customers in 2015. Access to the range of services was further simplified. A current account can now – even via mobile device – be completely opened via video chat and concluded within just a few minutes. Furthermore, with just a few clicks new customers can use a digital account-switching service to automatically obtain the details of their payees and remitters and notify them of their new account. Regular transfers can therefore be redirected quickly without the need to check through old account statements laboriously. This makes comdirect the first, and currently only, bank in Germany that allows customers to open and switch accounts by fully digital means, 24 hours a day. An account can also be easily unblocked after several incorrect PIN entries via video chat.

Among other things, daily banking transactions are made easier by the smartPay app introduced in the third quarter, which automatically sorts billing data, transferring it into a transfer mask and making manual recording unnecessary. At the beginning of 2016 the app will be expanded with an archiving function that will offer even more options for automatic recording and archiving of bills and other documents. By the end of the year the app had been downloaded over 21 thousand times.

Another improvement was the switch in the fourth quarter from weekly to monthly billing for the free Visa credit card. In addition, the "3-Raten-Service" (three-instalment service) has been available to registered card holders since December 2015, with which transactions made of over €300 can be divided into three equal monthly partial payments. Overall, this gives customers more flexibility. All comdirect Visa cards were also switched to an enhanced version of the "Verified by Visa" security standard, which uses the convenient TAN system.

The paydirekt service has been available for online purchases since the end of the year. The online payment system allows convenient and direct payment from the current account without intermediate account or third party service provider, and meets the highest standards of data security and buyer protection.

comdirect's JuniorGiro introduced in the fourth quarter – a credit current account with prepaid card for 7 to 18-year-olds – enjoyed sound demand as soon as it was launched. The lifetime satisfaction guarantee introduced in the first quarter and the cooperation with the PAYBACK multichannel marketing platform entered into in November also stimulated new business.

Deposit business
Despite the extraordinarily difficult interest rate environment, comdirect was able to further expand its deposit business over the reporting year, supported by its numerous product initiatives.

As a result of this successful new business in current accounts, the deposit volume increased by 10.7% compared with the end of 2014 (€14.27bn) to €15.80bn.

With persistently low interest rates, net funds inflows for fixed-term deposits decreased over the year as a whole. At the same time, the deposit volume on fixed-term deposit accounts (term of 1 to 3 months) fell slightly, while the deposit volume on time deposit accounts recorded a marked fall.

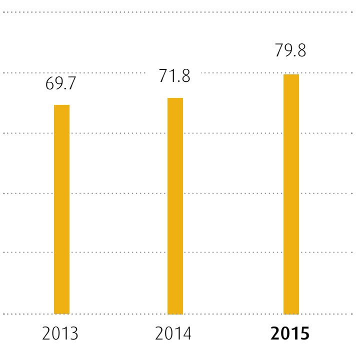
As of the 2015 reporting date, 95.3% (previous year: 94.3%) – and thus for the first time over €15bn – of liabilities to customers were attributable to deposits due on demand. The reinvestment of customer funds is adjusted in line with the economic holding period of the deposits (see page 31).

Lending business
As of the reporting date, the volume of utilisation of loans by private customers amounted to €300m, thus up by 60.4% on year-end 2014 (€187m).

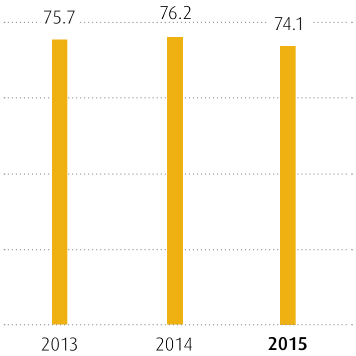
The change is essentially due to the credit volume taken out via the Visa credit card, which was substantially above the level at the end of 2014 due to adjustments during the reporting year. In addition, the volume of loans against securities increased by 25.7% due to greater utilisation. The volume of overdrafts, however, was only marginally above the level seen at year-end 2014.

During the reporting year, comdirect continued to act only as intermediary – apart from the Visa card instalment service – for building finance and consumer loans. Both offerings therefore had no impact on the bank's lending volume.

Pre-tax profit B2C
(in € million)



Cost/income ratio B2C
(in %)



Business development in advice

In combination with the trend towards alternative investment options, the continued low interest rate level led to strong demand for our Baufinanzierung PLUS building finance advice service. On average for the year, the building finance mood index exceeded the already good values of the previous year despite the continued limited availability of attractive property at acceptable prices. Nevertheless, at €673m, the volume of building finance placed was noticeably higher than the previous year's figure (€610m). An increasing share of the volume was attributable to live online advice via video link. 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 3,200 customers (end 2014: around 3,000 customers). Assets under advice totalled €328m (end 2014: €284m).

Earnings situation in the B2C business line

At €79.8m, pre-tax profit in the B2C business line was up on the previous year (€71.8m). As was also the case at comdirect group level, the rise in trades led primarily to a significant growth in earnings, outstripping a rise in administrative expenses. The cost/income ratio of the segment was 74.1% after it had been 76.2% in 2014.

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).

Net commission income climbed by 21.5% to €174.6m (previous year: €143.7m) mainly as a result of the record number of trades. Sales follow-up commission in the funds business likewise exceeded the comparable 2014 figure.

Administrative expenses increased due partly to higher processing costs in the securities business to €236.6m (previous year: €230.7m).

The other operating result amounted to €2.5m, normalising itself compared with the previous year's value of €8.6m that was influenced by an exceptional effect.

B2B business line

Business development

Product development and sales

In the 2015 financial year, ebase made further progress in digitising its customer communication and business processes. Furthermore, it expanded its cooperation with FinTechs, so that at the end of the year three partners were already linked to the B2B platform.

On top of that, ebase was able to further develop its online business processes and drive forward connection via an expanded programming interface (API). The next expansion step in the service for 2016 is in preparation. The entirely digital asset management system, fintego Managed Depot, which is marketed via an innovative sales concept, arose from the cooperation with FinanceScout 24 over the reporting year. It allows customers to select their preferred access channel themselves – via an intermediary they trust, directly or via a comparison portal.

ebase was also able to strengthen its very good position in other target segments. A partner-specific, configurable online dialogue was developed especially for the websites of asset managers and independent financial advisers that significantly simplifies the process of opening a custody account for partners and end customers. Following successful migration of CVW-Privatbank AG's custody accounts, ebase is also in talks with other banks regarding outsourcing of custody accounts administration.

The expansion of digital sales support for its cooperation partners with e-signature functionality, video legitimation and expansion of interfaces in third-party portals were among the central themes over the reporting year. Furthermore, webinars and YouTube videos were created to support the partners. The new, re-designed and more user-friendly ebase "mobile viewer" app was met with a high level of acceptance. Looking at the ebase product portfolio, in particular savings plan-capable products were in great demand over the reporting year, such as the ebase mini-savings plan, the VL custody account and ETF savings plans. The range of standardised asset management products also proved popular. At the end of the year, over twenty cooperation partners were already using ebase's Managed Depot custody account solutions.

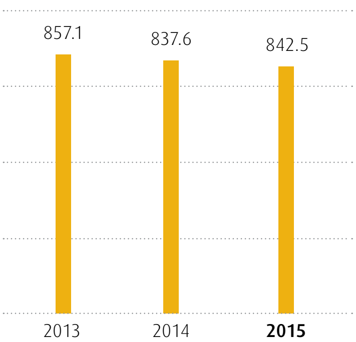
Customers, custody accounts and portfolio volume

At 988.2 thousand, the number of ebase customers remained roughly stable in the 2015 financial year (previous year: 982.9 thousand). As a result of successful new business, the trend still declining at the beginning of the year completely recovered over the remainder of the year. As was the case in earlier years, the effects in the first quarter are due to account closures concerning custody accounts for capital-building payments (VL) following expiry of corresponding VL contracts, and custody accounts without any holdings. There was also an expected slight fall in portfolio holdings taken over via migration, which are thus subject to a natural downturn.

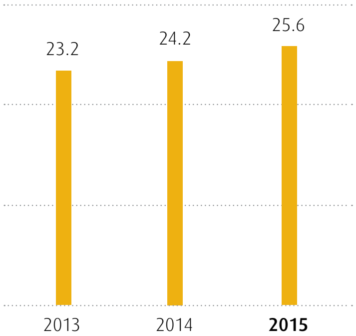
At the end of 2015, ebase maintained 842.5 thousand custody accounts (previous year: 837.6 thousand custody accounts). The custody account assets managed by ebase increased to €25.32bn (previous year: €24.02bn), mainly as a result of price effects. The average portfolio volume climbed by 4.9% to €30.1 thousand (previous year: €28.7 thousand).

ebase enjoyed significantly higher demand for ETFs, mainly in conjunction with VL savings plans, in which form ebase is the only provider in Germany. More than one third of all new VL savings plans are now concluded with an ETF.

Custody accounts B2B as of 31.12.
(in thousand)



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



The funds volume attributable to custody accounts for company pensions (bAV) climbed by 5.4% to €1.76bn (end 2014: €1.67bn) over the course of the year.

At the end of the year, around 90% of the custody account and account products were offered in a partner-specific configuration; the slight increase to the previous year was due to new partner-specific Managed Depot solutions.

Accounts and deposit volume

At €236m, the deposit volume was significantly higher than at the end of 2014 (€169m). Most of the deposit volume was attributable to the settlement accounts linked with the custody account (Flex account). These accounts are 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

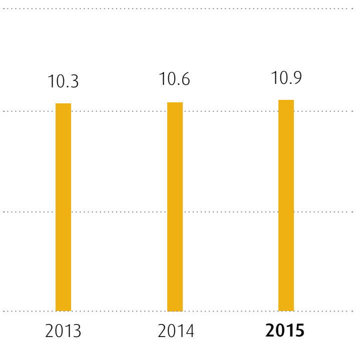
At €10.9m, pre-tax profit in the B2B business line was up on the previous year (€10.6m). Therein included is a non-recurring effect in the amount of €1.1m arising from a reorganisation in Customer Services. Earnings rose perceptibly to €54.5m (previous year: €51.1m), while administrative expenses increased to €43.6m (previous year: €40.4m). The cost/income ratio was thus 80.0% (previous year: 79.2%).

Net commission income climbed by 8.8% to €53.9m (previous year: €49.5m). Higher current sales follow-up commission was earned due to the increased portfolio volume. Original net interest income from investments decreased to €362 thousand (previous year: €469 thousand). Net interest income after provisions for possible loan losses was negative overall at €–329 thousand (previous year: €–303 thousand) as a result of the interest effects of pension provisions, which were included in interest expenses.

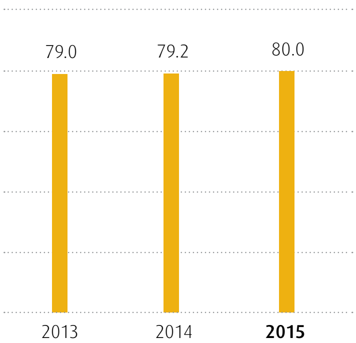
The rise in administrative expenses is mainly attributable to greater other administrative expenses and personnel expenses. Included in the personnel expenses is the aforementioned non-recurring effect. Regulatory issues also proved another factor in increasing costs here. In addition, there was higher depreciation on investments in new products in the previous years.

The other operating result of €0.9m (previous year: €1.3m) mainly comprises income from the reversal of unused provisions and accruals as well as special income from services for tailed partners.

Pre-tax profit B2B
(in € million)



Cost/income ratio B2B
(in %)



Financial situation and assets of the comdirect group

Main features of financial management and Treasury

The fundamentals of financial management changed only negligibly in the reporting year. The comdirect Treasury continues to focus on first class counterparties in the reinvestment of customer deposits in the money and capital market, being mindful of wide-ranging matched maturities regarding the economic holding period of the deposits.

In this context, 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 44 and 46).

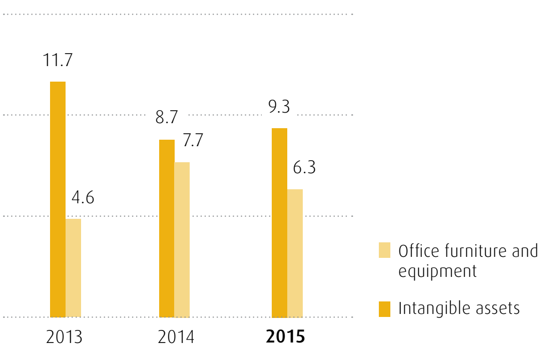
During the reporting period, the vast majority of investments were again made with Commerzbank AG and selected other companies of the Commerzbank Group. The securities of these companies are comprehensively collateralised via a general assignment agreement and two pledged accounts (see note (50), page 104).

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 the 2015 balance sheet date, the nominal volume of these derivatives was almost completely reduced.

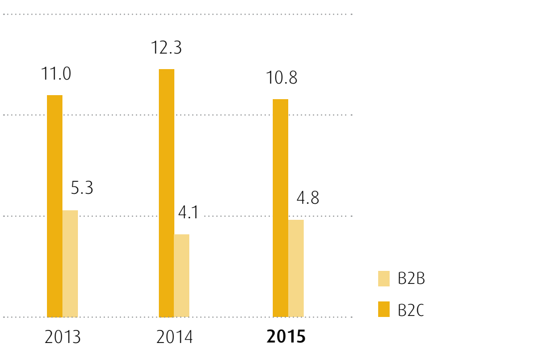
Investments

Most of comdirect's growth initiatives are recognised in income immediately. In light of this, the bank's investment and depreciation volume was still relatively small for its size in the reporting year. The balance sheet additions reduced to €15.6m (previous year: €16.5m). In the B2C business line, investments in the amount of €10.8m (previous year: €12.3m) related predominantly to acquired software, and office furniture and equipment. The most important projects here were the development of the mobile trading offering, the further development of the comdirect AnlageAssistent (InvestmentAssistant) and the ongoing revision of the website. The investment volume in the B2B business line amounted to €4.8m (previous year: €4.1m) and was primarily attributable to internally generated software.

Investments
(in € million)



Investments by business lines
(in € million)



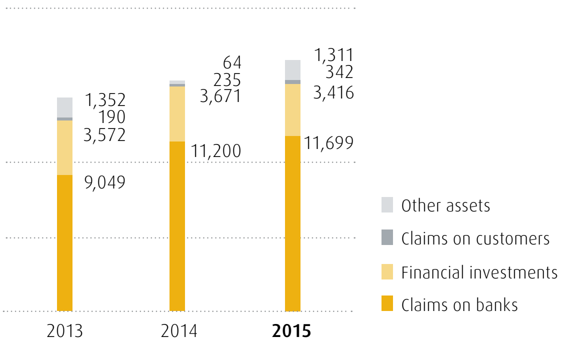
Intangible assets accounted for €9.3m of the investment volume (previous year: €8.7m). €3.4m was invested in acquiring and implementing software (previous year: €4.5m), while €5.9m was attributable to the capitalisation of internally generated software (previous year: €4.3m). Taking account of the amortisation of intangible assets, a net investment volume arises of €–1.7m (previous year: €–5.6m).

Fixed asset investments of €6.3m (previous year: €7.7m) result from, among other items, the modernisation and expansion of office furniture and equipment, and server and other network components. Net investments in tangible assets amounted to €0.8m. As of the 2015 balance sheet date, there are no material subsequent financial obligations under current investment projects for future financial years.

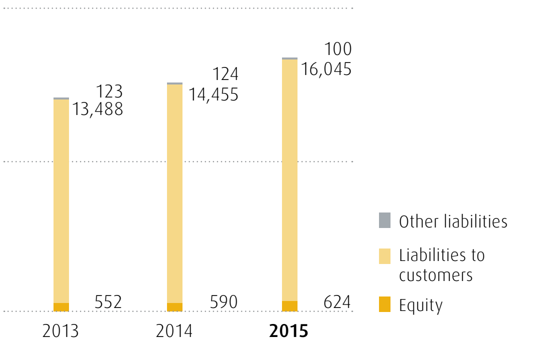
Balance sheet structure of the comdirect group

The comdirect group's balance sheet total had increased by €1.60bn to €16.77bn as of the end of 2015 as a result of the higher deposit volume compared with the end of 2014 (€15.17bn).

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



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



Assets

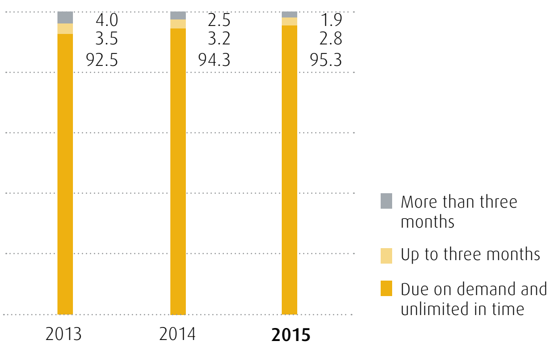
At €11.70bn, claims on banks, which essentially relate to promissory notes and fixed-term deposits, were up by €4.5% on the end of 2014 (€11.20bn).

At €3.42bn, the volume of financial investments was lower than at the end of 2014 (€3.67bn). This balance-sheet item essentially encompasses bonds and Pfandbriefe, whose volume was reduced in total.

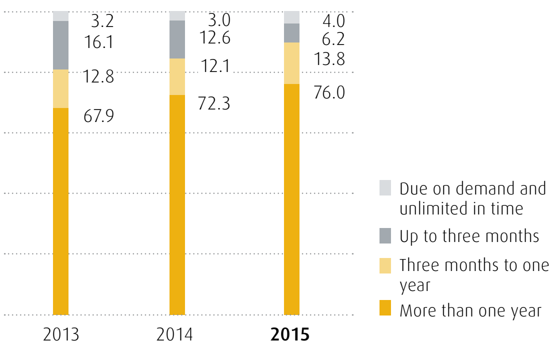
The investments in VISA Europe are shown under the "assets classified as held for sale" item, which was reclassified from the "financial investments" item as of the reporting date.

Claims on customers rose to €341.8m (end 2014: €235.4m). The decline in claims on institutional partners in the B2B business line was then overcompensated for by the substantial rise in credit volumes in the B2C business line, due primarily to the adjustments to the Visa card mentioned.

Structure of customer deposits
(by residual maturities in %)



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



The cash reserve rose very significantly to €1,228.2m, compared with €6.0m at the end of 2014. Almost all of this amount relates to the minimum reserve balances at the Deutsche Bundesbank. The average minimum reserve requirement of the comdirect group stood at €153.7m as of the 2015 reporting date (end 2014: €136.6m).

Current income tax assets of €1.3m (previous year: €6.9m) were partially attributable to corporate tax credit balances from previous years. Deferred taxes resulted in a claim of €1.8m (previous year: obligations of €1.9m).

Financing

Around 96% of the financing side of the balance sheet comprises the deposits of private customers. Liabilities to customers increased to €16.04bn (end 2014: €14.46bn). The share of deposits due on demand and unlimited in time rose again slightly to 95.3%, while fixed-term deposits, particularly with residual maturities of over five years, showed a marked decrease (see note (49) on page 103).

Liabilities to banks, which mainly reflect the balances of the current clearing accounts at Commerzbank, amounted to €6.4m (end 2014: €15.9m).

The derivatives portfolio used as hedging was almost completely reduced as of the balance sheet date (market value end 2014: €–0.6m).

Provisions stood at €46.3m and were therefore lower than the respective figure at the end of the previous year (€50.2m). Therein, actuarial effects had an effect on provisions for pensions, which amounted to only €24.8m (end 2014: €31.2m) as of the 2015 reporting date. Pension obligations with a net present value of €33.7m (previous year: €36.3m) were countered by increased plan assets, up on the previous year with a market value of €8.9m (previous year: €5.1m), administered by Commerzbank Pension-Trust e.V. (see note (44) starting on page 97). The fall in the net present value is particularly due to the development of market interest rates.

Other liabilities amounting to €43.9m (end 2014: €54.3m) primarily comprise trade liabilities and our customers' final withholding tax to be paid.

Equity amounted to €624.2m (end 2014: €590.2m). The revaluation reserves included in this figure increased to €75.8m in total compared with the end of 2014 (€53.3m). The increase resulted from €32.1m arising from the revaluation of the shares held in VISA Europe. This was in contrast to a decrease of €9.6m due to the disposal of financial investments during the reporting year, reduced residual maturities and the changes in market interest rates and spreads.

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. 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. Due to the significant appropriations made to the minimum reserve on the reporting date, cash flow amounted to €1,294.3m in the reporting period (previous year: €–1,219.5m).

The cash flow from investment activities of €–15.6m (previous year: €–16.5m) is explained in detail in the Investments section. The dividend distribution in the second quarter led to a cash flow from financing activities of €–56.5m (previous year: €–50.8m).

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 currently 20% of the main liable equity. As of the 2015 reporting date, protection for comdirect and ebase customers amounts to €78.8m and €5.0m respectively per customer. In addition, customer deposits are legally insured under the German banks' compensation fund (EdB) with €100,000.00 per depositor covered.

Non-financial performance indicators

Relationships with customers

The concrete design of customer relationships is crucial for the positioning of a forward-thinking, accessible and intuitive bank. In every contact, comdirect aims to be perceived across all access channels as friendly, pleasantly discreet and supportive. To do this, comdirect is investing both in its brand image and its service quality.

comdirect measures the quality of its customer relationships by means of regular customer surveys in Customer Services and independent customer satisfaction analyses. As the key management parameter in the B2C business line for customer satisfaction, customer loyalty and customer willingness to recommend us (see Management section), the Net Promotor Score (NPS) met the previous year's high level (51) at 52.

Further improvement and simplification of the customer approach contributed as much in this regard as did progress in the digitalisation of processes. Core issues such as account opening or account switching can therefore be completed even more conveniently and rapidly, immediately creating apparent added-value for customers. The new video and chat formats have already been intensively used and have received an extremely positive customer response. Customer Services is able to respond to customer needs and offers active support even more rapidly by means of the further expansion of our video telephony and new chat functions, which we can use to start the customer dialogue ourselves online.

comdirect also relies heavily on direct dialogue with customers in product development. Customers can actively give feedback on new ideas and initiatives used for product design, in some cases even before broad market launch, via the "comdirect insider" online community initiated in May 2015.

comdirect strengthened its close contact with the brokerage community in the previous year partly by taking part in trade fairs and events. We attended the stock exchange open days in Dresden and Munich as well as the Deutsche Anlegermesse (German Investors' Conference) in Frankfurt. In November 2015 we were also awarded the prize for best financial blogger in Germany for the fifth time in a row as part of a financial BarCamp. This public, interactive conference was organised for the first time by comdirect in the reporting year. Furthermore, to boost the image of stocks and shares in Germany with a special focus on securities savings plans, comdirect is supporting the "Aktion pro Aktie" campaign, which is a joint initiative of leading German direct banks. The campaign aims to contribute to dispelling prejudice and establishing greater awareness of stocks and shares by means of studies, education opportunities, events, joint public relations and the "Tag der Aktie" (Shares Day), which was held for the first time on 16 March 2015.

Customers were addressed largely via the tried and tested advertising channels, TV and online (including search machine optimisation). comdirect is also making intensive use of both social media channels Facebook and Twitter. We aim to activate additional channels in 2016 by focusing on further target groups.

The active marketing and further development of our brand profile had an extremely positive effect on comdirect's brand perception in 2015. The "Bank. Re-envisioned." campaign launched in December 2014 contributed not only to greater brand recognition with high recall scores and positive associations, but also to greater awareness of us as a modern, innovative and friendly direct bank. Among online users, unaided brand awareness stood at 16% (previous year: 13%).

In addition, comdirect's very good result in performance comparisons contributed to its positive brand profile. In March, the TV channel n-tv and the financial advisers FMH-Finanzberatung awarded comdirect the accolade of "Best Current Account 2015". The bank also came top for the third consecutive time as the Brokerwahl.de website's Online Broker of the Year. In June, the comdirect current account was awarded the "Zins-Award" by financial advisers FMH and the Deutsche Institut für Service-Qualität (German Institute for Service Quality, DISQ). comdirect was also awarded the seal of "2015 Customer Favourite" in gold in the Banks category as part of a study by Focus Money and the market research institute ServiceValue. The criteria evaluated included social media posts by consumers regarding price, service, quality and image. The 2015 Retail Business Innovation Awards were awarded by an expert jury during EURO FINANCE WEEK. comdirect was awarded first place in the "Online investment plan" category with the comdirect AnlageAssistent (InvestmentAssistant). Focus was on user friendliness and customer orientation relating to enquiry and proposal results. The DISQ awarded the innovation prize in the "Banks" category to comdirect for its VideoIdent system and its video support for mobile devices. At the ETP Awards presented by EXtra-Magazin and the Stuttgart stock exchange, comdirect was selected ETF direct bank of the year by private investors and an expert jury.

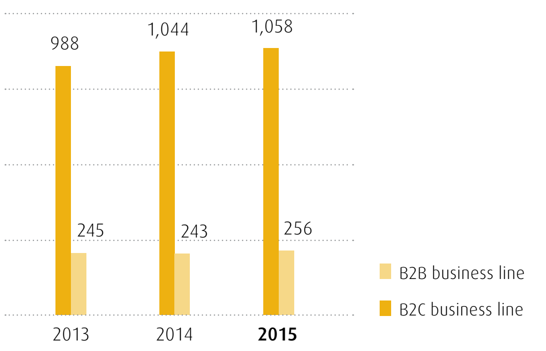
Personnel

The comdirect group's personnel management has supported the strategic development of the bank with targeted measures in personnel marketing and selection, competence and talent management, and manager and team development.

Development in the number of employees

The number of members of staff in the comdirect group has only barely changed over the reporting year, despite further customer growth. At the end of the year, the number stood at 1,314 (previous year: 1,287). 1,058 employees were employed in the B2C business line (end 2014: 1,044), and 256 employees were employed in the B2B business line (end 2014: 243). Due to the numerous development projects, most of the appointments have been in trading, investing and banking as well as IT, although contracts of external employees have also been converted to permanent positions. This was in contrast to personnel reductions in the advisory fields, carried out in the context of the focus on digital advisory services, which also meant the discontinuation of office-based building finance advise.

Number of employees of comdirect group as of 31.12.



Personnel marketing and selection

The investment in the comdirect and ebase brands again had a positive effect on the perception of the employer brand in the reporting year. All advertised posts were quickly filled with qualified applicants.

In order to make direct contact with qualified new talent on the ground, comdirect was again represented at several employment and career trade fairs. In addition, the bank again had several events on the schedule. Together with other companies listed on the Prime Standard, comdirect also regularly participated in Twitter's #jobtrail careers event.

Active employer branding also focused on strengthened online presence and the use of social media channels, particularly Facebook's career page and the XING platform, where among other things the new "Bank. Neu denken" (Bank. Re-envisioned.) company blog has been integrated into the news stream. New recruiting films were produced for the service that better address applicants more specifically and authentically, enabling them to generate enthusiasm for comdirect. As part of its participation in the Fair Company Initiative, the bank was again distinguished as a fair employer by karriere.de, the shared digital portal of Handelsblatt and Wirtschaftswoche.

Over the reporting year, recruiting focused in particular on expanding the active approach to applicants and optimising the application process. In light of this, we were able to substantially reduce the time posts were left vacant and significantly improve applicant experience. The job advertisements adapted to the content of the brand campaign and comdirect's media presence as employer was positively accepted by applicants.

Competence and talent management

The commitment, expertise and creativeness of our employees remain core to our added value, which is why we are strongly committed to training and education, and adapt the formats continuously to meet changing market conditions and customer requirements.

On 1 August 2015, five 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 28 trainees at the year-end (previous year: 31). The trainee programme was revised during the reporting year and tailored to the requirements of the market areas. At the same time, a new programme for supporting direct entrants was set up, through which comdirect offers two equally attractive entry options for young professionals.

For the further development of particularly talented and high-calibre employees, we offer among other things the Professional Programme, in which 14 employees had taken part as of the end of the year. The core of this programme is the project work, which encourages the participant's entrepreneurial, specialist and personal development through professional mentoring.

New challenges are arising from the progressing digitisation of the products and services and ever more active customer management. To equip employees for these challenges properly, we support them with tailored training and formats. These are aligned to changed products and processes such as the complete digital account opening in customer services. The Chamber of Industry and Commerce (IHK) certification was obtained by a total of 27 employees, who passed the "Customer Services – Financial Services (IHK)" exam in the reporting year.

Executive and team development
comdirect promotes development of its managers with training specially designed for this target group, complemented by additional training for female managers.

As was the case in previous years, the employee survey carried out in the 2015 financial year was met with a high degree of acceptance with a participation rate of 82% among the workforce. The results show a significant improvement in the employee commitment index compared with the previous year; the value achieved is also above the average the Gesellschaft für Konsumforschung (GfK) has calculated for the group of financial service providers. The management went through results of the survey intensively, deriving various measures from them for example towards promoting innovation culture and internal networking.

A particular concern of comdirect in the reporting year was to provide targeted support to women in management positions. In accordance with the new legal regulations, the Board of Managing Directors set targets in this regard on 29 September 2015, which must be achieved by 30 June 2017 at the latest. They stipulate that at least 25% of the leadership roles at the first management level and at least 20% at the second management level be filled by women. As of the end of 2015, the quota for women was 23.5% at the first and second levels below the Board of Managing Directors.

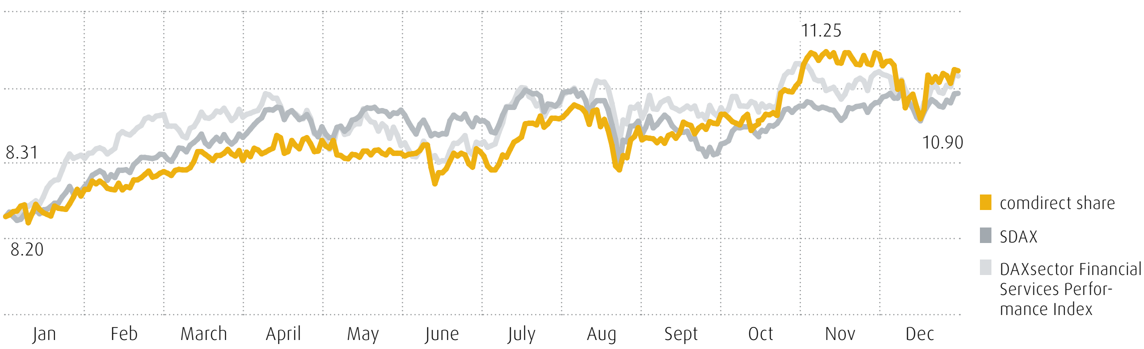
Capital market relations

Share price performance, trading volume, shareholder structure
comdirect shares closed 2015 with a significant price rise of 31.2% to €10.90. On 9 November 2015, the shares reached their highest level in more than eight years at €11.25. The shares' positive performance was interrupted only briefly in June and August.

Following the annual general meeting on 7 May 2015, comdirect paid a dividend of €0.40 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 €56.5m. 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 35.96% compared with 4.5% in the previous year. Over the same period, the SDAX and the DAXsector Financial Services Performance Index achieved returns of 26.6% and 30.1% respectively.

As of 31 December 2015, 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 2015 produces a market capitalisation of €1,539.3m, of which €288.3m was attributable to free float. On average, around 70.7 thousand units were traded a day (previous year: 53.1 thousand). Of this trading volume, 54.7% was traded on XETRA, 15.0% on Tradegate, 4.6% on the Frankfurt stock exchange and 9.1% on other exchanges. 16.6% was traded OTC.

comdirect share price performance 30.12.2014 to 30.12.2015
(in €)



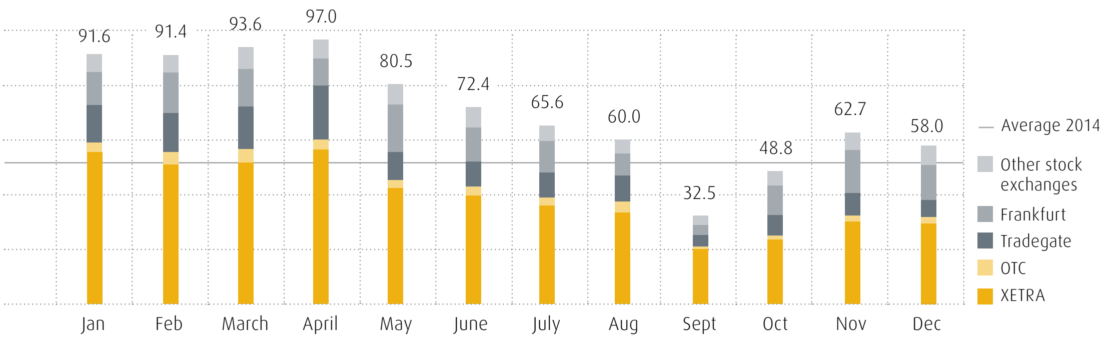
Source: Bloomberg; Indices normalised to the comdirect share price as of year-end 2014

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 2015		
Average daily turnover in units	XETRA	38,704
	Frankfurt	3,247
	Tradegate	10,572
	Other stock exchanges	6,432
	OTC	11,749
		70,703
Opening quotation XETRA (2.1.2015)	€8.31	
Highest price XETRA (9.11.2015)[2)]	€11.25	
Lowest price XETRA (9.1.2015)[2)]	€8.20	
Closing quotation XETRA (30.12.2015)	€10.90	
Market capitalisation (30.12.2015)	€1,539.3m	

1) Indirectly
2) Daily closing quotation

comdirect share – average turnover 2015
(in 1,000 units)



Source: Bloomberg

Investor Relations

Once again in 2015, 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 and investor visits in London, Zurich and Copenhagen, as well as in Munich and Frankfurt/Main. comdirect also took part in the Kepler Cheuvreux German Corporate Conference and the Deutsche Eigenkapitalforum in Frankfurt/Main, as well as the Bankhaus Lampe Capital Market Conference in London. The analysts' conference in Frankfurt/Main on 27 January 2015 was broadcast live. A recording can be seen on our website.

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

Key figures of comdirect share – five year overview

		2015	2014	2013	2012	2011
Earnings per share	in €	0.46	0.47	0.43	0.53	0.79
Dividend per share	in €	0.40 [1]	0.40	0.36	0.44	0.56
Opening quotation	in €	8.31	8.49	7.89	7.46	7.30
Highest price[2]	in €	11.25	8.87	8.67	8.86	8.65
Lowest price[2]	in €	8.20	7.57	7.07	6.81	6.38
Closing quotation	in €	10.90	8.31	8.30	7.89	7.48
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	1,539.3	1,173.7	1,172.3	1,114.2	1,056.2
Performance[3]	in %	31.2	0.12	5.2	5.5	3.9
Total shareholder return[4]	in %	36.0	4.5	10.8	13.0	9.7
Dividend yield[5]	in %	3.3	4.8	4.3	5.6	7.5
Price/earnings ratio[6]		23.7	17.7	19.3	14.9	9.5
XETRA trading volume[7]		38,704	28,539	37,793	34,473	63,926
Frankfurt trading volume[7]		3,247	2,900	4,042	3,677	5,493

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 occured since the 2015 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

In the opinion of the Commerzbank economists, the global economy is likely to again gain momentum and increase slightly more than in the previous year at 3.3%, due to slight growth recovery in the industrial nations. However, no sustainable upswing is expected in the eurozone for 2016 either; the economic growth here is likely to be only slightly above the previous year's level, although Germany is slightly above the European average with a forecast growth rate of 1.5%. Above all the falling demand from China and other emerging economies is expected to negatively impact the economy.

Interest rate policy in the US and the eurozone has diverged since 16 December. While the Federal Reserve has raised its base rate to a range of between 0.25% 0.5% due to the stable labour market data and robust economy, thus introducing the long expected moderate cycle of interest rate rises, the ECB is retaining its low interest rate policy. According to Commerzbank's estimations, it will not raise the base rate in the current year either and will continue with its expansive bond purchase programme extended until March 2017. The three-month Euribor – crucial for comdirect – is likely to remain at an extremely low level. This will also lead to negative effects for comdirect in the subsequent years. The forced government bonds purchases by the ECB also mean there is initially no significant change in view on the European bond market. The yield curve has become steeper after the Federal Reserve's interest rate increase, which continues to make conditions difficult for the Treasury.

Commerzbank expects that European, and in particular German shares, should also benefit from the ECB's zero-interest policy in 2016. Due to the unattractive interest rates on deposits, shares and funds are possibly being used even more for investment. As a consequence of the difference in interest rate policy between the Federal Reserve and the ECB, the euro is likely to devalue again following its brief phase of recovery in 2015; this will further support German export industry's competitiveness and could give the equity markets fundamental buoyancy. On the other hand, shares could begin to fall in value at any time due to the levels already achieved and the economic and political risk factors, meaning that the markets are likely to remain prone to fluctuations.

Expected business performance and earnings situation

With the 2020 strategy adopted at the end of the year (see pages 11–12), comdirect puts securities-based saving and investment at the heart of its strategy.

In the B2C business line, the aim of the initiatives is to expand the volume transacted in brokerage and to increase the number of custody accounts as well as the volume of the assets held in custody included in them. To this end, comdirect is developing new products and access channels which open up trading and investing in securities to a wider target group. The aim of this is to increase the number of custody accounts in the 2016 financial year – initially moderate – against the anticipated market trend.

In the B2B business line, ebase is pressing ahead with digitalising its value chain according to the partner-specific requirements. Its position as a leading B2B service provider in asset management will be solidified through its presence as a digital financial service provider for the business processes of partners and customers.

We do not anticipate any notable impacts from the 2020 strategy on the earnings of the comdirect group for the 2016 financial year. This will continue to be largely supported by the existing robust business model and the broad customer base.

Nevertheless, assets under management are expected to markedly increase in the 2016 financial year. A major part of this increase will result from net fund inflows, which are not quite expected to reach the value of €4.2bn attained in 2015, however. In line with expectations, net fund inflows will mainly be attributable to the portfolio volume.

Deposit volume is likely to increase slightly compared with the end of 2015. However, despite the positive volume effect, net interest income is expected to end up noticeably below the 2015 level due to the persistent low interest rate environment.

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, we are confident that we will outperform the general market development again in 2016. The existing broad customer base, 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 should all make this possible. As long as the equities markets continue to be positively influenced by the ECB's persistent policy of low interest rates and in particular if market volatility remains as high as in the last two years, the trading activity of our customers can once again reach the very positive figure of the reporting year. On the basis of virtually consistent order figures and rising sales follow-up commission from the funds business as a result of higher average index values, we anticipate a net commission income similar to that of the reporting year.

We will continue the high level of investment in our business model in 2016. We will slightly reduce expenditure for new customer acquisition and strengthening the brand and instead press ahead with the further development of the portfolio of products and services for the 2020 strategy. The initiatives should continue to have a positive impact on customer satisfaction. We therefore expect the net promoter score (NPS) to remain at a very high level.

At the present stage, we expect administrative expenses to be at the same level as in the reporting year. On the one hand, regulatory costs will increase further, while on the other hand, efficiency programmes will help us to utilise expenditure in a more targeted manner and thereby counteract an increase in administrative expenses. In this respect, as in previous years, we will closely monitor market and earnings development and additionally cap the rise in administrative expenses if necessary.

In 2016, other income, resulting from the other operating result and the result from financial investments, will substantially exceed the corresponding figure for 2015 due to the one-off income from the sale of VISA Europe to VISA Inc. USA. As a member of VISA Europe, comdirect will receive an expected amount of more than €30m from the transaction, which will be recognised as income.

In particular as a result of this exceptional effect in the B2C business line, the pre-tax profit of the comdirect group is likely to greatly exceed that of 2015. It also means that return on equity will markedly increase. For the B2B business line, we expect pre-tax profit contribution 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 2015.

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 utilisation 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 ensure 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 willing to take on risk in order to take advantage of 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 unexpected developments. Our methods by 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.

Risk management at comdirect is located in the Risk Management & Compliance division. The Risk Controlling department is responsible for risk controlling at the operational level. It monitors, aggregates and evaluates risks for the bank as a whole. In addition, the department implements the corresponding regulatory requirements and monitors compliance with them.

The task of risk management is to identify, measure, assess and manage as well as monitor and communicate all risks in the respective risk categories. It has the necessary powers to execute these tasks. 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. As part of a risk inventory we obtain a regular overview of the material risks and examine whether and to what extent these risks may 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 across all risk types is also analysed.

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 global bank 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 conjunction with article 7 CRR. As a subsidiary of the Commerzbank Group, it is exempt from applying the regulations of sections 2–5, 7 and 8 CRR (complying with and reporting own funds/equity resources, major loans of more than 10% of the liable capital, the leverage ratio and compliance with disclosure requirements).

In the context 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).

- 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.

- The provisions for reporting on large exposures are implemented for the Commerzbank Group as a whole by the parent company, Commerzbank AG.

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

The liquidity coverage requirements, i.e. the calculation of the key figures LCR and NSFR, are substantiated in section 6 of the CRR. In addition to these, comprehensive parameters in the form of monitoring metrics must be determined. At comdirect, the key figures are calculated monthly for internal control purposes and additionally included in Commerzbank Group reporting. At individual institution level, a waiver exempts comdirect from complying with and reporting the LCR. The NSFR continues to be reported at individual institution level in accordance with the regulatory requirements.

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 is managed on a qualitative basis.

The *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, fund 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 (OpRisk) 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 both for each individual type of risk as well as those covering all types 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 and takes the current legal and regulatory requirements and accounting standards into consideration. In the chosen liquidation approach, the underlying economic valuations of the respective items are realisable figures, which means that the objective of protecting comdirect's prior ranking creditors is achieved.

Parallel to the gone concern approach, comdirect also 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 conjunction 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 2015

At the end of 2015, comdirect's overall risk position stood at €165.7m (end 2014: €155.5m) with a confidence level of 99.91% and a holding period of one year. The slight increase in the economic capital required at the end of the financial year is a result of higher credit and business risks.

Breakdown of economic capital required 2015 (in € million)

	As of 31.12.2015
Market risk	35.13
Credit risk	102.47
Operational risk	15.38
Business risk	1.24
Model risk	11.51
Economic capital required	**165.73**

The limit utilisation level was non-critical with respect to the aggregate risk throughout the whole of the year and rose slightly in the second half of the year. At the end of 2015, the utilisation level of the overall limit was 38.1% (end 2014: 35.7%). Even under stress conditions, the economic risk-bearing capacity was assured throughout the year; with an overall risk of €280.5m under stress, the utilisation level of the economic capital was 64.5%.

The economic capital required for market risks amounted to €35.1m at the end of 2015 (end 2014: €27.1m) and was thus above the previous year's figure. The slight increase in market risk in the course of the year is due to the slightly higher level of volatility on the money and capital market. The overall risk of the comdirect group included credit risks with a total CVaR of €102.5m (end 2014: €94.8m).

For operational risks, the economic capital required remained relatively constant throughout 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 2015, it amounted to €15.4m (previous year: €16.9m).

As of the balance sheet date, the risk-weighted assets calculated in accordance with the requirements of the Capital Requirements Regulation (CRR) totalled €950.8m.

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 €433.5m; see Note (48) starting on page 102) to total assets (non-risk weighted) plus off-balance sheet items. The leverage ratio applies at the moment as a monitoring indicator, and a decision finalising the details of the ratio is set to be made in 2017 on the basis of the data available up to that point. As a result of the existing waiver regulation for solvency purposes (see page 40), 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 share price and fund price risks in the special funds held by comdirect.

The method is described in detail in Note (51) starting on page 105.

Current risk situation

As of 31 December 2015, the VaR for market risk was €1.8m (end 2014: €1.4m) and fluctuated in the course of the year between €1.3m and €1.8m. At €87.7m, the overall stress value was below 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 2015	Median 2014
Total VaR 97.5% 1 day holding period*	1,417	1,750	1,755	1,251	1,532	1,488
Stress test – overall result	108,046	87,697	109,918	87,697	97,986	109,481

* Model see Note (51) from page 105.

As in the previous year, most of the market risk was attributable to credit spread risks (specific market risk). With regard to general market risk, the equity price risk was the most important, in contrast with the previous year. Its increase resulted both from the rise in market volatility as well as from the slight expansion of the equity exposure in the special funds. However, the proportion of general market risk attributable to interest rate risk has decreased. Given the low level of exposure, fund 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 Credit Risk Management department is responsible for the back office tasks for retail lending, while risk controlling is anchored in the department of the same name. 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 on the basis 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 (51) starting on page 105.

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

- the level of utilisation,
- 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.

Cancelled 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 2015, the total CVaR for credit risks amounted to €102.5m (previous year: €94.8m). 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, 100% of the portfolio remained within the investment grade range.

At the end of 2015, 12.9% (previous year 10.8%) of the banking book portfolio was invested short term in the money market. The relative share of capital market investments decreased accordingly, with the investment focus on promissory notes as in the previous year. Of the capital market investments, €0.53bn (previous year: €0.52bn) was attributable to the five special funds, which were invested almost exclusively in fixed-income securities (see Note (65) on page 125).

As in the previous year, more than 90.0% of the portfolio was ascribed to German counterparties, with the rest primarily accounted for by other European countries with a focus on Northern Europe.

In comdirect's retail lending business, the average total utilisation of loans against securities was above the previous year (€120.3m) at €137.5m. At €2.47bn, the credit facility for loans against securities remained virtually unchanged on the level at the end of 2014 (€2.46bn). 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 in the course of the year from €829.7m to €899.3m. Equities accounted for nearly three quarters of the collateral portfolio. 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 15.8% (previous year: 14.6%); as of year-end the volume of loans against securities amounted to €155.1m (previous year: €124.0m). The overdraft volume was marginal and stood at 0.8% (€1.2m) of the volume of loans against securities.

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 in the course of the year between €38.3m and €51.2m and stood at €46.6m as of 31 December 2015; this equated to 5.8% of the overdraft facilities of €801.5m made available (end 2014: €735.9m). At 6.7%, the share of overdrafts relative to the number of current accounts with an overdraft facility in financial year 2015 was virtually unchanged on the previous year.

We effected a switch from weekly to monthly billing for the Visa card in the reporting year. The credit volume utilised in the Visa card portfolio at the end of the year amounted to €94.9m, corresponding to 6.4% of the total limit granted of €1,484.1m.

At the end of 2015, the total receivables in retail lending amounted to €302.7m and were therefore significantly higher than in the previous year (€188.9m). Portfolio loan loss provisions and provisions for possible loan losses amounted to €8.4m as of the reporting date (end of 2014: €6.5m). Allocations stood at €5.6m, while reversals amounted to €3.3m and utilisation was €0.3m. The appropriations to risk provisioning – which are higher than in the previous year – are due not only to the increased total receivables, but also to the increase in the credit card limits. In the course of changing the credit card from weekly to monthly billing, limits granted depending on the risk level of the commitment were adjusted as required.

As in the previous year, specific loan loss provisions were not needed in the significant lending business.

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 liquidity progress review, which is implemented throughout the Commerzbank Group, as well as by carrying out regular stress tests or a comdirect-specific contingency plan.

In order to cover a possible liquidity outflow driven 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 regulatory requirements and internal management indicators. In addition to the required regulatory indicators, the liquidity risk is also managed using a limit system based on the progress review. 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 liquidity progress review is calculated and monitored for defined stress scenarios.

In addition to the regulatory report pursuant to the Liquidity Regulation, the liquidity indicators are determined and monitored on a monthly basis according to the Capital Requirements Regulation (CRR). A waiver exempts comdirect from complying with and reporting the liquidity coverage ratio (LCR). The banks must comply with the net stable funding ratio (NSFR) as of 2018. This ratio is already monitored as an observation indicator and reported at individual institution level.

Current risk situation

comdirect's liquidity situation was again comfortable in the reporting year and characterised by surplus liquidity even in the stress scenario. The accumulated net liquidity positions consistently exceeded the defined minimum values. In the stress scenario, the accumulated net liquidity amounted to €132.8m as of the balance sheet date (end 2014: €100.8m) and €128.5m on average for the year (previous year: €289.4m). 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 structure up to one year, the accumulated value under stress conditions was considerably positive for each maturity structure.

The regulatory liquidity indicator (maturity structure 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 published liquidity indicator LCR (4.14) was significantly above the minimum limit at every point in the reporting year as was the future liquidity indicator NSFR (1.39).

Operational risk

Risk quantification, management and reporting

Operational risks (OpRisk) 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 by means of 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 33 to 34).

The Legal, Data Protection & Organisation division 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 it uses 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 €15.4m at the end of 2015, compared with €16.9m as of 31 December 2014. There have been a greater number of misuse cases in online banking than in the previous year, while misuse connected with cards has significantly reduced.

In addition to the continued improvement of fraud prevention related to card transactions and tackling cybercrime, the central task of managing operational risk is to drive forward the design and further development of the security measures, taking into account an appropriate cost-benefit ratio. 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 as well as to identify developments that could harm the reputation of the group at an early stage and be able to counter them effectively.

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-divisional reputation working group has been established which includes representatives from Risk Management & Compliance, Corporate Communications, Customer Services and Legal, Data Protection & Organisation and examines and assesses potential reputation risks and discusses targeted 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 tougher regulatory requirements.

Budget variances from past business periods with the net operating profit (NOP) are used to assess business risk. A risk model that simulates the variances between the planned result and 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 €1.2m at the end of 2015 (previous year: €16.7m) reflects the considerably reduced deviations from plans/actual variances for income and expenses 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 by 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 €11.5m at the end of the year (previous year: < €1.0m).

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 on the changes in customer behaviour and an indication on how other banks will react with product and market initiatives. 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 ideas and innovations tool 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 put the comdirect group in a good position and enable opportunities to be identified, assessed and utilised at an early stage 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 2016:

The trends in the capital market environment for trading 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 commission income.

In the low interest rate environment also expected for 2016, ETFs and other securities may become more important than expected for private households' financial asset accumulation. This could raise the net inflows to the portfolio volume, which would also have a positive impact on net commission income.

Conversely, an unexpected increase in market interest rates is possible, although this is unlikely due to the ECB's declared policy and the low rate of inflation. This would have a positive impact on the interest margin and moreover could revive demand in the deposit business.

Challenging expectations associated with the various measures planned for 2016 as part of the 2020 strategy are being taken account of in planning. These expectations may still be exceeded if we succeed in establishing comdirect as the first name in digital asset management more quickly than expected. New products, including those generated from the cooperation with FinTechs, could also increase perception of comdirect as an innovation driver in the market and help attract even more modern and independent customers to the bank.

By developing itself into a digital financial service provider, ebase intends to fortify its position in the B2B business line as one of Germany's leading B2B service providers in asset management. ebase sees opportunities arise especially from digitisation in the core business, focusing on leading existing cooperation partners through their digitisation. Further opportunities arise from the connection of FinTechs and the active cooperation in the area of asset management in this new target segment.

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 smart solutions for financial management, combined with proactive services and support, may additionally boost this development. Opportunities may also arise from new technical developments that cannot as yet be forecast, which comdirect then quickly adapts on the basis of the redesigned innovation process.

More opportunities for cooperations arise in the B2B business from tightened regulatory requirements on banks and the resulting increased cost pressures within portfolio management, among other things. In view of the increased equity requirement of Solvency II and decreasing guaranteed returns, the integration of innovative funds-related products are the focus in the insurance companies segment. In the area of asset management, opportunities arise from the increasing demand for digital solutions.

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 2015, 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, Controlling & Investor Relations 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 in writing in the corporate manual. 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

Together with compensation experts from the Commerzbank Group, comdirect bank 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 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 endeavours to achieve appropriate and sustainable compensation of the Board of Managing Directors that provides effective conduct incentives to achieve the targets specified in the bank's strategy, but avoids incentives to take disproportionately high risks. 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 four occasions in financial year 2015, 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.

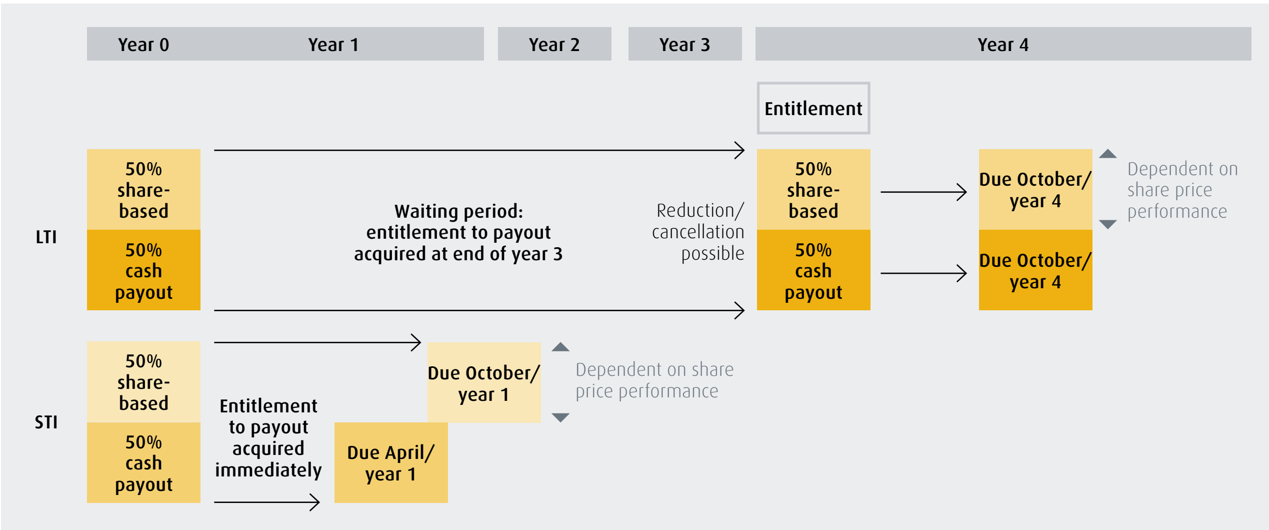
The compensation for the Board of Managing Directors is based on the duties of the individual member of the Board of Managing Directors and the current economic position and future prospects of the bank, as well as the level of compensation paid in peer companies. The relationship between fixed compensation 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. The Supervisory Board has defined fixed upper limits to the annual fixed salary. 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. To determine the volume of the variable compensation, a multi-year assessment basis has gradually been introduced since 2015. The target attainments of the last three financial years are taken into account, although the individual financial years are included with a different weighting. 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).

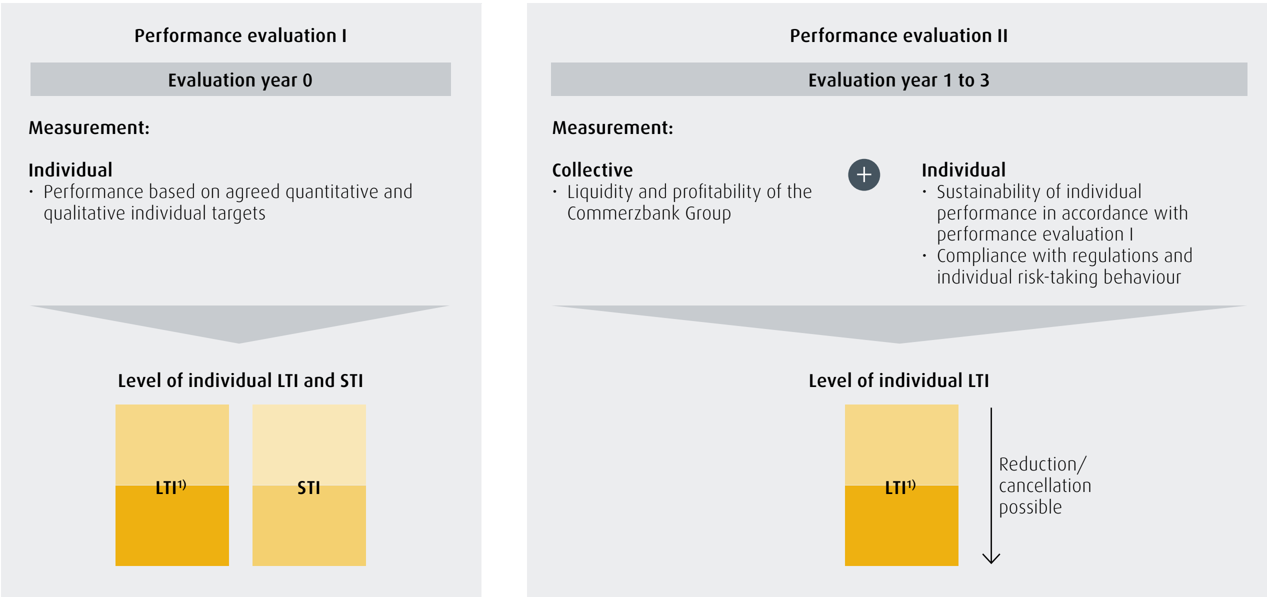
The individual variable compensation for the members of the Board of Managing Directors is split into two parts – a long-term incentive (LTI), which comprises 60% of total variable compensation for the CEO and 40% for members of the Board of Managing Directors and is paid out at the earliest three and 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 2015, the STI will therefore fall due in financial year 2016 (year 1) and the LTI will fall due in 2019 (year 4) subject to a reduction or cancellation of the entitlement. If the variable compensation granted for the 2015 financial year is less than €50 thousand, payment is made in full in April 2016 (year 1).

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 according to the project unit credit method on the basis of actuarial opinions by an independent actuary (see Note (64) starting on page 122).

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 2015 amounted to €1,268 thousand (previous year: €1,229 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 2015.

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 2015 reporting date as well as the payouts made in 2015 on an individual basis for each of the active members of the Board of Managing Directors.

With effect from 15 March 2015, Mr Arno Walter was appointed CEO for a period of three years. Mr Walter's pension claims were transferred from Commerzbank to comdirect as part of this.

Arno Walter (Chief Executive Officer from 15 March 2015)

€ 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 2015 for respective reporting year[3]	Cumulative compensation paid for respective reporting year as of 31.12.2015	Compensation granted for respective reporting year	Amount to be reported for respective reporting year in accordance with Section 314 HGB
Reporting year	Fixed salary	Value of fringe benefits	STI cash payout	Share-based STI[1]		LTI cash payout		Share-based LTI					
	Value upon payout	Value upon payout	Value upon granting and payout	Value upon granting	Value upon payout	Value upon granting	Value upon payout	Value upon granting	Value upon payout				
From 15.3. 2015	287	46	34	34		51		51		333	333	503	452

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 2019 for tranche 2015. The amount can be reduced or cancelled depending on results of performance evaluation II and payout is due in financial year 2019 (tranche 2015) at the earliest. The actual value of the payout also varies depending on share price performance up until date of payout or date of issue respectively.
3) Only the non-performance-related fixed compensation for 2015 was paid in 2015.

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 2015 for respective reporting year[3]	Cumulative compensation paid for respective reporting year as of 31.12.2015	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				
2015	**270**	**18**	**41**	**41**		**27**		**27**		**288**	**288**	**424**	**397**
2014	230	7	43	43	38	29		29[4]		81	318	381	352
From 1.10. 2013	58	1	8	8	8	5		5[5]			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, in financial year 2018 for tranche 2014 and for financial year 2019 for tranche 2015. The amount can be reduced or cancelled depending on results of performance evaluation II and payout is due in financial year 2017 (tranche 2013), in financial year 2018 (tranche 2014) and financial year 2019 (tranche 2015) 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 2015, the STI component granted for 2014 was also paid in 2015.
4) Valuation of LTI component granted for 2014 as of 31.12.15: share-based LTI €25 thousand.
5) Valuation of LTI component granted for 2013 as of 31.12.15: share-based LTI €4 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 2015 for respective reporting year[3]	Cumulative compensation paid for respective reporting year as of 31.12.2015	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				
2015	**205**	**11**	**35**	**35**		**23**		**23**		**216**	**216**	**332**	**309**
2014	180	11	32	32	28	21		21[4]		60	251	297	276
2013	180	9	28	28	28	19		19[5]			245	283	264
From 1.7. 2012	90	3	16	16	12	10		10[6]			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, in financial year 2018 for tranche 2014 and in financial year 2019 for tranche 2015. 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), in financial year 2018 (tranche 2014) and in financial year 2019 (tranche 2015) 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 2015, the STI component granted for 2014 was also paid in 2015.
4) Valuation of LTI component granted for 2014 as of 31.12.15: share-based LTI €19 thousand.
5) Valuation of LTI component granted for 2013 as of 31.12.15: share-based LTI €15 thousand.
6) Valuation of LTI component granted for 2012 as of 31.12.15: share-based LTI €9 thousand.

With effect from 1 September 2015, Dr Sven Deglow was appointed as a member of the Board of Managing Directors for a period of three years.

Dr Sven Deglow (Member of the Board of Managing Directors from 1 September 2015)

€ 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 2015 for respective reporting year[3]	Cumulative compensation paid for respective reporting year as of 31.12.2015	Compensation granted for respective reporting year	Amount to be reported for respective reporting year in accordance with Section 314 HGB
Reporting year	Fixed salary	Value of fringe benefits	STI cash payout	Share-based STI[1]		LTI cash payout		Share-based LTI					
	Value upon payout	Value upon payout	Value upon granting and payout	Value upon granting	Value upon payout	Value upon granting	Value upon payout	Value upon granting	Value upon payout				
From 1.9. 2015	77	1	12	12		8		8		78	78	118	110

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 2019 for tranche 2015. The amount can be reduced or cancelled depending on results of performance evaluation II and payout is due in financial year 2019 (tranche 2015) at the earliest. The actual value of the payout also varies depending on share price performance up until date of payout or date of issue respectively.
3) Only the non-performance-related fixed compensation for 2015 was paid in 2015.

Furthermore, Dr Deglow received a payment from the share-based STI component in the amount of €18 thousand, which was granted to him in his capacity as Chief Representative and Divisional Manager in financial year 2014.

Details regarding the pensions for the active members of the Board of Managing Directors in 2015 are shown individually in the following table.

€ thousand	Pension obligation (DBO) under IFRS as of 31.12.2015	Vested rights as of 31.12.2015
Arno Walter	712	51
Holger Hohrein	41	59
Martina Palte	48	63
Dr Sven Deglow	13	19
Total	**814**	**192**

The amounts reported for Mr Walter include the entitlements acquired in the course of his work at Commerzbank AG. The amounts reported for Dr Deglow include the entitlements acquired during his time as Chief Representative of comdirect bank. The yearly pension entitlement for Mr Walter and the entitlement to a one-off principal payment upon retirement for the other members of the Board of Managing Directors are entered in the “Vested rights” column.

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 €54 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	Arno Walter CEO (from 15 March 2015)				Holger Hohrein CFO (from 1 October 2013)				Martina Palte COO and HR Director (from 1 July 2012)				Dr Sven Deglow CMO (from 1 September 2015)			
	2014	**2015**	**2015 (Min)**	**2015 (Max)**	2014	**2015**	**2015 (Min)**	**2015 (Max)**	2014	**2015**	**2015 (Min)**	**2015 (Max)**	2014	**2015**	**2015 (Min)**	**2015 (Max)**
Fixed salary[1]	n/a	287	287	287	230	270	270	270	180	205	205	205	n/a	77	77	77
Fringe benefits[1]	n/a	46	46	46	7	18	18	18	11	11	11	11	n/a	1	1	1
Total	**n/a**	**333**	**333**	**333**	**237**	**288**	**288**	**288**	**191**	**216**	**216**	**216**	**n/a**	**78**	**78**	**78**
One-year variable compensation[2]	n/a	38	0	57	39	45	0	81	33	39	0	62	n/a	13	0	23
Multi-year variable compensation	n/a	152	0	230	91	105	0	189	77	91	0	144	n/a	31	0	54
Share-based STI for 2014 and 2015 resp.[3]	n/a	38	0	57	39	45	0	81	33	39	0	62	n/a	13	0	23
LTI cash payout for 2014 and 2015 resp.[4]	n/a	57	0	86	26	30	0	54	22	26	0	41	n/a	9	0	16
Share-based LTI for 2014 and 2015 resp.[5]	n/a	57	0	86	26	30	0	54	22	26	0	41	n/a	9	0	16
Total	**n/a**	**523**	**333**	**620**	**367**	**438**	**288**	**558**	**301**	**346**	**216**	**421**	**n/a**	**122**	**78**	**155**
Pension expenses[6]	n/a	57	57	57	20	19	19	19	15	16	16	16	n/a	5	5	5
Total benefits granted in accordance with the DCGK	**n/a**	**580**	**390**	**677**	**387**	**457**	**307**	**577**	**316**	**362**	**232**	**437**	**n/a**	**127**	**83**	**160**

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**	**Arno Walter** CEO (from 15 March 2015)		**Holger Hohrein** CFO (from 1 October 2013)		**Martina Palte** COO and HR Director (from 1 July 2012)		**Dr Sven Deglow** CMO (from 1 September 2015)	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Fixed salary[1]	287	n/a	270	230	205	180	77	n/a
Fringe benefits[1]	46	n/a	18	7	11	11	1	n/a
Total	333	n/a	288	237	216	191	78	n/a
One-year variable compensation[2]	34	n/a	41	43	35	32	12	n/a
Multi-year variable compensation	n/a	n/a	38	8	28	28	n/a	n/a
Share-based STI for 2014 and 2013 resp.[3]	n/a	n/a	38	8	28	28	n/a	n/a
Other	0	n/a	0	0	0	0	0	n/a
Total	**367**	**n/a**	**367**	**288**	**279**	**251**	**90**	**n/a**
Pension expenses[4]	57	n/a	19	20	16	15	5	n/a
Allocated remuneration in accordance with the DCGK	424	n/a	386	308	295	266	95	n/a

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 04/2016 or 04/2015 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 (10/2015 or 10/2014).
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 €376 thousand in the financial year (previous year: €231 thousand). In 2015, a payout of €127 thousand was made for the LTI component for former members of the Board of Managing Directors granted in financial year 2011. As of the reporting date, pension obligations to former members of the Board of Managing Directors pursuant to IFRS totalled €4,724 thousand (previous year: €4,740 thousand).

Compensation of the Supervisory Board

The compensation of the Supervisory Board of comdirect bank AG is stipulated in the Articles of Association. The regulations underlying the Articles of Association regarding the compensation of the Board of Supervisory Board were passed on 16 May 2013 by the annual general meeting on the proposal of the Board of Managing Directors and Supervisory Board. They correspond to the recommendations of the German Corporate Governance Code. 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.

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 individually in the following table.

€ thousand	Non-variable components		Remuneration for committee activities		Total	
	2015	2014	2015	2014	2015	2014
Martin Zielke	0	0	0	0	0	0
Frank Annuscheit	0	0	0	0	0	0
Sandra Persiehl (from 15 May 2014)	24	15	6	4	30	19
Georg Rönnberg	24	24	24	24	48	48
Sabine Schmittroth	24	24	12	12	36	36
Maria Xiromeriti (from 15 May 2014)	24	15	0	0	24	15
Thorben Gruschka (until 15 May 2014)	0	9	0	0	0	9
Angelika Kierstein (until 15 May 2014)	0	9	0	2	0	11

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	2015	2014[1]
Interest income		165,300	194,006
Interest expenses		27,896	48,203
Net interest income before provisions for possible loan losses	(20)	**137,404**	**145,803**
Provisions for possible loan losses	(6), (21)	−2,895	−279
Net interest income after provisions for possible loan losses		**134,509**	**145,524**
Commission income		383,395	333,946
Commission expenses		155,030	140,796
Net commission income	(22)	**228,365**	**193,150**
Trading result and result from hedge accounting	(23), (24)	219	145
Result from financial investments	(25)	4,212	4,829
Administrative expenses	(26)	**279,980**	**270,995**
Other operating result	(27)	3,283	9,825
Pre-tax profit		**90,608**	**82,478**
Taxes on income	(14), (28)	25,666	16,285
Net profit		**65,042**	**66,193**
Allocation to reserves		8,554	9,705
Consolidated profit	(16)	**56,488**	**56,488**

1) Figures were adjusted retrospectively due to revised handling of contributions to the German banks' compensatory funds (see Note (2)).

Undiluted/diluted earnings per share

		1.1. to 31.12.	
	Notes	2015	2014[1]
Net profit (in € thousand)		65,042	66,193
Average number of ordinary shares (number)	(47)	141,220,815	141,220,815
Undiluted/diluted earnings per share (in €)	(17)	**0.46**	**0.47**

1) Figures were adjusted retrospectively due to revised handling of contributions to the German banks' compensatory funds (see Note (2)).

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 2015.

Statement of comprehensive income

Statement of comprehensive income of comdirect group according to IFRS

€ thousand	Notes	1.1. to 31.12. 2015	2014[1]
Net profit		**65,042**	**66,193**
Items which cannot be reclassified to the income statement			
– Change in actuarial gains/losses recognised in equity	(47)	2,951	−6,252
Items which can be reclassified to the income statement			
– Change in the revaluation reserves after tax	(47)		
Change in value recognised in equity		26,499	35,204
Reclassification to the income statement		−4,014	−4,139
Other comprehensive income for the period		**25,436**	**24,813**
Comprehensive income		**90,478**	**91,006**

1) Figures were adjusted retrospectively due to revised handling of contributions to the German banks' compensatory funds (see Note (2)).

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 2015			
Actuarial gains and losses	4,071	−1,120	2,951
Change in the revaluation reserves	19,173	3,312	22,485
Other comprehensive income for the period	**23,244**	**2,192**	**25,436**
1 January to 31 December 2014[1]			
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) Figures were adjusted retrospectively due to revised handling of contributions to the German banks' compensatory funds (see Note (2)).

Balance sheet

Balance sheet of comdirect group according to IFRS

Assets

€ thousand	Notes	as of 31.12.2015	as of 31.12.2014[1)]	as of 1.1.2014[1)]
Cash reserve	(5), (29)	1,228,206	6,023	1,292,775
Claims on banks	(5), (30), (32)	11,699,450	11,199,940	9,048,745
Claims on customers	(5), (31), (32)	341,798	235,366	189,866
Trading assets	(5)	0	0	150
Financial investments	(5), (7), (33)	3,416,228	3,670,615	3,572,484
Intangible assets	(9), (34), (37)	23,051	24,752	30,383
Fixed assets	(10), (35), (37)	14,903	14,131	11,687
Non-current assets held for sale	(36)	32,498	0	0
Current income tax assets	(14), (38)	1,278	6,867	6,667
Deferred income tax assets	(14), (38)	1,785	0	3,723
Other assets	(39)	9,532	12,008	6,931
Total assets		**16,768,729**	**15,169,702**	**14,163,411**

Liabilities and equity

€ thousand	Notes	as of 31.12.2015	as of 31.12.2014[1)]	as of 1.1.2014[1)]
Liabilities to banks	(12), (40)	6,382	15,911	2,132
Liabilities to customers	(12), (41)	16,044,884	14,455,111	13,487,874
Negative fair values from derivative hedging instruments	(5), (42)	0	641	2,563
Trading liabilities	(5), (43)	0	253	440
Provisions	(13), (44)	46,299	50,161	47,617
Current income tax liabilities	(14), (45)	3,075	1,124	9,900
Deferred income tax liabilities	(14), (38)	0	1,931	0
Other liabilities	(46)	43,858	54,329	62,813
Equity	(47)	**624,230**	**590,241**	**550,072**
– Subscribed capital		141,221	141,221	141,221
– Capital reserve		223,296	223,296	223,296
– Retained earnings		127,438	119,934	112,479
– Revaluation reserves		75,787	53,302	22,237
– Consolidated profit		56,488	56,488	50,839
Total liabilities and equity		**16,768,729**	**15,169,702**	**14,163,411**

1) Figures were adjusted retrospectively due to revised handling of contributions to the German banks' compensatory funds (see Note (2)).

Statement of changes in equity

€ thousand	Subscribed capital	Capital reserve	Retained earnings	Revaluation reserves[1)]	Group result	Total
Equity as of 31.12.2013	**141,221**	**223,296**	**114,020**	**22,237**	**50,839**	**551,613**
Change due to retrospective adjustments			−1,541			−1,541
Equity as of 31.12.2014	**141,221**	**223,296**	**112,479**	**22,237**	**50,839**	**550,072**
Net profit from 1.1. to 31.12.2014[2)]	–	–	–	–	66,193	66,193
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**	**66,193**	**91,006**
Profit distributions	–	–	–	–	−50,839	−50,839
Allocation to reserves/transfer from reserves[2)]	–	–	9,705	–	−9,705	0
Equity as of 31.12.2014/1.1.2015	**141,221**	**223,296**	**115,934**	**53,302**	**56,488**	**590,241**
Net profit from 1.1. to 31.12.2015	–	–	–	–	65,042	65,042
Change in actuarial gains/losses recognised in equity			2,951	–	–	2,951
Change in the revaluation reserves	–	–	–	22,485	–	22,485
Comprehensive income 2015	**–**	**–**	**2,951**	**22,485**	**65,042**	**90,478**
Profit distributions	–	–	–	–	−56,488	−56,488
Allocation to reserves/transfer from reserves	–	–	8,554	–	−8,554	0
Equity as of 31.12.2015	**141,221**	**223,296**	**127,438**	**75,787**	**56,488**	**624,230**

1) pursuant to IAS 39
2) Figures were adjusted retrospectively due to revised handling of contributions to the German banks' compensatory funds (see Note (2)).

In financial year 2015, dividend payments totalling €56,488 thousand (2014: €50,839 thousand) were distributed to shareholders of comdirect bank AG. This equates to a payment of €0.40 per share (2014: €0.36).

In financial year 2015, 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.

Of the change in revaluation reserves, a partial amount of €32.1m (2014: €0m) is attributable to the investment in VISA Europe Ltd. reported separately on the assets side of the balance sheet in the "non-current assets held for sale" item.

For details of the equity items, see Note (47).

Cash flow statement

€ thousand		1.1. to 31.12.	
	Notes	2015	2014
Net profit		**65,042**	**66,193**
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		31,389	24,969
– Result from the sale of assets	(25)	–4,824	–5,226
– Other adjustments	(20)	–76,095	–103,147
Sub-total		**15,512**	**–17,114**
Changes in assets and liabilities from operating activities after adjustments for non-cash items			
– Claims			
on banks	(30)	–506,078	–2,150,688
on customers	(31)	–104,852	–38,063
– Positive/negative fair values from derivative hedging instruments and trading assets	(42)	495	1,154
– Securities	(33)	236,414	–95,052
– Other assets from operating activities	(39)	5,185	–2,658
– Liabilities			
to banks	(40)	–9,529	13,779
to customers	(41)	1,570,233	955,785
– Other liabilities and equity from operating activities	(44), (46)	–44,829	–37,504
Interest and dividends received	(20)	180,965	236,103
Interest paid	(20)	–29,706	–54,613
Income tax payments	(28)	–19,551	–30,441
Cash flow from operating activities		**1,294,259**	**–1,219,454**
Cash inflows from the disposal of fixed assets and intangible assets	(27), (37)	0	3
Cash outflows for the acquisition of fixed assets and intangible assets	(27), (37)	–15,588	–16,462
Cash flow from investing activities		**–15,588**	**–16,459**
Dividend payment		–56,488	–50,839
Cash flow from financing activities		**–56,488**	**–50,839**
Cash and cash equivalents as of the end of the previous year		**6,023**	**1,292,775**
– Cash flow from operating activities		1,294,259	–1,219,454
– Cash flow from investing activities		–15,588	–16,459
– Cash flow from financing activities		–56,488	–50,839
Cash and cash equivalents as of the end of the period		**1,228,206**	**6,023**

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 2015 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 2014 were published in the online Federal Gazette on 29 April 2015.

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 18 February 2016.

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 interest 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 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 (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.

For technical calculation reasons, differences due to rounding of one unit (e.g. € thousand, %) may appear in the following figures.

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 2015 were taken into account. There were no changes in comparison to the previous year on the basis of newly applicable standards.

In accordance with IFRIC 21, we recognise the contribution to the statutory deposit insurance scheme for the contribution year up to 2015 in amended form. The total costs for the payroll year from 1 October of the actual year to 30 September of the following year are fully recognised in the fourth quarter as the obligation to pay is exclusively linked to whether a banking licence was at hand on 1 October. In accordance with IAS 8.42, the previous year's figures have therefore been revised as follows:

For the reporting date 31 December 2014, this means an increase in provisions of €2,258 thousand (31 December 2013: €2,115 thousand). After deducting deferred taxes of €621 thousand (31 December 2013: €574 thousand), this resulted in a reduction in retained earnings of €1,637 thousand (31 December 2013: €1,541 thousand).

In the income statement for the 2014 financial year, other administrative expenses increased by €143 thousand and deferred tax expenses fell correspondingly by €46 thousand. The consolidated net profit reported is therefore €97 thousand lower than in the 2014 financial report.

The total reportable costs for contributions to the German banks' compensation fund in the 2015 financial year are now €1,800 thousand for the fourth quarter. The expenses included in the previous interim financial reports of €564 thousand per quarter were also adjusted in the quarterly overview.

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*
IFRS 16	Leases	1 January 2019*

* 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 2016 financial year or later.

IFRS 9 “Financial Instruments” includes requirements for recognition and measurement, derecognition and hedge accounting. It replaces IAS 39 “Financial Instruments: Recognition and Measurement” in accounting for financial instruments. This excludes rules on portfolio hedge accounting, which are covered by the IASB as part of a separate project.

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. Assessments 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 financial assets of deteriorated credit quality, 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 a 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. We do not expect this to have any material effects on the comdirect group’s consolidated financial statements.

After completing its long-term project on lease accounting, the International Accounting Standards Board (IASB) issued IFRS 16 “Leases” in January 2016.

Under the current standard IAS 17, a distinction is made between operating leases and finance leases, whereby only finance leases are recognised.

According to IFRS 16, lessees have to report an obligation to make future lease payments and an asset for the right to use a lease asset for almost all lease contracts. The lessee can only opt to refrain from leased assets of small value or short contractual life. Overall, an extension of the balance sheet under IFRS 16 can be assumed. In the income statement, use of the effective interest method on the lease obligation compared with recognising expenses on a straight-line basis could lead to higher expenses at the beginning of the contract term (front-loading).

Nothing can be said as yet concerning the specific effects that this would have on the comdirect group’s consolidated financial statements.

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 2015. 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.

❹ 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.

❺ Financial Instruments: Recognition, measurement and presentation

Fundamentals

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.

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. There are no continuing involvements within the comdirect group.

Loans and receivables

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 incurred in the financial year due to money market transactions is recognised as interest expenses.

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 (32).

Loans and receivables also includes the financial instruments reported in the cash reserve balance sheet items. The holdings are mainly included in balances held with central banks.

Assets available for sale

As of the balance sheet date, all bonds, other fixed-income securities, equities and 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.

comdirect bank reports members' shares in VISA Europe Ltd. separately under the "non-current assets held for sale" item in the balance sheet according to the requirements of IFRS 5.

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 on the basis of the effective interest method. 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.

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”.

Other financial liabilities
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.

Financial assets or financial liabilities at fair value through profit or loss
In the comdirect group, only derivative financial instruments not used as hedging instruments in hedge accounting are allocated to this group. 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. They are reported in the balance sheet in either “trading assets” or “trading liabilities” depending on the fair value as of the reporting date.

Hedging relationships
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, micro 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.

Fair value and fair value hierarchy
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.

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 Notes (52) and (53).

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.

6 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.

7 Impairment of financial assets

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.

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 open positions in currency are only entered into to a limited degree, currency translation only makes a minor contribution to earnings. This is reported under the “result from financial investments” item.

9 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 assets 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.

10 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 assets are checked annually for impairment triggers within the meaning of IAS 36 which would necessitate impairments that are recognised in the income statement.

11 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, office furniture and equipment).

12 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.

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.

⓭ 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 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. Other provisions are charged to administrative expenses.

Income from the reversal of provisions is recognised under "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 other schemes, 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, referred to 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, referred to 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 (44) 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 Notes (44) and (64).

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 retained earnings 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, which are 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).

14 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 2015 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 to the tax authority.

15 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 by issuing new shares against cash or non-cash contributions on one or more occasions until 14 May 2019 (2014 authorised capital). 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.

16 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 2015 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.

17 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.

18 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.

19 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 2015 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 “contract 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 €31.5m in the financial year (2014: €29.3m).

In the year under review, the earnings generated from these agreements totalled €8.7m (2014: €8.1m).

An addendum to the cooperation agreement regarding CFD trading was agreed upon in 2013. 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 a period of three years. comdirect bank AG was awarded €1.0m in this respect in 2015 (2014: €0.3m).

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 (2014: €3.0m).

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

As at the balance sheet date, the nominal value of daily money and fixed-term deposits as well as promissory notes totalled €11,112m (2014: €10,690m). During the year under review, the comdirect group companies generated total interest income of €119.4m from these transactions with Commerzbank AG (2014: €139.6m). There is a separate general agreement between comdirect bank AG and Commerzbank AG for these money and capital market transactions.

As at the balance sheet date, bonds and notes in the portfolio from affiliated companies amounted to €968m (2014: €1,217m). The interest income on this item amounted to €14.3m for the financial year as a whole (2014: €21.8m).

Bonds with a nominal volume of €118.9m were purchased from the portfolios of affiliated companies during the reporting year (2014: €887.6m). Bonds with a nominal volume of €28.7m were sold to affiliated companies (2014: €340.5m). Furthermore, equity instruments from the portfolios of affiliated companies with a market value of €10.6m were purchased (2014: €16.3m). Equity instruments with a market value of €3.0m were sold to affiliated companies (2014: €15.3m).

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 €0.1m (2014: €1.9m) was generated on the average portfolio of lent securities amounting to €140m (2014: €1.5bn).

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 (2014: less than €0.1m).

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

comdirect bank AG and European Bank for Financial Services GmbH (ebase) offer their customers a range of funds from a wide variety of investment companies. These include investment companies of the Commerzbank Group. In financial year 2015, the comdirect group companies received sales and sales follow-up commission at prevailing market rates from the investment companies of the Commerzbank Group.

For placement activities for the benefit of ebase, Commerzbank AG received sales and ongoing sales follow-up commission amounting to €10.2m in financial year 2015 (2014: €10.1m).

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 €1.6m for these services (2014: €1.4m).

ebase purchased other services from Commerzbank AG in the amount of €0.2m over the financial year (2014: €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 2015, the market value of the trust assets in this trust totalled €9.6m (2014: €5.8m).

The Board of Managing Directors reports separately on the scope and appropriateness of the intra-group services of comdirect bank AG with affiliated companies as part of its dependency report (Section 312 German Stock Corporation Act (AktG)). 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 in Commerzbank AG. This and other factors of influence, in particular membership in the Supervisory Board, allow it as the responsible party for the Federal Agency for Financial Market Stabilisation (Bundesanstalt für Finanzmarktstabilisierung (FMSA)) to exert a considerable influence over Commerzbank AG. This gives it indirect influence over the comdirect group's consolidated financial statements.

As at the reporting date, the comdirect group held bonds from the government and government-related entities with a book value of €71.0m (prior-year reporting date: €51.7m). The comdirect group companies generated interest income of €0.7m from these bonds during the reporting year (2014: €0.6m).

Other related party disclosures

In the financial year, there were financial relations with related natural persons (members of the Board of Managing Directors and the Supervisory Board and members of their immediate 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 (64)). 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

20 Net interest income

€ thousand	2015	2014	*Change in %*
Interest income from fixed-income securities held in the "available for sale" portfolio	29,943	40,025	*−25.2*
Interest income from credit and money market transactions	134,619	153,831	*−12.5*
Operating income from investments, shares and other variable-yield securities	1,299	1,230	*5.6*
Net interest income from derivative financial instruments	−224	−230	*−2.6*
Other interest income	−337	−850	*−60.4*
Interest income and similar income	**165,300**	**194,006**	*−14.8*
Interest expenses for deposits	26,247	47,258	*−44.5*
Other interest expenses	1,649	945	*74.5*
Interest expenses	**27,896**	**48,203**	*−42.1*
Total	**137,404**	**145,803**	*−5.8*

Other interest expenses include negative interest of €919 thousand (2014: €127 thousand) from active financial instruments and net interest expenses for pensions.

21 Provisions for possible loan losses

€ thousand	Allowance	Reversal	Direct write-downs	Income received on written-down claims	Total 2015
Provisions for possible loan losses for on-balance sheet lending transactions	**2,032**	**1,343**	**676**	**31**	**−1,334**
Claims on customers	2,032	1,343	676	31	−1,334
– Significant lending business	0	0	0	0	0
– Non-significant lending business	2,032	1,343	676	31	−1,334
Provisions for credit risks	**3,524**	**1,963**	**0**	**0**	**−1,561**
Total	**5,556**	**3,306**	**676**	**31**	**−2,895**

€ 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**

22 Net commission income

€ thousand	2015	2014	Change in %
Commission income	**383,395**	**333,946**	*14.8*
Securities transactions	345,369	301,023	*14.7*
Payment transactions	20,579	18,547	*11.0*
Placement business	10,000	8,234	*21.4*
Other commission	7,447	6,142	*21.2*
Commission expenses	**155,030**	**140,796**	*10.1*
Securities transactions	143,219	128,778	*11.2*
Payment transactions	8,141	7,598	*7.1*
Other commission	3,670	4,420	*−17.0*
Net commission income			
Securities transactions	202,150	172,245	*17.4*
Payment transactions	12,438	10,949	*13.6*
Placement business	10,000	8,234	*21.4*
Other commission	3,777	1,722	*119.3*
Total	**228,365**	**193,150**	*18.2*

Net commission income contains commission income from securities lending transactions which are not recognised at fair value through profit or loss, in the amount of €0.1m (2014: €1.9m).

23 Result from hedge accounting

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

€ thousand	2015	2014	Change in %
Results from hedging instruments	−2	−52	*−96.2*
Results from hedged items	2	59	*−96.6*
Total	**0**	**7**	*−100.0*

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).

24 Trading result

€ thousand	2015	2014	Change in %
Result from interest rate related transactions	219	138	*58.7*
Total	**219**	**138**	*58.7*

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".

25 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	2015	2014	Change in %
Disposal gains	5,054	5,746	−12.0
Disposal losses	−230	−523	−56.0
Impairment	−612	−394	55.3
Total	**4,212**	**4,829**	−12.8

Equity instruments were subject to impairments of €−247 thousand (2014: €−394 thousand) and debt instruments of €−365 thousand (2014: €0 thousand).

26 Administrative expenses

€ thousand	2015	2014[1)]	Change in %
Personnel expenses	83,153	77,650	7.1
Other administrative expenses	180,310	173,696	3.8
Depreciation of office furniture and equipment and intangible assets	16,517	19,649	−15.9
Total	**279,980**	**270,995**	3.3

1) Figures were adjusted retrospectively due to revised handling of contributions to the German banks' compensatory funds (see Note (2)).

Personnel expenses

€ thousand	2015	2014	Change in %
Wages and salaries	70,521	65,930	7.0
Compulsory social security contributions	11,825	10,977	7.7
Expenses for pensions and other employee benefits	807	743	8.6
Total	**83,153**	**77,650**	7.1

The item "wages and salaries" includes share-based payments (IFRS 2) totalling €246 thousand (2014: €247 thousand).

Breakdown of expenses for pensions and other employee benefits

€ thousand	2015	2014	Change in %
Company pension scheme	711	651	9.2
Expenses for early retirement	63	64	−1.6
Contributions to Versicherungsverein des Bankengewerbes a. G. (BVV)	33	28	17.9
Total	**807**	**743**	8.6

Other administrative expenses			
€ thousand	**2015**	**2014[1)]**	*Change in %*
Marekting expenses	62,011	60,248	*2.9*
Communication expenses	9,210	9,114	*1.1*
Consulting expenses	15,214	16,384	*−7.1*
Expenses for external services	49,189	44,746	*9.9*
Sundry administrative expenses	44,686	43,204	*3.4*
Total	**180,310**	**173,696**	*3.8*

1) Figures were adjusted retrospectively due to revised handling of contributions to the German banks' compensatory funds (see Note (2)).

Sundry administrative expenses in the year under review include minimum lease payments totalling €5,695 thousand (2014: €5,432 thousand), which are recognised as expenses for operating leases, and contributions to the German bank's compensatory funds in the amount of €7,687 thousand (2014: €9,639 thousand).

Depreciation of office furniture and equipment and intangible assets			
€ thousand	**2015**	**2014**	*Change in %*
Office furniture and equipment	5,551	5,277	*5.2*
Intangible assets	10,966	14,372	*−23.7*
Total	**16,517**	**19,649**	*−15.9*

Depreciation of intangible assets includes impairment losses totalling €202 thousand (2014: €1,389 thousand). Depreciation of office furniture and equipment includes impairment losses totalling €364 thousand (2014: €0 thousand).

27 Other operating result

€ thousand	2015	2014	Change in %
Other operating income	**6,970**	**14,118**	*−50.6*
Tax matters from previous years	5	139	*−96.4*
Income from writing-back of provisions and accruals	2,253	8,600	*−73.8*
Income from service level agreements	1,810	2,356	*−23.2*
Insurance payments	29	56	*−48.2*
Income from other accounting periods	971	1,690	*−42.5*
Licence fees and royalties	1,083	263	*311.8*
Income from recoverable input taxes	420	439	*−4.3*
Sundry income items	399	575	*−30.6*
Other operating expenses	**3,687**	**4,293**	*−14.1*
Goodwill payments and price differences in security transactions	1,963	1,425	*37.8*
Non-income-related taxes including interest from previous years	75	438	*−82.9*
Expenses from service level agreements	146	565	*−74,2*
Expense from legal proceedings and recourse	225	241	*−6.6*
Losses on the disposal on fixed assets	1	124	*−99.2*
Loan loss provisions and write-downs outside retail lending	16	165	*−90.3*
Provisions for contingent losses	0	142	*−100.0*
Expenses from other accounting periods	3	9	*−66.7*
Regulatory expenses for losses	993	1,073	*−7.5*
Sundry expense items	265	111	*138.7*
Total	**3,283**	**9,825**	*−66.6*

28 Taxes on income

€ thousand	2015	2014[1]	*Change in %*
Current taxes on income current year	27,098	24,630	*10.0*
Current taxes on income from previous years	−17	−5,964	*−99.7*
Deferred taxes	−1,515	−2,381	*−36.4*
Total	**25,566**	**16,285**	*57.0*

1) Figures were adjusted retrospectively due to revised handling of contributions to the German banks' compensatory funds (see Note (2)).

Reconciliation of taxes on income

€ thousand	2015	2014[1]
Profit from ordinary activities of comdirect bank AG and ebase GmbH	**90,608**	**82,478**
Multiplied by the respective income tax rate for the company		
= Calculated income tax paid in financial year	24,857	22,398
Effect of tax-free income from financial investments	−425	−471
Effect of losses from financial investments; not tax deductible	91	0
Effect of taxes from previous years recognised in the financial year	−17	−5,964
Other effects	1,060	322
Total	**25,566**	**16,285**

1) Figures were adjusted retrospectively due to revised handling of contributions to the German banks' compensatory funds (see Note (2)).

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 11.66% (previous year 11.33%) for comdirect bank AG (Quickborn location) and 11.20% (previous year 11.38%) for ebase GmbH (Aschheim location).

This produces an income tax rate of around 27.49% (previous year 27.15%) for comdirect bank AG and around 27.03% (previous year 27.20%) for ebase GmbH.

Notes to the balance sheet

29 Cash reserve

€ thousand	31.12.2015	31.12.2014	*Change in %*
Cash on hand	168	249	*−32.5*
Balances held with central banks	1,228,038	5,774	*> 100*
Total	**1,228,206**	**6,023**	*> 100*

The minimum reserve requirement to be met at the end of December 2015 totalled €153,713 thousand (31.12.2014: €136,617 thousand).

30 Claims on banks

€ thousand	Total			Due on demand		Other claims	
	31.12.2015	31.12.2014	*Change in %*	31.12.2015	31.12.2014	31.12.2015	31.12.2014
German banks	11,699,391	11,199,849	*4.5*	311,060	261,885	11,388,331	10,937,964
Foreign banks	59	91	*−35.2*	59	91	0	0
Total	**11,699,450**	**11,199,940**	*4.5*	**311,119**	**261,976**	**11,388,331**	**10,937,964**

Claims on banks include foreign currency amounts of €191,067 thousand (2014: €131,875 thousand).

Claims on banks primarily comprise promissory notes in the amount of €10,628,486 thousand (2014: €9,613,492 thousand) as well as overnight money and fixed-term deposits totalling €759,845 thousand (2014: €1,374,426 thousand).

During the financial years under review, no provisions for possible loan losses were created for claims on banks, since these are fully secured by a general assignment agreement.

Claims on banks include accrued interest in the amount of €43,431 thousand (2014: €49,967 thousand).

31 Claims on customers

€ thousand	Total			Due on demand		Other claims	
	31.12.2015	31.12.2014	*Changes in %*	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Claims on German customers	**325,793**	**220,990**	*47.4*	**295,565**	**182,244**	**30,228**	**38,746**
– Companies and financial institutions	30,233	38,746	*−22.0*	5	0	30,228	38,746
– Private customers	295,560	182,244	*62.2*	295,560	182,244	0	0
Claims on foreign customers	**18,631**	**16,587**	*12.3*	**11,593**	**9,476**	**7,038**	**7,111**
– Companies and financial institutions	7,038	7,111	*−1.0*	0	0	7,038	7,111
– Private customers	11,593	9,476	*22.3*	11,593	9,476	0	0
Total claims before provisions for possible loan losses	**344,424**	**237,577**	*45.0*	**307,158**	**191,720**	**37,266**	**45,857**
– Portfolio loan loss provisions	−2,626	−2,211	*18.8*	−2,626	−2,211	0	0
Total claims after provisions for possible loan losses	**341,798**	**235,366**	*45.2*	**304,532**	**189,509**	**37,266**	**45,857**

The increase in claims result mainly due to the switch from weekly to monthly billing for credit cards.

Claims on customers include €155,144 thousand (2014: 124,029 thousand) from loans against securities. These claims are secured by securities. The claims on customers include amounts in foreign currency totalling €0.7 thousand (2014: €0.5 thousand).

32 Provisions for possible loan losses

Provisions for possible loan losses by class of receivables

€ thousand	As of 1.1.2015	Utilised	Reversal	Allowance	As of 31.12.2015
Provisions for possible loan losses for on-balance sheet lending transactions	**2,211**	**274**	**1,343**	**2,032**	**2,626**
Claims on customers	2,211	274	1,343	2,032	2,626
– Significant lending business	0	0	0	0	0
– Non-significant lending business	2,211	274	1,343	2,032	2,626
related to transactional accounts	1,953	267	1,195	1,853	2,344
related to securities accounts and other accounts	258	7	148	179	282
Claims on banks	0	0	0	0	0
Provisions for credit risks	**4,271**	**12**	**1,963**	**3,524**	**5,820**
Total	**6,482**	**286**	**3,306**	**5,556**	**8,446**

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**	**1,581**	**2,211**
Claims on customers	2,311	275	1,406	1,581	2,211
– Significant lending business	0	0	0	0	0
– Non-significant lending business	2,311	275	1,406	1,581	2,211
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 individual and portfolio risks

€ thousand	Total			Single loan loss provisions		Portfolio loan loss provisions	
	2015	2014	*Change in %*	2015	2014	2015	2014
Balance as of 1 January	**2,211**	**2,311**	*−4.3*	**0**	**0**	**2,211**	**2,311**
Allowances	2,032	1,581	*28.5*	0	0	2,032	1,581
Deductions	1,617	1,681	*−3.8*	0	0	1,617	1,681
– of which utilised	274	275	*−0.4*	0	0	274	275
– of which reversals	1,343	1,406	*−4.5*	0	0	1,343	1,406
Portfolio for possible loan losses as of 31 December	**2,626**	**2,211**	*18.8*	**0**	**0**	**2,626**	**2,211**

Provisions for credit risks relate exclusively to payment transaction products. The increase in the 2015 financial year is essentially due to the selective raising of credit card limits associated with the switch from weekly to monthly billing.

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

33 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	**31.12.2015**	**31.12.2014**	*Change in %*
Bonds and other fixed-income securities of the "available-for-sale" portfolio	3,339,427	3,605,434	*–7.4*
– Bonds and notes	3,339,427	3,605,434	*–7.4*
issued by public sector borrowers	377,967	421,459	*–10.3*
issued by other borrowers	2,961,460	3,183,975	*–7.0*
Equities and other variable-yield securities of the "available-for-sale" portfolio	76,801	65,181	*17.8*
Total	**3,416,228**	**3,670,615**	*–6.9*

Financial investments include amounts in foreign currency totalling 82,295 thousand (2014: €61,354 thousand).

As part of its securities lending transactions, comdirect bank AG has transferred bonds and notes with a nominal volume of €100,000 thousand (2014: €0 thousand). The book values of the transferred bonds and notes as of the reporting date amounted to €101,876 thousand (2014: €0 thousand).

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

The item "bonds and notes" includes accrued interest totalling €31,582 thousand (2014: €41,174 thousand).

34 Intangible assets

€ thousand	**31.12.2015**	**31.12.2014**	*Change in %*
Internally generated software	15,511	14,664	*5.8*
Software purchased	7,540	9,128	*–17.4*
Acquired customer relationships	0	960	*–100.0*
Total	**23,051**	**24,752**	*–6.9*

Changes in the intangible assets are shown in the schedule of assets (Note (37)).

There were indications of the impairment of intangible assets in 2015. 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 the book value was in excess of the recoverable amount. As the individual components of the individual software cannot be sold, its value in use was used as the recoverable amount.

The value in use was principally calculated with the aid of a method based on the net present value. A risk-adjusted interest rate of 12% is used in the calculations. As the value in use of the subcomponents of the individual software does not indicate any positive contribution to the success of the company, an impairment equal to the book value of €0.2m was made. The amount of depreciation in future reporting periods will be adjusted accordingly.

35 Fixed assets

€ thousand	31.12.2015	31.12.2014	*Change in %*
Office furniture and equipment	14,903	14,131	*5.5*
Total	**14,903**	**14,131**	*5.5*

Changes in fixed assets are shown in the schedule of assets (Note (37)).

There were indications of the impairment of an item of hardware in 2015. Subsequent costs of acquisition from 2014 did not lead to any significant increase in profit, but have the character of maintenance expenses. An item of hardware in the B2C segment was subject to an impairment of €0.4m.

The value in use is principally calculated with the aid of a method based on the net present value. A risk-adjusted interest rate of 12% is used in the calculations. The amount of depreciation in future reporting periods will be adjusted accordingly.

36 Non-current assets held for sale

€ thousand	31.12.2015	31.12.2014	*Change in %*
Non-current assets held for sale	32,498	0	–
Total	**32,498**	**0**	–

An investment in the VISA Europe organisation is shown under “non-current assets held for sale”.

VISA Europe Ltd. is a membership organisation domiciled in the United Kingdom. Members include all banks and payment institutes in Europe who offer and issue their customers Visa cards as a means of payment. comdirect is a principal member of VISA Europe and, like all members, holds a share with a nominal value of €10 in the company. The investment is held in the B2C segment. It is reported as a separate balance sheet item “non-current assets held for sale” and measured according to the regulations of the category Available for Sale (AfS).

In the 2015 financial year, VISA Europe and US-based VISA Inc. announced that they had reached an agreement whereby VISA Europe would be sold to VISA Inc., thereby integrating it under company law.

The transaction is expected to take place in the first half of 2016, subject to approval by the regulatory authorities.

In this context, the member companies have been offered a purchase price comprising a cash portion and shares entitled to be converted into shares of VISA Inc. (preferred stocks). A future additional payment of the purchase price is also possible (earn-out).

Since the amount of the consideration had not been finalised by the end of the preparation period of these financial statements, discounts appropriate for liquidity restrictions and risks arising from possible changes to the prospective total purchase price had to be taken into consideration in measuring the fair value share in VISA Europa Ltd.

The fair value is based on input factors of Level 3 of the fair value hierarchy of IFRS 13. Taking all input factors as a basis, the share of VISA Europa Ltd. has a fair value of €32.5m, which was created in equity with an income-neutral effect, taking into account deferred taxes.

37 Schedule of assets

€ thousand	Intangible assets					
	Internally generated software		Software purchased		Acquired customer relationships	
	2015	2014	2015	2014	2015	2014
Book value as of 1 January	**14,664**	**17,170**	**9,128**	**11,293**	**960**	**1,920**
Cost of acquisition/manufacture as of 1 January	93,131	88,869	54,674	50,371	11,592	11,592
– Additions	5,873	4,262	3,392	4,479	0	0
– Disposals	4,692	0	0	176	0	0
Cost of acquisition/manufacture as of 31 December	94,312	93,131	58,066	54,674	11,592	11,592
Cumulative write-downs as of 1 January	78,467	71,699	45,546	39,078	10,632	9,672
– Additions	5,026	6,768	4,778	5,255	960	960
– Impairments	0	0	202	1,389	0	0
– Disposals	4,692	0	0	176	0	0
Cumulative write-downs as of 31 December	78,801	78,467	50,526	45,546	11,592	10,632
Book value as of 31 December	**15,511**	**14,664**	**7,540**	**9,128**	**0**	**960**

€ thousand	Office furniture and equipment	
	2015	2014
Book value as of 1 January	**14,131**	**11,687**
Cost of acquisition/manufacture as of 1 January	61,823	57,629
– Additions	6,325	7,728
– Disposals	2,190	3,534
Cost of acquisition/manufacture as of 31 December	65,958	61,823
Cumulative write-downs as of 1 January	47,692	45,942
– Additions	5,187	5,277
– Impairments	364	0
– Disposals	2,188	3,527
Cumulative write-downs as of 31 December	51,055	47,692
Book value as of 31 December	**14,903**	**14,131**

38 Income tax assets

€ thousand	31.12.2015	31.12.2014	*Change in %*
Current income tax assets	1,278	6,867	*–81.4*
Deferred income tax assets	1,785	0	*–*
Total	**3,063**	**6,867**	*–55.4*

Current income tax assets contain claims from the previous financial years.

Deferred income tax assets and liabilities are offset as they relate to the same tax authorities. In financial year 2015, offsetting deferred income tax assets and liabilities produced an income tax asset.

Deferred income tax assets breakdown as follows:

€ thousand	Income tax assets	Income tax liabilities	31.12.2015 balance	Income tax assets	Income tax liabilities	31.12.2014[1)] balance
Negative fair values from derivative hedging instruments	0	0	0	289	0	289
Claims on customers (provisions for possible loan losses)	333	0	333	328	0	328
Financial investments						
– Recognised in profit or loss	14,179	0	14,179	11,902	−145	11,757
– Recognised in equity	0	−15,085	−15,085	0	−18,397	−18,397
Intangible assets	0	−3,493	−3,493	0	−3,135	−3,135
Provisions						
– Recognised in profit or loss	3,407	−73	3,334	3,648	−107	3,541
– Recognised in equity	2,512	0	2,512	3,632	0	3,632
Other liabilities	5	0	5	54	0	54
Total	**20,436**	**−18,651**	**1,785**	**19,853**	**−21,784**	**−1,931**

1) Figures were adjusted retrospectively due to revised handling of contributions to the German banks' compensatory funds (see Note (2)).

As at 31 December 2015, 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 since 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 earnings rate of 11.66% in 2015 (previous year 11.33%). This results in an income tax rate of 27.49% (in the previous year a tax rate of 27.15% on current income tax assets and liabilities and 27.49% on deferred income tax assets and liabilities was used, following a change in the trade earnings tax rate effected by the Quickborn municipality as of 1 January 2015).

Taking into account its trade tax rate of 11.20% (previous year: 11.38%), ebase GmbH is subject to an income tax rate of approximately 27.03% (previous year: 27.20%).

39 Other assets

€ thousand	31.12.2015	31.12.2014	*Change in %*
Deferred items	988	1,060	*−6.8*
Receivables from local advisory services	1	1	*0.0*
Claims on product providers	2,226	1,983	*12.3*
Claims on group companies	1,481	2,436	*−39.2*
Receivables from securities transactions	1,582	1,584	*−0.1*
Trade receivables	427	401	*6.5*
Salary advances	805	846	*−4.8*
Reclaims on supervisory authorities	0	1,353	*−100.0*
Other	2,022	2,344	*−13.7*
Total	**9,532**	**12,008**	*−20.6*

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

€ thousand	2015	2014	*Change in %*
As of 1 January	**1,272**	**1,766**	*−28.0*
Allowances	0	2	*−100.0*
Reversals/Utilised	1,184	496	*138.7*
Loan loss provisions as of 31 December	**88**	**1,272**	*−93.1*

40 Liabilities to banks

€ thousand	31.12.2015	31.12.2014	*Change in %*
German banks	5,709	15,901	*−64.1*
Foreign banks	673	10	–
Total	**6,382**	**15,911**	*−59.9*

41 Liabilities to customers

€ thousand	Total			Due on demand		With agreed maturity or withdrawal notice	
	31.12.2015	31.12.2014	*Change in %*	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Liabilities to German customers	**15,605,061**	**14,063,278**	*11.0*	**14,891,118**	**13,271,745**	**713,943**	**791,533**
– Private customers	15,527,038	13,999,371	*10.9*	14,816,700	13,208,760	710,338	790,611
– Corporate customers and self-employed private individuals	78,023	63,907	*22.1*	74,418	62,985	3,605	922
Liabilities to foreign customers	**439,823**	**391,833**	*12.2*	**406,382**	**354,957**	**33,441**	**36,876**
– Private customers	423,972	382,427	*10.9*	390,531	345,551	33,441	36,876
– Corporate customers and self-employed private individuals	15,851	9,406	*68.5*	15,851	9,406	0	0
Total	**16,044,884**	**14,455,111**	*11.0*	**15,297,500**	**13,626,702**	**747,384**	**828,409**

Liabilities to customers include foreign currency amounts of €272,388 thousand (2014: €192,506 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 €78.8m (comdirect bank AG customers) or €5.0m (ebase GmbH customers). In addition, comdirect bank AG and ebase GmbH are members of Entschädigungseinrichtung deutscher Banken GmbH (German Banks’ Compensation Fund).

42 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	31.12.2015	31.12.2014	*Change in %*
Negative fair values from allocated effective fair value hedges	**0**	**641**	*–100.0*

Only interest rate swaps are used for hedging purposes. They are carried at fair value. The nominal volume of the financial instruments amounts to €0m (2014: €28m).

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.

43 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, there were no derivatives in stock (31.12.2014: €10m).

€ thousand	31.12.2015	31.12.2014	*Change in %*
Interest-related transactions	**0**	**253**	*–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.

44 Provisions

€ thousand	31.12.2015	31.12.2014[1)]	*Change in %*
Provisions for pensions and similar commitments	24,812	31,239	*–20.6*
Other provisions	21,487	18,922	*13.6*
Total	**46,299**	**50,161**	*–7.7*

1) Figures were adjusted retrospectively due to revised handling of contributions to the German banks' compensatory funds (see Note (2)).

Provisions for pensions and similar commitments comprise pension obligations and deferred compensation obligations. There are also obligations relating to partial retirement arrangements. Netted against the corresponding plan assets, this results in an asset of €203 thousand (2014: €12 thousand).

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

Changes in net liability of the defined benefit pension obligations and deferred compensation obligations:

€ thousand	Pension obligations	Plan assets	Net liabilities
As of 1.1.2014	**26,004**	**−4,212**	**21,792**
Current service costs	647	0	647
Contributions from employees from salary sacrifice	32	0	32
Interest expenses/income	1,002	−164	838
Pension payments	−612	0	−612
Transfers	0	0	0
Earnings/loss in the plan assets excluding amounts already recognised in the net interest expenses/income	0	−685	−685
Experience gains and losses	189	0	189
Gains and losses from changes in financial assumptions	9,082	0	9,082
Gains and losses from changes in demographic assumptions	0	0	0
Allocation to plan assets	0	−32	−32
As of 31.12.2014	**36,344**	**−5,093**	**31,251**
As of 1.1.2015	**36,344**	**−5,093**	**31,251**
Current service costs	885	0	885
Contributions from employees from salary sacrifice	25	−25	0
Interest expenses/ income	828	−117	711
Pension payments	−639	0	−639
Transfers	699	0	699
Earnings/loss in the plan assets excluding amounts already recognised in the net interest expenses/income	0	302	302
Experience gains and losses	−221	0	−221
Gains and losses from changes in financial assumptions	−2,894	0	−2,894
Gains and losses from changes in demographic assumptions	−1,282	0	−1,282
Allocation to plan assets	0	−4,000	−4,000
As of 31.12.2015	**33,745**	**−8,933**	**24,812**
– of which provisions for pensions	33,745	−8,933	24,812
– of which activated plan assets	0	0	0

The service costs are reported in administrative expenses and the interest components in net interest income. 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.

Additional costs arose for partial retirement contracts and early retirement scheme in the amount of €63 thousand (2014: €−9 thousand), for pension insolvency insurance in the amount of €24 thousand (2014: €15 thousand) and for costs for Versicherungsverein des Bankgewerbes a.G. (BVV) in the amount of €33 thousand (2014: €28 thousand). The actual loss from plan assets amounted to €194 thousand (2014: gains in the amount of €870 thousand).

The weighted duration of the obligations amounts to 19.2 years (31.12.2014: 19.9 years). The expected due dates of the pension payments are as follows:

€ thousand	2016	2017	2018	2019	2020	2021-2025
Expected pension payment	684	735	767	776	807	5,115

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 31.12.2015	DBO as of 31.12.2014
Interest-rate sensitivity		
– Discount rate +50 basis points	–2,940	–3,281
– Discount rate –50 basis points	3,396	3,802
Salary progression sensitivity		
– Salary progression +50 basis points	986	1,084
– Salary progression –50 basis points	–914	–848
Pension-adjustment sensitivity		
– Pension-adjustment +50 basis points	1,435	1,939
Pension-adjustment –50 basis points	–1,312	–1,606
Mortality rate (life expectancy) adjustment sensitivity		
– Reduction in probability of death by 10%[1]	878	994

1) The reduction in expected mortality of 10% for all ages leads to an average increase in life expectancy of about one year at the age of 65.

The reported plan assets are primarily held as assets in a pension trust. A portion of this, €299 thousand (31.12.2014: €265 thousand), relates to reinsurance cover. The assets held in the pension trust to meet pension claims are as follows:

	31.12.2015		31.12.2014	
Market value of plan assets as of 1 January in %	**Active market**	**Inactive market**	**Active market**	**Inactive market**
Fixed-income securities/bond funds	44.5	21.2	50.4	13.7
Equities/equity funds	9.0	3.9	8.0	3.4
Other financial instruments	14.1	4.6	11.8	10.1
Liquidity	2.7	0.0	2.6	0.0
Total	**70.3**	**29.7**	**72.8**	**27.2**

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

in %	31.12.2015	31.12.2014
Parameters for determining the pension obligations at year-end		
– Discount rate	2.6	2.3
– Salary progression	2.5	2.5
– Pension adjustment	1.5	1.8
Parameters for determining pension expenses in financial year		
– Discount rate	2.3	3.9
– Salary progression	2.5	2.5
– Pension adjustment	1.8	1.8

Changes in other provisions:

€ thousand	As of 1.1.2015[1]	Utilised	Reversal	Allowance	As of 31.12.2015
Provisions for non-income-related taxes and interest due to tax claims	451	31	169	0	251
Provisions for stuff	10,124	7,588	1,150	10,386	11,772
Provisions for credit risk	4,270	12	1,963	3,525	5,820
Sundry provisions	4,077	2,625	33	2,225	3,644
Total	**18,922**	**10,256**	**3,315**	**16,136**	**21,487**

1) Figures were adjusted retrospectively due to revised handling of contributions to the German banks' compensatory funds (see Note (2)).

The provisions for staff mainly relate to provisions for variable compensation components, which are scheduled to be used in financial year 2016. This item also includes provisions for anniversary expenses of €996 thousand (2014: €835 thousand).

The "other provisions" item includes €1,800 thousand (2014: €2,258 thousand) for contributions to the German banks' compensation funds. The amount of €2.6m is seen as the most likely value for the contribution volume for the 2015 financial year. In determining the provision, 30% of the future contribution was considered to be allocated to an irrevocable payment obligation. In future periods, the German banks' compensation fund can call on the member institutes from the current payment obligations to cover compensation cases.

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.

45 Income tax liabilities

€ thousand	31.12.2015	31.12.2014[1]	*Change in %*
Current income tax liabilities	3,075	1,124	*173.6*
Deferred income tax liabilities	0	1,931	*–100.0*
Total	**3,075**	**3,055**	*0.7*

1) Figures were adjusted retrospectively due to revised handling of contributions to the German banks' compensatory funds (see Note (2)).

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 2015, offsetting deferred income tax assets and liabilities produced an income tax asset. A breakdown is given in Note (38).

46 Other liabilities

€ thousand	31.12.2015	31.12.2014	Change in %
Liabilities from final withholding tax	3,850	9,681	−60.2
Trade accounts payable	25,119	26,616	−5.6
Liabilities to affiliated companies	11,149	13,642	−18.3
Other	3,741	4,390	−14.8
Total	**43,859**	**54,329**	−19.3

47 Equity

€ thousand	31.12.2015	31.12.2014[1)]	Change in %
Subscribed capital	141,221	141,221	0.0
Capital reserve	223,296	223,296	0.0
Retained earnings	127,438	115,934	9.9
Revaluation reserves	75,787	53,302	42.2
Consolidated profit	56,488	56,488	0.0
Equity	**624,230**	**590,241**	5.8

1) Figures were adjusted retrospectively due to revised handling of contributions to the German banks' compensatory funds (see Note (2)).

Subscribed capital
Subscribed capital comprises non-par value shares.

	Number
Number of shares held as of 1.1.2015	**141,220,815**
Issue of new shares	0
Number of shares held as of 31.12.2015	**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.

Of the total amount of revaluation reserves, a partial amount of €32.1m (2014: €0m) is attributable to the investment in VISA Europe Ltd. reported separately on the assets side of the balance sheet in the "non-current assets held for sale" item.

Additional information

48 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	31.12.2015	31.12.2014
Profit after tax [1]	64.0	55.5
Subscribed capital	141.2	141.2
Revaluation reserves	43.7	53.3
General reserves [2]	350.4	346.2
Other intangible assets	−23.1	−24.8
Deferred tax assets and liabilities	−18.6	−16.5
Economic capital	**557.7**	**555.0**
Reserve for fluctuations in economic capital	−122.7	−120.0
Risk cover potential	**435.0**	**435.0**

1) After-tax profit/loss 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 €165.7m (2014: €155.5m). As of the end of the financial year, utilisation of risk cover potential was thus 38.1% (2013: 35.7%). 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) combined with article 7 CRR. 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 36.26% (in accordance with Article 92 CRR, previous year: 42.13%).

€ thousand	31.12.2015	31.12.2014	Change in %
Subscribed capital	141,221	141,221	0.0
General reserves	267,060	300,932	−11.3
Addition/reduction	25,202	−24,854	–
Core capital	**433,483**	**417,299**	3.9
Liable equity	**433,483**	**417,299**	3.9
Own funds for SolvV	**433,483**	**417,299**	3.9
Risk-weighted assets	950,761	820,186	15.9
Eligible amount for operational and other risks, multiplied by 12.5	244,823	169,297	44.6
Total	**1,195,584**	**989,483**	20.8

49 Maturities of assets and liabilities

All assets and liabilities items are classified in the following table as short-term or long-term according to realisation of the amounts. The amounts that are realised within one year are classified as short-term. The amounts that are realised after more than 12 months are classified as long-term.

€ thousand	As of 31.12.2015		As of 31.12.2014[1]	
	Short-term	**Long-term**	**Short-term**	**Long-term**
Cash reserve	1,228,206	0	6,023	0
Claims on banks	2,848,946	8,850,504	3,272,940	7,927,000
Claims on customers	341,798	0	235,366	0
Financial investments	505,841	2,833,586	657,257	2,948,177
Intangible assets	0	23,051	0	24,752
Fixed assets	0	14,903	0	14,131
Current income tax assets	1,080	198	5,589	1,278
Deferred income tax assets	4,475	15,961	3,747	15,485
Other assets	9,531	1	12,007	1
Total	**4,939,877**	**11,738,204**	**4,192,929**	**10,930,824**
Liabilities to banks	6,382	0	15,911	0
Liabilities to customers	15,799,147	245,737	14,137,772	317,339
Negative fair values from derivative hedging instruments	0	0	641	0
Trading liabilities	0	0	253	0
Provisions	20,867	25,432	18,439	31,722
Current income tax liabilities	3,075	0	562	562
Deferred income tax liabilities	5,863	12,788	5,674	15,489
Other liabilities	43,859	0	54,329	0
Total	**15,879,193**	**283,957**	**14,233,581**	**365,112**

1) Figures were adjusted retrospectively due to revised handling of contributions to the German banks' compensatory funds (see Note (2)).

We show the maturities for financial instruments for which there are contractual terms in the table listing the remaining lifetimes. Time remaining to maturity is considered as the period between the balance sheet date and the contractual maturity of the claim or obligation.

€ thousand	Remaining lifetimes as of 31.12.2015					
	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	11,699,450	311,119	748,754	1,789,073	8,397,502	453,002
Claims on customers	341,798	304,532	37,266	0	0	0
Bonds and notes in the "available for sale" portfolio	3,339,427	0	166,997	338,844	2,739,679	93,907
Total	**15,380,675**	**615,651**	**953,017**	**2,127,917**	**11,137,181**	**546,909**
Liabilities to banks	6,382	6,382	0	0	0	0
Liabilities to customers	16,044,884	15,297,500	447,627	54,020	114,182	131,555
Total	**16,051,266**	**15,303,882**	**447,627**	**54,020**	**114,182**	**131,555**

€ thousand	Remaining lifetimes as of 31.12.2014					
	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 notes 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
Negative fair values from derivative financial instruments	641	0	214	427	0	0
Trading liabilities	253	0	0	253	0	0
Total	**14,471,916**	**13,642,613**	**466,286**	**45,678**	**107,548**	**209,791**

50 Claims on/liabilities to affiliated companies

€ thousand	31.12.2015	31.12.2014	*Change in %*
Assets			
Claims on banks	11,648,377	11,148,165	*4.5*
Financial investments	968,239	1,216,876	*−20.4*
Other assets	1,481	2,436	*−39.2*
Total	**12,618,097**	**12,367,477**	*2.0*
Liabilities			
Liabilities to banks	0	13,067	*−100.0*
Other liabilities	11,149	13,642	*−18.3*
Total	**11,149**	**26,709**	*−58.3*

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

51 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 €12,618m (2014: €12,367m). These default risks are fully covered by collateral via an assignment agreement and title loans 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 €344.4m (2014: €237.6m) in claims on customers before provisions for possible loan losses, default risks from loans against securities in the amount of €155.1m (2014: €124.0m) 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
31.12.2015				
Very good	255,835	11,699,450	3,258,263	1,228,206
Good	3,038	0	47,320	0
Satisfactory	7,649	0	21,018	0
Adequate	8,502	0	10,058	0
Heightened risk	12,501	0	0	0
High risk	6,917	0	0	0
Default	1,853	0	0	0
No allocation	48,130	0	79,569	32,498
Total	**344,425**	**11,699,450**	**3,416,228**	**1,260,704**
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**

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 and exchange-traded funds. The unallocated other financial assets concern the investment in VISA Europe Ltd.

Overdue, but as yet unimpaired financial assets

€ thousand	Claims on customers		
	31.12.2015	**31.12.2014**	*Change in %*
Age structure			
– 30 to 90 days	1,639	2,015	*–18.7*
– 91 to 179 days	237	682	*–65.2*
– 180 days and more	1,684	1,978	*–14.9*
Total	**3,560**	**4,675**	*–23.9*

Less provisions for possible loan losses, claims on customers which are overdue but not yet impaired total €1,613 thousand for those in arrears of 30 to 90 days (2014: €1,965 thousand), €228 thousand for those in arrears of 91 to 179 days (2014: €665 thousand) and €1,606 thousand for those in arrears of 180 days or more (2014: €1,881 thousand).

Individually impaired financial assets

€ thousand	Claims on customers		
	31.12.2015	**31.12.2014**	*Change in %*
Volume of claims individually impaired	1,853	1,916	*–3.3*
Impairment	–935	–976	*–4.2*
Book value	**918**	**940**	*–2.3*

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

Liquidity risk

Liquidity risk in the narrower sense is understood as the risk that the bank will be unable to meet or to meet on time its current and future payment obligations. The wider definition of liquidity risk also encompasses refinancing risk, that is the risk that the liquidity will 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 2015				
	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	1,228,206	1,228,206	0	0	0
– Claims on banks	11,699,450	311,119	2,597,094	8,587,351	477,429
– Claims on customers	341,798	304,532	37,266	0	0
– Bonds and notes	3,339,427	0	527,693	2,738,968	95,126
Total	**16,608,881**	**1,843,857**	**3,162,053**	**11,326,319**	**572,555**

€ 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
Total	**15,046,763**	**457,508**	**3,797,907**	**10,862,739**	**327,832**

Payment obligations under financial liabilities in accordance with contractually agreed maturities

€ thousand	Remaining lifetimes as of 31 December 2015				
	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	6,382	6,382	0	0	0
– Liabilities to customers	16,044,884	15,297,500	511,928	145,433	136,429
Derivative financial liabilities					
– Negative fair values from derivative hedging instruments	0	0	0	0	0
– Trading liabilities	0	0	0	0	0
Credit obligations					
– Private customers	0	4,552,105	0	0	0
of which from loans against securities	0	2,311,949	0	0	0
Total	**16,051,266**	**19,855,987**	**511,928**	**145,433**	**136,429**

€ 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	523,661	139,649	221,902
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**	**524,555**	**139,649**	**221,902**

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 trading 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 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 31.12.2014	As of 31.12.2015	Year high	Year low	Median 2015	Median 2014
Total VaR 97.5% Holding period 1 day	1,417	1,750	1,755	1,251	1,532	1,488
Stress test – overall result	**108,046**	**87,697**	**109,918**	**87,697**	**97,986**	**109,481**

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.

52 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	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
Loans and receivables				
– Cash reserve	1,228,206	6,023	1,228,206	6,023
– Claims on banks	11,835,565	11,421,591	11,699,450	11,199,940
– Claims on customers	341,798	235,366	341,798	235,366
Total	**13,405,569**	**11,662,980**	**13,269,454**	**11,441,329**
Available-for-sale financial assets				
– Financial investments	3,416,228	3,670,615	3,416,228	3,670,615
– Non-current assets held for sale	32,498	0	32,498	0
Total	**3,448,726**	**3,670,615**	**3,448,726**	**3,670,615**
Liabilities measured at amortised cost				
– Liabilities to banks	6,382	15,911	6,382	15,911
– Liabilities to customers	16,080,496	14,499,721	16,044,884	14,455,111
Total	**16,086,878**	**14,515,632**	**16,051,266**	**14,471,022**
Financial assets and liabilities at fair value through profit or loss				
– Negative fair values from derivative hedging instruments	0	641	0	641
– Trading liabilities	0	253	0	253
Total	**0**	**894**	**0**	**894**

The nominal value of the financial instruments due on demand is their fair value. These instruments include the cash reserve, overdraft facilities and demand deposits under the balance sheet item “claims on banks” in the amount of €311,119 thousand (2014: €212,023 thousand), “claims on customers” in the amount of €341,798 thousand (2014: €235,366 thousand), “liabilities to banks” in the amount of €6,382 thousand (2014: €15,911 thousand) and “liabilities to customers” in the amount of €15,309,341 thousand (2014: €13,637,317 thousand).

Allocation of fair values is presented in the note “fair value hierarchy” (Note (53)).

53 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	31.12.2015			
	Total	Level 1	Level 2	Level 3
Assets				
Loans and receivables				
– Cash reserve	1,228,206	0	1,228,206	0
– Claims on banks	11,835,565	0	11,835,565	0
– Claims on customers	341,798	0	341,798	0
Available for sale				
– Financial investments	3,416,228	2,435,871	980,357	0
– Non-current assets held for sale	32,498	0	0	32,498
Total assets	**16,854,295**	**2,435,871**	**14,385,926**	**32,498**
Liabilities				
Liabilities measured at amortised cost				
– Liabilities to banks	6,382	0	6,382	0
– Liabilities to customers	16,080,496	0	16,080,496	0
Total liabilities	**16,086,878**	**0**	**16,086,878**	**0**

€ 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
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**

Securities with fair value of €80m 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 €26m were reclassified from level 2 to level 1, as an active market was available due to increased market activity.

54 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	31.12.2015	31.12.2014	*Change in %*
Loans and receivables			
– Interest income	134,619	153,831	*–12.5*
– Provisions for possible loan losses	–1,334	–773	*72.6*
Net result	**133,285**	**153,058**	*–12.9*
Available-for-sale financial assets			
– Fair value changes (recognised in equity)	23,385	46,729	*–50.0*
– Valuation results reposted from the revaluation reserves to the income statement	612	394	*55.3*
– Results of sales reposted from the revaluation reserves to the income statement	–4,824	–5,223	*–7.6*
Sub-total: change in revaluation reserves before tax	**19,173**	**41,900**	*–54.2*
– Interest income	29,943	40,025	*–25.2*
– Amortisation hedge adjustments	–337	–849	*–60.3*
– Dividends and similar income	1,299	1,230	*5.6*
– Results from financial investments	4,212	4,829	*–12.8*
– Change in hedged fair value from hedging instruments	2	59	*–96.6*
Net result	**54,292**	**87,194**	*–37.7*
Liabilities measured at amortised cost			
– Interest expenses	–27,169	–47,331	*–42.6*
Net result	**–27,169**	**–47,331**	*–42.6*
At fair value through profit or loss: held for trading			
– Trading result	219	138	*58.7*
Net result	**219**	**138**	*58.7*
At fair value through profit or loss: derivative hedging instruments			
– Net interest income	–224	–230	*–2.6*
– Change in fair value from hedging instruments	–2	–52	*–96.2*
Net result	**–226**	**–282**	*–19.9*

Interest income for financial instruments not recognised at fair value in profit or loss amounts to €165.5m (2014: €194.2m); interest expenses amount to €27.2m (2014: €47.3m).

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

55 Average number of employees during the reporting period

	2015			2014			*Change (Total) in %*
	Total	**Female**	**Male**	**Total**	**Female**	**Male**	
At comdirect bank AG	**1,048**	**522**	**526**	**1,017**	**513**	**504**	*3.0*
– in service	521	322	199	516	321	195	*1.0*
– in other areas	527	200	327	501	192	309	*5.2*
At ebase GmbH	**250**	**153**	**97**	**247**	**152**	**95**	*1.2*
Average number of employees during the reporting period	**1,298**	**675**	**623**	**1,264**	**665**	**599**	*2.7*

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 2015.

	2015			2014			*Change (Total) in %*
Trainees	**Total**	**Female**	**Male**	**Total**	**Female**	**Male**	
At comdirect bank AG	**28**	**11**	**17**	**30**	**16**	**14**	*–7.9*

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

€ thousand	1.1. to 31.12.2015	1.1. to 31.12.2014[1)]	1.1. to 31.12.2013	1.1. to 31.12.2012	1.1. to 31.12.2011
Interest income	165,300	194,006	214,815	263,870	269,090
Interest expenses	27,896	48,203	76,174	112,887	118,243
Net interest income before provisions for possible loan losses	**137,404**	**145,803**	**138,641**	**150,983**	**150,847**
Provisions for possible loan losses	−2,895	−279	−1,429	−4,430	−1,331
Net interest income after provisions for possible loan losses	**134,509**	**145,524**	**137,212**	**146,553**	**149,516**
Commission income	383,395	333,946	323,348	288,298	292,434
Commission expenses	155,030	140,796	135,018	120,599	109,849
Net commission income	**228,365**	**193,150**	**188,330**	**167,699**	**182,585**
Trading result and result from hedge accounting	219	145	287	−8	−1,079
Result from financial investments	4,212	4,829	9,243	3,690	−5,989
Administrative expenses	**279,980**	**270,995**	**259,866**	**235,911**	**232,074**
– Personnel expenses	83,153	77,650	73,402	68,167	67,465
– Other administrative expenses	180,310	173,696	168,662	152,249	147,877
Marketing expenses	62,011	60,248	59,324	56,000	57,208
Communication expenses	9,210	9,114	11,971	8,790	6,450
Consulting expenses	15,214	16,384	14,362	11,698	10,832
Expenses for external services	49,189	44,746	41,275	38,094	36,467
Sundry administrative expenses	44,686	43,204	41,730	37,667	36,920
– Depreciation of office furniture and equipment and intangible assets	16,517	19,649	17,802	15,495	16,732
Other operating result	3,283	9,825	4,826	11,519	15,117
Pre-tax profit	**90,608**	**82,478**	**80,032**	**93,542**	**108,076**
Taxes on income	25,566	16,285	19,498	19,262	−3,687
Net profit	**65,042**	**66,193**	**60,534**	**74,280**	**111,763**

1) Figures were adjusted retrospectively due to revised handling of contributions to the German banks' compensatory funds (see Note (2)).

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

€ thousand	1.1. to 31.12.2015	1.1. to 31.12.2014[1)]	1.1. to 31.12.2013	1.1. to 31.12.2012	1.1. to 31.12.2011
Net profit	**65,042**	**66,193**	**60,534**	**74,280**	**111,763**
Items which cannot be reclassified to the income statement					
– Change in actuarial gains/losses recognised in equity	2,951	−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	26,499	35,204	−25,988	46,924	−23,825
Reclassification to the income statement	−4,014	−4,139	−7,294	−2,721	4,425
Other comprehensive income for the period	**25,436**	**24,813**	**−32,574**	**40,854**	**−19,400**
Comprehensive income	**90,478**	**91,006**	**27,960**	**115,134**	**92,363**

1) Figures were adjusted retrospectively due to revised handling of contributions to the German banks' compensatory funds (see Note (2)).

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

€ thousand	2015			
	Q1[1]	Q2[1]	Q3[1]	Q4
Interest income	42,947	41,382	41,307	39,664
Interest expenses	7,742	7,200	6,588	6,366
Net interest income before provisions for possible loan losses	**35,205**	**34,182**	**34,719**	**33,298**
Provisions for possible loan losses	−26	−411	−1,850	−608
Net interest income after provisions for possible loan losses	**35,179**	**33,771**	**32,869**	**32,690**
Commission income	99,239	96,890	96,554	90,712
Commission expenses	38,720	41,294	37,895	37,121
Net commission income	**60,519**	**55,596**	**58,659**	**53,591**
Trading result and result from hedge accounting	60	63	66	30
Result from financial investments	1,601	2,134	22	455
Administrative expenses	**73,408**	**65,515**	**66,086**	**74,971**
– Personnel expenses	19,772	20,078	21,113	22,190
– Other administrative expenses	49,556	41,558	41,103	48,093
Marketing expenses	17,166	13,822	13,727	17,296
Communication expenses	2,026	2,126	2,247	2,811
Consulting expenses	3,956	3,840	3,813	3,605
Expenses for external services	12,241	12,216	12,174	12,558
Sundry administrative expenses	14,167	9,554	9,142	11,823
– Depreciation of office furniture and equipment and intangible assets	4,080	3,879	3,870	4,688
Other operating result	709	621	1,016	937
Pre-tax profit	**24,660**	**26,670**	**26,546**	**12,732**
Taxes on income	6,644	7,101	7,411	4,410
Net profit	**18,016**	**19,569**	**19,135**	**8,322**

1) Figures were adjusted retrospectively due to revised handling of contributions to the German banks' compensatory funds (see Note (2)).

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

€ thousand	2015			
	Q1[1]	Q2[1]	Q3[1]	Q4
Net profit	**18,016**	**19,569**	**19,135**	**8,322**
Items which cannot be reclassified to the income statement				
– Change in actuarial gains/losses recognised in equity	−2,760	5,470	709	−468
Items which can be reclassified to the income statement				
– Change in the revaluation reserves after tax				
Change in value recognised in equity	11,079	−15,257	−7,188	37,865
Reclassification to the income statement	−1,386	−1,803	−429	−396
Other comprehensive income for the period	**6,933**	**−11,590**	**−6,908**	**37,001**
Comprehensive income	**24,949**	**7,979**	**12,227**	**45,323**

1) Figures were adjusted retrospectively due to revised handling of contributions to the German banks' compensatory funds (see Note (2)).

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

€ thousand	2014[1]			
	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	**64,281**	**66,200**	**64,377**	**76,137**
– Personnel expenses	18,211	18,844	19,566	21,029
– Other administrative expenses	41,685	42,798	40,249	48,964
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	11,934	9,593	9,314	12,363
– 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	**24,656**	**20,127**	**21,747**	**15,948**
Taxes on income	6,397	5,248	5,912	−1,272
Net profit	**18,259**	**14,879**	**15,835**	**17,220**

1) Figures were adjusted retrospectively due to revised handling of contributions to the German banks’ compensatory funds (see Note (2)).

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

€ thousand	2014[1]			
	Q1	Q2	Q3	Q4
Net profit	**18,259**	**14,879**	**15,835**	**17,220**
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	**21,961**	**27,668**	**25,904**	**15,473**

1) Figures were adjusted retrospectively due to revised handling of contributions to the German banks’ compensatory funds (see Note (2)).

58 Segment reporting by business line

€ thousand	1.1. to 31.12.2015			
	B2C	B2B	Consoli-dation	comdirect group total
Interest income	165,024	382	−106	165,300
Interest expenses	27,334	668	−106	27,896
Net interest income before provisions for possible loan losses	137,690	−286		137,404
Provisions for possible loan losses	−2,852	−43		−2,895
Net interest income after provisions for possible loan losses	134,838	−329		134,509
Commission income	192,621	190,937	−163	383,395
Commission expenses	17,997	137,070	−37	155,030
Net commission income	174,624	53,867	−126	228,365
Trading result and result from hedge accounting	219	0		219
Result from financial investments	4,154	58		4,212
Administrative expenses	236,604	43,595	−219	279,980
Other operating result	2,521	855	−93	3,283
Pre-tax profit	**79,752**	**10,856**		**90,608**
Segment investments	10,802	4,789		15,591
Segment depreciation	11,992	4,525		16,517
Cost/income ratio	*74.1%*	*80.0%*		*75.0%*
Segment income	368,605	192,695		
– of which external income	368,470	192,463		
– of which inter-segmental income	135	232		
Segment expenses	288,853	181,839		

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 segment.

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 (19)). The interest income from money and capital market transactions in the amount of €131.2m exceeds 10% of the total income for the segments. This was earned almost exclusively in the B2C business line.

Segment reporting by business line

€ thousand	1.1. to 31.12.2014[1]			
	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	230,722	40,442	−169	270,995
Other operating result	8,603	1,338	−116	9,825
Pre-tax profit	**71,844**	**10,634**		**82,478**
Segment investments	12,335	4,135		16,470
Segment depreciation	15,353	4,296		19,649
Cost/income ratio	*76.2%*	*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	300,896	165,024		

1) Figures were adjusted retrospectively due to revised handling of contributions to the German banks' compensatory funds (see Note (2)).

Net commission income in the B2C segment results predominantly from custody account business with private customers. In addition, commission is generated from payment transactions and other commission, e.g. from advisory services. In the B2C business segment impairments on equity instruments amounting to €247 thousand (2014: €253 thousand) and debt instruments amounting to €365 thousand (2014: €0 thousand) were necessary. There were also write-downs on intangible assets in the amount of €202 thousand (2014: €1,389 thousand) and on office furniture and equipment in the amount of €364 thousand (2014: €0 thousand).

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 were not taken into account (2014: €140 thousand).

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.

59 Other liabilities

€ thousand	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	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	4,499	4,279	10,563	8,106	0	0
Lease payments	573	450	642	374	0	0
Total	**5,072**	**4,729**	**11,205**	**8,480**	**0**	**0**

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

60 Fees for auditors

€ thousand	31.12.2015	31.12.2014	*Change in %*
Annual audits	384	433	*−11.3*
Other certification services	206	194	*6.2*
Tax advisory services	124	138	*−10.1*
Total	**714**	**765**	*−6.7*

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

61 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.

62 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,
Quickborn

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

Board of Managing Directors

Arno Walter
Chairman of the Board of Managing Directors, CEO
(from 15 March 2015)

Dr Sven Deglow
Member of the Board of Managing Directors, CMO
(from 1 September 2015)

Holger Hohrein
Member of the Board of Managing Directors, CFO
Chairman of the Board of Managing Directors
(until 14 March 2015)

Martina Palte
Member of the Board of Managing Directors, COO

63 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 statutory supervisory boards:
- BVV Versicherungsverein des Bankgewerbes a.G., Berlin
  Deputy Chairman

Seats on comparable supervisory boards:
- BVV Versorgungskasse des Bankgewerbes a.G., Berlin
  Deputy Chairman
- 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

Arno Walter (from 15 March 2015)
Seats on comparable supervisory bodies:
- European Bank for Financial Services GmbH (ebase), Aschheim
  Chairman

Dr Sven Deglow (from 1 September 2015)
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

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

64 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 variable 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 2015 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 2015 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 €1,268 thousand (2014: €1,229 thousand) was reported for financial year 2015. The figure for the previous year also contains the contributions from Board of Managing Directors members who stepped down in financial year 2014.

Short-term benefits

€ thousand	Non-variable components		Value of fringe benefits		STI cash payout	
	2015	2014	2015	2014	2015	2014
Arno Walter (from 15 March 2015)	287	n/a	46	n/a	34	n/a
Holger Hohrein	270	230	18	7	41	43
Martina Palte	205	180	11	11	35	32
Dr Sven Deglow (from 1 September 2015)	77	n/a	1	n/a	12	n/a
Total	**839**	**410**	**76**	**18**	**122**	**75**

In financial year 2015, expenses were recorded in the income statement for the variable components due in the short term for Mr Walter €36 thousand, for Mr Hohrein €51 thousand (2014: €38 thousand), for Mrs Palte €39 thousand (2014: €37 thousand) and for Dr Deglow €12 thousand.

Share-based payment

Share-based components of variable compensation

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 2015.

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 2015	Tranche 2014	Tranche 2015	Tranche 2014
Arno Walter (from 15 March 2015)	34	n/a	51	n/a
Holger Hohrein	41	43	27	29
Martina Palte	35	32	23	21
Dr Sven Deglow (from 1 September 2015)	12	n/a	8	n/a
Total	**122**	**75**	**109**	**50**

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 – share-based STI

€ thousand	Share-based STI Tranche 2014	
	Due for payment in the reporting year	Value upon granting
Holger Hohrein	38	43
Martina Palte	28	32
Total	**66**	**75**

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

€ thousand	Tranche 2014		Tranche 2013		Tranche 2012	
	Evaluation as of 31.12.2015	Value upon granting	Evaluation as of 31.12.2015	Value upon granting	Evaluation as of 31.12.2015	Value upon granting
Holger Hohrein (from 1 October 2013)	25	29	4	5	n/a	n/a
Martina Palte (from 1 July 2012)	19	21	15	19	9	10
Total	**44**	**50**	**19**	**24**	**9**	**10**

In financial year 2015, expenses were recorded in the income statement for Mr Walter €48 thousand, Mr Hohrein €60 thousand (2014: €44 thousand), Mrs Palte €51 thousand (2014: €47 thousand) and Dr Deglow €14 thousand arising from the share-based compensation components illustrated.

Other long term benefits

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 2015	Tranche 2014	Tranche 2013	Tranche 2012
Arno Walter (from 15 March 2015)	51	n/a	n/a	n/a
Holger Hohrein (from 1 October 2013)	27	29	5	n/a
Martina Palte (from 1 July 2012)	23	21	19	10
Dr Sven Deglow (from 1 September 2015)	8	n/a	n/a	n/a
Total	**109**	**50**	**24**	**10**

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 €12 thousand for Mr Walter, €16 thousand (2014: €8 thousand) for Mr Hohrein, €19 thousand (2014: €14 thousand) for Mrs Palte and €2 thousand for Dr Deglow.

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	Arno Walter		Holger Hohrein		Martina Palte		Dr Sven Deglow	
	2015	2014	2015	2014	2015	2014	2015	2014
Pension obligations under IFRS (DBO) as of 1.1.	**0**	**n/a**	**22**	**3**	**36**	**17**	**0**	**n/a**
Change in financial year	712	n/a	19	19	12	19	13	n/a
– of which service cost	57	n/a	19	20	16	15	5	n/a
Pension obligations under IFRS (DBO) as of 31.12.	**712**	n/a	**41**	**22**	**48**	**36**	**13**	**n/a**

As part of Mr Walter's appointment as CEO of comdirect bank AG, the pension claims Mr Walter was awarded as a result of his activities at Commerzbank AG were transferred to comdirect. The pension obligation reported for Dr Deglow includes the entitlements acquired during his time as Chief Representative of comdirect bank AG.

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.

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 €4,724 thousand (2014: €4,740 thousand).

The compensation of the former members of the Board of Managing Directors of comdirect bank AG amounted to €376 thousand in the 2015 financial year (2014: €231 thousand). In 2015, a payout of €127 thousand was made for the LTI component for former members of the Board of Managing Directors granted in the 2011 financial year.

Remuneration for the Supervisory Board

The compensation of the Members of the Supervisory Board is stipulated in comdirect bank AG's Articles of Association. In addition to fixed compensation, additional compensation is granted for committee activities.

Members of the Supervisory Board receive total remuneration of €137 thousand (2014: €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	
	2015	2014	2015	2014	2015	2014
Martin Zielke	0	0	0	0	0	0
Frank Annuscheit	0	0	0	0	0	0
Sandra Persiehl (from 15 May 2014)	24	15	6	4	30	19
Georg Rönnberg	24	24	24	24	48	48
Sabine Schmittroth	24	24	12	12	36	36
Maria Xiromeriti (from 15 May 2014)	24	15	0	0	24	15
Thorben Gruschka (until 15 May 2014)	0	9	0	0	0	9
Angelika Kierstein (until 15 May 2014)	0	9	0	2	0	11

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.

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

65 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	33,310	6,510

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	135,850	4,565
CDBS-Cofonds II	Frankfurt/Main, Germany	100.0	96,026	470
CDBS-Cofonds III	Frankfurt/Main, Germany	100.0	106,139	1,522
CDBS-Cofonds IV	Frankfurt/Main, Germany	100.0	106,517	1,511
CDBS-Cofonds V	Frankfurt/Main, Germany	100.0	104,327	2,018

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, 18 February 2016
The Board of Managing Directors

Arno Walter

Dr Sven Deglow

Holger Hohrein

Martina Palte

Repetition of the auditor's report

"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 2015. 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, 19 February, 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Lothar Schreiber	ppa. Tim Brücken
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Six-year overview of comdirect group

		2015	Change in %	2014	Change in %
Customers, assets under custody and key products					
comdirect group*		**31.12.**		**31.12.**	
Customers	number	2,989,454	*3.4*	2,892,003	*2.4*
Custody accounts	number	1,786,168	*4.0*	1,717,088	*1.2*
Total assets under custody	in € million	65,498	*11.1*	58,936	*7.1*
– of which: portfolio volume	in € million	49,463	*11.2*	44,500	*7.0*
– of which: deposit volume	in € million	16,035	*11.1*	14,435	*7.2*
Business-to-customer (B2C) business line					
Customers	number	2,001,256	*4.8*	1,909,105	*4.7*
Custody accounts	number	943,656	*7.3*	879,492	*4.7*
Current accounts	number	1,265,923	*9.3*	1,158,617	*11.1*
Tagesgeld PLUS (“daily money plus”) accounts	number	1,634,288	*5.2*	1,553,309	*6.3*
Total assets under custody	in € million	39,942	*14.9*	34,750	*9.0*
– of which: portfolio volume	in € million	24,143	*17.9*	20,483	*10.3*
– of which: deposit volume	in € million	15,799	*10.7*	14,267	*7.1*
Credit volume	in € million	300	*60.4*	187	*17.6*
Business-to-business (B2B) business line					
Customers	number	988,198	*0.5*	982,898	*–1.9*
Custody accounts	number	842,512	*0.6*	837,596	*–2.3*
Total assets under custody	in € million	25,556	*5.7*	24,186	*4.4*
– of which: portfolio volume	in € million	25,320	*5.4*	24,017	*4.4*
– of which: deposit volume	in € million	236	*39.6*	169	*20.7*
Orders and order volume		**2015**		**2014**	
Executed orders	number	23,566,088	*15.9*	20,341,376	*6.0*
– of which: B2C	number	14,489,218	*30.5*	11,099,421	*11.1*
– of which: B2B	number	9,076,870	*–1.8*	9,241,955	*0.5*
Average order activity per custody account (B2C)	number	15.9	*23.3*	12.9	*6.6*
Order volume per executed order (B2C)[1]	in €	5,498	*2.3*	5,377	*–6.6*
Earnings ratios		**2015**		**2014**	
Net commission income	in € thousand	228,365	*18.2*	193,150	*2.6*
Net interest income before provisions for possible loan losses	in € thousand	137,404	*–5.8*	145,803	*5.2*
Administrative expenses	in € thousand	279,980	*3.3*	270,995	*4.3*
Pre-tax profit	in € thousand	90,608	*9.9*	82,478	*3.1*
Net profit	in € thousand	65,042	*–1.7*	66,193	*9.3*
Earnings per share	in €	0.46	*–2.1*	0.47	*9.3*
Return on equity before tax[2]	in %	16.7	–	15.5	–
Cost/income ratio	in %	75.0	–	76.6	–
Dividend per share	in €	0.40[3]	*0.0*	0.40	*11.1*
Balance sheet key figures		**31.12.**		**31.12.**	
Balance sheet total	in € million	16,769	*10.5*	15,170	*7.1*
Equity	in € million	624	*5.7*	590	*6.9*
Equity ratio[4]	in %	3.3	–	3.5	–
Employees’ figures		**31.12.**		**31.12.**	
Employees	number	1,314	*2.1*	1,287	*4.4*
Employees full-time basis	number	1,173.5	*1.8*	1,153.3	*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

2013	Change in %	2012	Change in %	2011	Change in %	2010	Change in %
31.12.		31.12.		31.12.		31.12.	
2,825,067	2.5	2,755,257	4.7	2,630,525	14.6	2,296,075	6.8
1,697,006	−0.3	1,702,021	1.1	1,683,301	13.6	1,482,023	4.4
55,046	12.7	48,854	17.5	41,587	−2.2	42,535	19.6
41,579	12.0	37,134	20.2	30,882	−4.1	32,197	21.7
13,467	14.9	11,720	9.5	10,705	3.6	10,338	13.5
1,823,579	6.2	1,716,783	5.2	1,632,467	4.7	1,559,021	7.5
839,949	4.2	806,417	2.9	783,616	4.7	748,151	4.0
1,043,192	15.7	901,419	16.4	774,518	19.7	647,048	21.2
1,461,471	8.7	1,344,940	8.8	1,235,770	9.3	1,130,998	17.7
31,891	14.3	27,909	12.1	24,896	−5.4	26,319	18.3
18,564	14.0	16,286	13.7	14,324	−11.1	16,113	22.5
13,327	14.7	11,623	10.0	10,571	3.6	10,207	12.4
159	−8.1	173	−8.5	189	−4.5	198	12.4
1,001,488	−3.6	1,038,474	4.0	998,058	35.4	737,054	5.3
857,061	−4.3	895,604	−0.5	899,685	22.6	733,872	4.9
23,156	10.6	20,945	25.5	16,692	2.9	16,216	21.6
23,015	10.4	20,848	25.9	16,558	2.9	16,084	20.9
140	44.3	97	−27.6	134	2.3	131	> 100
2013		2012		2011		2010	
19,189,622	6.7	17,988,010	−3.7	18,677,910	22.0	15,305,203	4.4
9,989,086	17.9	8,472,017	−7.4	9,151,389	17.0	7,824,053	6.9
9,200,536	−3.3	9,515,993	−0.1	9,526,521	27.3	7,481,150	1.9
12.1	13.1	10.7	−10.1	11.9	11.2	10.7	3.9
5,759	21.0	4,759	−10.3	5,308	3.9	5,110	13.3
2013		2012		2011		2010	
188,330	12.3	167,699	−8.2	182,585	5.7	172,772	16.1
138,641	−8.2	150,983	0.1	150,847	47.8	102,074	−6.1
259,866	10.2	235,911	1.7	232,074	10.5	210,028	5.6
80,032	−14.4	93,542	−13.5	108,076	33.6	80,874	6.4
60,534	−18.5	74,280	−33.5	111,763	87.4	59,634	5.3
0.43	−18.9	0.53	−32.9	0.79	88.1	0.42	5.3
15.1	–	17.5	–	21.2	–	16.8	–
76.1	–	70.7	–	68.0	–	72.1	–
0.36	−18.2	0.44	−21.4	0.56	33.3	0.42	2.4
31.12.		31.12.		31.12.		31.12.	
14,163	13.7	12,451	9.4	11,378	3.1	11,040	12.8
552	−5.8	586	7.1	547	6.4	514	−3.6
3.7	–	4.3	–	4.7	–	4.4	–
31.12.		31.12.		31.12.		31.12.	
1,233	4.8	1,176	2.4	1,148	2.5	1,120	−3.0
1,100.6	4.8	1,050.2	2.5	1,024.8	2.2	1,002.9	−2.6

Financial calendar 2016

27 January	Press-/Analysts' conference in Frankfurt/Main
23 March	Annual report 2015
27 April	Quarterly report
12 May	Annual General Meeting in Hamburg
26 July	Half-year report
2 November	Nine-month report

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The English translation of the comdirect group annual report is provided for convenience only. The German original is definitive.

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