

Half-year report 2016

Key figures of comdirect group

		2016 30.6.	2015 31.12.	Change in %
Customers, assets under custody and key products				
comdirect group*				
Customers	number	3,021,065	2,989,454	1.1
Custody accounts	number	1,814,294	1,786,168	1.6
Total assets under custody	in € million	67,181	65,498	2.6
– of which: portfolio volume	in € million	50,382	49,463	1.9
– of which: deposit volume	in € million	16,799	16,035	4.8
Business-to-customer (B2C) business line				
Customers	number	2,033,755	2,001,256	1.6
Custody accounts	number	972,136	943,656	3.0
Current accounts	number	1,309,886	1,265,923	3.5
Total assets under custody	in € million	41,053	39,942	2.8
– of which: portfolio volume	in € million	24,519	24,143	1.6
– of which: deposit volume	in € million	16,534	15,799	4.7
Credit volume	in € million	320	300	6.7
Business-to-business (B2B) business line				
Customers	number	987,310	988,198	-0.1
Custody accounts	number	842,158	842,512	0.0
Total assets under custody	in € million	26,129	25,556	2.2
– of which: portfolio volume	in € million	25,863	25,320	2.1
– of which: deposit volume	in € million	266	236	12.7
Orders and order volume				
		Q1–Q2	Q1–Q2	
Executed orders	number	11,907,907	11,343,535	5.0
– of which: B2C	number	7,490,018	7,383,647	1.4
– of which: B2B	number	4,417,889	3,959,888	11.6
Average order activity per custody account (B2C annualised)	number	15.6	16.5	-5.5
Order volume per executed order (B2C) ¹⁾	in €	4,560	6,074	-24.9
Earnings ratios				
		Q1–Q2	Q1–Q2	
Net commission income	in € thousand	108,444	116,115	-6.6
Net interest income before provisions for possible loan losses	in € thousand	62,094	69,387	-10.5
Administrative expenses	in € thousand	128,194	138,923	-7.7
Pre-tax profit	in € thousand	87,878	51,330	71.2
Net profit	in € thousand	66,307	37,585	76.4
Earnings per share	in €	0.47	0.27	74.1
Return on equity before tax (annualised) ²⁾	in %	31.9	19.4	-
Return on equity after tax (annualised) ³⁾	in %	24.0	14.2	-
Cost/income ratio	in %	59.6	72.9	-
Balance sheet key figures				
		30.6	31.12.	
Balance sheet total	in € million	17,538	16,769	4.6
Equity	in € million	605	624	-3.0
Equity ratio ⁴⁾	in %	3.2	3.3	-
Regulatory indicators under CRR/CRD IV⁵⁾				
		30.6	31.12.	
Risk weighted assets ⁶⁾	in € million	1,039	951	9.3
Eligible amount for operational and other risks	in € million	18	20	-10.0
Core capital	in € million	442	433	2.1
Own funds for solvency purposes	in € million	442	433	2.1
Own funds ratio ⁷⁾	in %	35.0	36.3	-
Employee figures				
		30.6	31.12.	
Employees	number	1,325	1,314	0.8
Employees full-time basis	number	1,185.8	1,173.5	1.0

*) 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) After-tax profit/average equity (excluding revaluation reserves) in the reporting period

4) Equity (excluding revaluation reserves)/balance sheet total

5) 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. The figures are based on a supervisory scope of consolidation formed exclusively for comparison purposes.

6) Risk weighted assets in accordance with Section 113 paragraph 6 CRR of the German Banking Act (KWG) (intragroup receivables are zero weighted)

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

Dear Shareholders, Dear Friends of comdirect,



Vibrant, strong and bold – that is our customers' perception of our new corporate design with its lemon yellow comdirect logo. It is appropriate above all because its freshness reflects the new understanding of comdirect and its customers. As a smart financial assistant, we take responsibility for giving customers greater freedoms. This is also demonstrated by the innovations and products we have brought to the market over recent weeks and months, from the comdirect trading app to the expanded shares saving plans and our attractive consumer loan. In keeping with the lemon-coloured corporate design, these product initiatives are the vitamin C that makes us refreshingly

different for our customers, supporting them in managing their finances comprehensively and autonomously.

In the first half-year we took one more step towards our goal of being the leading destination for investment, saving and trading with securities. The number of custody accounts has increased tangibly and the portfolio volume remains above €50bn despite substantial price losses following the Brexit decision. At €3.5bn, net customer investments have clearly exceeded the previous year's figure, while the number of executed orders in the B2C business line achieved the high comparative value of 2015 despite a temporary flattening of the market. The erratic rise in trades following the result of the referendum in the United Kingdom also contributed to this. The high level of customer activity reflects the trust that is placed in the reliability and in the comdirect brand. We want to earn this trust – in particular also by dealing with mistakes, such as the serious software problem that occurred on 18 July, and by demonstrating the ability to learn from this. The incident, for which I would like to express my personal apologies to you, is something that we deeply regret and at the same time we would like to assure you that the protection of customer data is given the highest priority.

We have responded to the market-related decline in net interest income and net commission income with active management of marketing and sales expenses. The significant increase in pre-tax profit to €87.9m is down to the non-recurrent income announced some time ago of just over €41m from our membership at VISA Europe and its integration into VISA Inc. USA. We have benefited greatly from the transaction thanks to our strong VISA business. This also allowed a convincing return on equity greater than in the previous year to be secured. As one of the leading retail banks, we are striving for a return on equity before taxes of more than 19% for this financial year. This would correspond to a pre-tax profit of more than €110m.

And this is how it will continue: with new products and services, the roll-out of our trading app on the iOS operating system and of course also the innovations expected from our successfully launched start-up garage. Our "coopetition" approach with Fintechs – the best combination of cooperation and competition – will also shape our open ecosystem in the future and contribute to our inventiveness, speed and uniqueness.

We have gained Dietmar von Blücher as our new Chief Financial Officer. I look forward to working with our new Management Board colleague.

Best wishes – and I wish you all a refreshing summer break!

A handwritten signature in black ink, appearing to read 'A. Walter'. The signature is fluid and cursive, with a large initial 'A' and a stylized 'W'.

Arno Walter

Foundations of the comdirect group

In line with its strategic orientation, the comdirect group continues to develop into a smart financial assistant for modern and independent customers, focusing especially on intelligent solutions for investing, saving and trading with securities. As a financial manager for the next generation, offering robo-investing, digital asset management and cutting-edge trading technology under one roof, comdirect meets the need for convenience and transparency in all issues relating to contemporary investing.

In the second quarter, our focus was on the development of comdirect's trading app launched in July, as well as the launch of bonus savings. The services in banking are also supplemented by an attractive consumer loan offer.

The strategic targets and measures are described in more detail in the 2015 group management report. The explanations it includes on group structure, business model and management continue to apply. The profit transfer agreement agreed retrospectively as of the start of 2016 between comdirect bank AG and European Bank for Financial Services GmbH (ebase) establishing an income tax affiliation was approved by the 2016 annual general meeting.

Management and control

Martin Zielke resigned his Supervisory Board mandate at the end of the 2016 annual general meeting. Michael Mandel, who is responsible for the private customer segment as a member of the Board of Managing Directors of Commerzbank AG, was elected to the Supervisory Board in his place by the annual general meeting. The Supervisory Board subsequently elected Mr Mandel as chairman. He is both the chairman of the Presiding Committee and a member of the Risk and Audit Committee of the Supervisory Board.

Moreover, the Supervisory Board passed a resolution to appoint Dietmar von Blücher as the Chief Financial Officer of comdirect bank AG. The Supervisory Board approved this decision in July 2016. Von Blücher, who will be responsible for the areas of Finance, Controlling & Investor Relations, Risk Management & Compliance, and Information Technology, replaces Holger Hohrein, who resigned his mandate as of 30 June 2016. Business Development & Innovation Management will be led by CEO Arno Walter in future.

Market and economic review

Macroeconomic framework conditions

Despite a weakening in global economic growth, Germany's gross domestic product in the first quarter increased 0.7%, its strongest increase for two years. Boosts mainly came from within Germany, while export trade dampened growth. According to initial estimates from analysts, growth is likely to have slowed somewhat in the second quarter. The eurozone overall continues to recover only slowly at a core inflation rate of below 1%.

Framework conditions for brokerage

On the European equity markets, prices in the first half-year of 2016 moved predominately sideways following a weak start to the year and a subsequent slight recovery. The outcome of the referendum in the United Kingdom in favour of leaving the European Union, a result unexpected by many market participants, sent shares tumbling at the end of the quarter. At 9,680.09 points on 30 June 2016, the DAX recorded a loss of –9.9% compared with the 2015 closing price. The DAX volatility index, which illustrates the expected intensity of fluctuations in the DAX, reached unusually high levels primarily in the first trading weeks of the year and prior to the Brexit vote.

The German stock exchanges nevertheless recorded decreasing activity. In terms of value, the volume of trading in the German spot market (XETRA, Frankfurt and Tradegate) saw a partly price-related decrease of 13.5% in a half-year comparison. At slightly lower order figures, shares recorded a 13.6% lower order volume. The volume of exchange traded funds decreased by 11.1%, while trades increased by 6.6%. In derivatives trading (Euwax and Frankfurt stock market), stock exchange turnover was down 27.1% on the figure for 2015. Trading volume declined overall in a quarterly comparison as well.

Public funds recognised in the BVI investment statistics amounted only to net fund inflows of €4.1bn in the period from January to May 2016, just over a tenth of the previous year's value of €40.0bn. Property funds alone were able to collect more funds than in the previous year. Mixed funds, which contributed more than half of the income last year, fell significantly, however. Shares and fixed-income funds even dropped into negative territory. The ebase fund barometer stood at 83.3 points in June 2016, thus significantly below the average value for 2015.

Framework conditions for banking

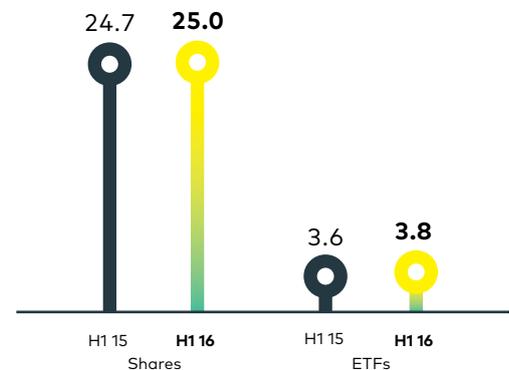
The European Central Bank (ECB) maintained its expansive monetary policy. The main refinancing rate has been at 0.00% since March 2016, and the interest rate for deposits at the ECB is at –0.4%. In June, the ECB launched its purchase of corporate bonds as announced in addition to the expanded government bond purchase programme. The US Federal Reserve left its interest rate in June unchanged at 0.38%.

Averaged out over the half-year, the three-month EURIBOR, which is the decisive rate for some of our investments, was below the previous year's figure (0.02%) at –0.22% and was quoted at –0.29% as of 30 June. The yields of government bonds of the European core markets sank further as a consequence of the ECB bond purchase programme and were partly negative, whereas the spreads widened due to the increased insecurity. Overall the conditions for the interest-driven business have further worsened.

Industry and regulatory framework conditions

There have been no major changes in the industry-related and regulatory framework conditions as presented in the group management report and the update in the interim financial report for the first quarter of 2016.

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



Source: Deutsche Börse AG

* XETRA, Frankfurt Stock Exchange and Tradegate

Business performance and earnings situation at the comdirect group

Overall assessment of the economic situation

The comdirect group can look back on a good first half-year of 2016. The significant rise in the half-year results of €36.5m to €87.9m is due to non-recurrent income of around €41m from the purchase of VISA Europe by VISA Inc. USA and the subsequent integration under company law in the second quarter. Without this effect – which had a greater impact than recently expected – the half-year result has decreased in comparison with the previous year's high value, but is at a robust level. The extraordinarily difficult interest environment and the unfavourable development on the securities exchanges led to a decrease in earnings totalling €16.6m, although they remained at a good level. We compensated for the loss in earnings to a large extent by limiting other administrative expenses, although the burden of regulatory costs, in particular for the statutory deposit insurance, was significantly higher than in the first six months of 2015.

Based on the positive performance in the first half-year, we are adhering to the forecasts made in the 2015 outlook report regarding the development of the non-financial performance indicators. The number of customers in the B2C business line again increased, though not with the momentum of the previous year. By contrast, the net fund inflows to the custody accounts significantly exceed the comparative 2015 value. As a smart financial assistant with innovative solutions for investing, saving and trading with securities, we have made a significant contribution to this, supported by a renewed custody account transfer campaign.

Business performance

The B2C business line increased its customer base in the first six months by 32.5 thousand to 2,033.8 thousand. Since the 30 June 2015 reporting date, the number of customers was up by 89.3 thousand. Both deposit volume and portfolio volume increased in the second quarter despite the price drop triggered by Brexit and were higher than at the end of the year. Net fund inflows to the custody accounts significantly exceeded the comparative value for 2015. The order figures fell slightly in the second quarter – similarly to the market trend – and reached the level of the previous year in a half-year comparison.

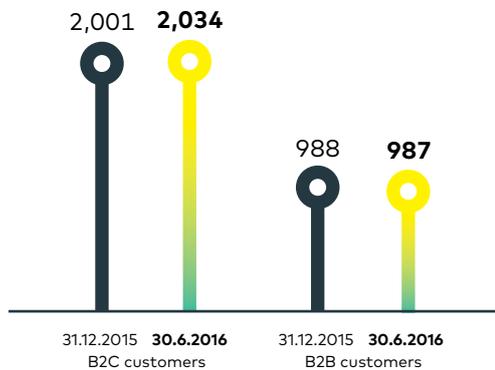
The number of customers in the B2B business line increased slightly in the second quarter, and at 987.3 thousand on 30 June 2016 almost reached the 2015 year-end level. The closures of custody accounts for capital-building payments usual in the spring and of custody accounts without any holdings were compensated for by new business. The same applies to portfolio holdings taken over via migrations. Total assets under custody mainly developed robustly in the second quarter. In comparison with the end of 2015 they decreased due to the fallen price level.

In total, assets under custody stood at €67.18bn (end 2015: €65.50bn), and increased by €2.6bn in the last twelve months. The portfolio volume stood at €50.38bn (end 2015: €49.46bn), while the deposit volume totalled €16.80bn (end 2015: €16.04bn).

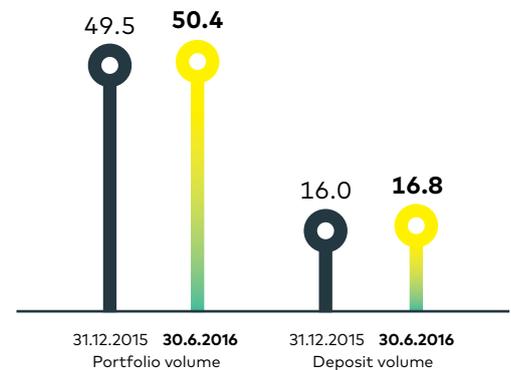
Earnings situation

At €87.9m, pre-tax profit in the first six months was appreciably higher than the previous year's value (€51.3m). Based on the pre-tax profit and the average equity in the reporting period (excluding the revaluation reserves), the return on equity improved to 31.9% (previous year: 19.4%). In the second quarter, the pre-tax profit came to €64.2m (previous year: €26.7m) and return on equity came to 45.9% (previous year: 19.9%). This improvement was primarily due to the aforementioned non-recurrent earnings from the VISA transaction, which comdirect bank AG generated as a principal

Number of customers of comdirect group (in thousand)



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



member of VISA Europe. The amount is reported under result from financial investments. In the previous quarters, the expected effect was recognised in the revaluation reserves and not in profit or loss, significantly reducing it. Without the VISA effect pre-tax profit decreased by 8.8% to €46.8m.

Earnings totalled €216.1m, exceeding the six-month value for 2015, although neither net interest income nor net commission income reached the comparable value of 2015. In contrast, administrative expenses decreased moderately, with the result that the cost/income ratio improved from 72.9% in the previous year to a current 59.6%. Disregarding the non-recurrent earnings, the cost/income ratio rose only slightly, since losses in earnings were partly compensated for by the flexible expenses management.

Consolidated net profit amounted to €66.3m (previous year: €37.6m). This corresponds to earnings per share of €0.47 (previous year: €0.27). The return on equity after taxes amounted to 24.0% (previous year: 14.2%).

Net interest income and provisions for possible loan losses

At €62.1m net interest income before provisions for possible loan losses was appreciably below the previous year's value (€69.4m) in an environment of negative money market interest rates. Falling interest income could only be compensated for to a limited extent by the adjustment in customer conditions. This can also be seen by looking at the second quarter, in which net interest income continued to decline and at €30.0m was significantly below the comparative value from 2015 (€34.2m).

Provisions for possible loan losses show earnings of €903 thousand (previous year: costs of €437 thousand). The main reason is the partial reversal of portfolio loan loss provisions due to a parameter adjustment in the risk models. After provisions for possible loan losses, net interest income for the comdirect group stands at €63.0m (previous year: €69.0m).

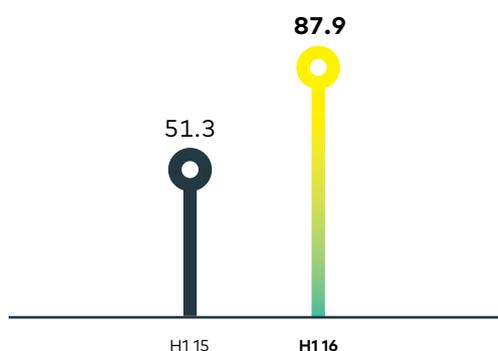
Result from financial investments

The result from financial investments amounting to €42.5m (previous year: €3.7m) includes the non-recurrent income from the disposal of shares in VISA Europe of €41.1m.

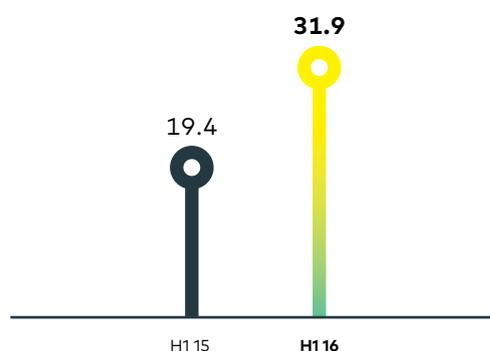
Furthermore, the result from financial investments is attributable to the selective disposal of securities as part of the Treasury strategy.

Pre-tax profit of comdirect group

(in € million)

**RoE of comdirect group**

(in %)

**Result from hedge accounting and trading result**

comdirect used forward rate agreements (FRAs) in the first half-year for interest book management, which were however fully repaid as of 30 June 2016. Interest rate swaps were used only to a limited degree.

The profit contributions from interest book management and safeguarding interest rate-related changes in the market value of bonds (trading result and result from hedge accounting) amounted to €-41 thousand (previous year: €123 thousand).

Net commission income

At €108.4m net commission income was below the previous year's value (€116.1m). This was primarily impacted by the sunken price level, which led to a decrease in sales follow-up commission from the funds business and also influenced average order volume. Of the executed orders in the B2C business line – which reached the previous year's level due to the strong activity on the last trading days – a major part was attributable to CFDs and securities savings plans, which have comparatively low order fees. At €53.6m the previous year's value (€55.6m) was almost reached in the second quarter, helped by the very active trading following the Brexit vote.

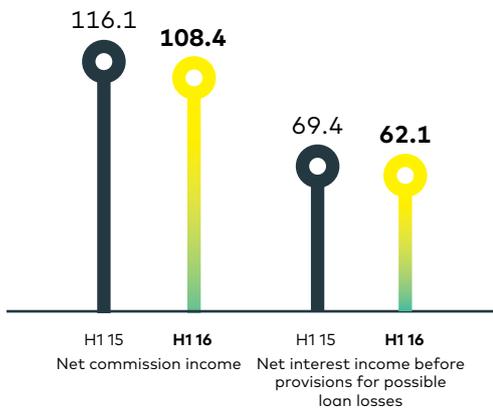
Other operating result

Other operating result of €2.2m (previous year: €1.3m) included income from the reversal of individual provisions and non-recurrent income from the card business.

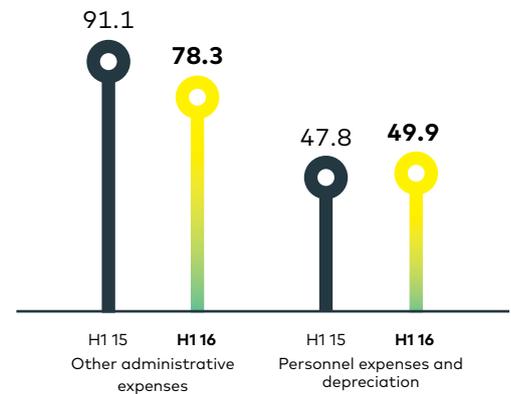
Administrative expenses

At €128.2m, administrative expenses were 7.7% below the 2015 comparable value (€138.9m), which included greater other administrative expenses in the first quarter in particular for the launch of the "Bank. Re-envisioned." campaign. At €63.2m, administrative expenses in the second quarter of 2016 were only slightly below the previous year (€65.5m).

Net commission income and net interest income (in € million)



Administrative expenses (in € million)



As a consequence of increased employee numbers and salary adjustments, at €42.9m personnel expenses were 7.5% higher than the previous year's value (€39.9m).

The significant decrease in other administrative expenses from €91.1m to €78.3m is primarily due to limiting selling expenses in the current market situation. The previous year's figure also included expenses for the launch of the brand campaign. The expenses for external services, business activities and IT expenses were down slightly overall thanks to active cost management. On the other hand, mandatory contributions negatively affected the earnings situation to a significantly greater degree than in the previous year. This was primarily due to the significantly higher expenses for the statutory deposit insurance scheme.

Depreciation was also below the previous year's level in the second quarter. The crucial factor here was the expiration of scheduled amortisation on intangible assets. In a half-year comparison, depreciation decreased to €7.0m (previous year: €8.0m).

B2C business line

Business development in brokerage

Trading

The development of comdirect's trading app, which allows us to give a significantly broader customer group access to securities trading, continued to be pushed forward in the second quarter. Available since mid-July 2016, it can be used on devices with an Android operating system. Mobile traders are informed immediately about all important market and portfolio developments via push notifications and can trade securities extremely easily.

After the comdirect customers took the opportunity of falling prices in January and February to make favourable further purchases, the second quarter was characterised by rather restrained trading activity. After record values at the start of the year, the comdirect Brokerage Index, calculated on a monthly basis, again tended somewhat downwards, even if private investors remained mainly optimistic. Purchases of shares and bonds were most popular, while interest in funds decreased significantly in the second quarter.

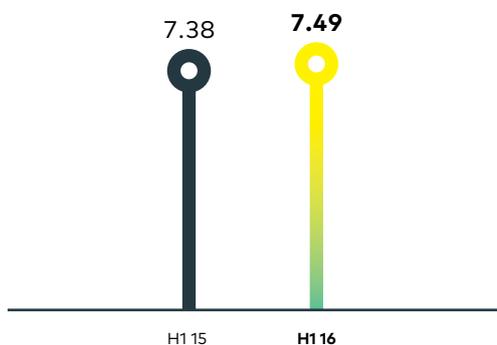
At 7.49 million, the number of executed orders was roughly the same as the previous year's figure (7.38 million) over the first half-year 2016. The trade numbers initially declined tangibly in the second quarter, but managed to reach the previous year's value as result of the active trading in the wake of the Brexit vote. Due to the higher numbers of custody accounts, the annualised order activity per custody account fell from 16.5 in the same period of the previous year to 15.6. Securities turnover amounted to €24.86bn, corresponding to a 23.5% decline compared with the previous year (€32.51bn).

Investing

We also expanded the product range for investing with securities in the second quarter. The share savings scheme was significantly broadened. 41 German registered shares and 25 US securities were added to the 68 equities from the DAX, MDax and TecDax available to comdirect customers since February for savings plans. Compared with the previous year, the number of securities savings plans increased sharply as a result of the numerous newly opened accounts, as did savings plan trades.

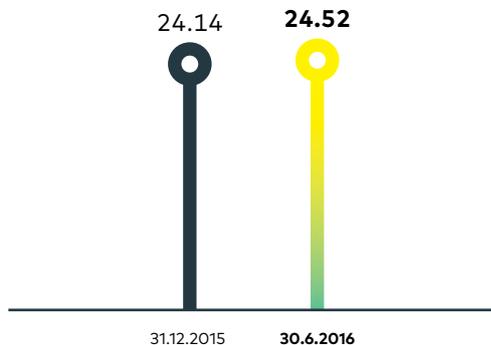
Executed orders B2C

(in million)



Portfolio volume B2C

(in € billion)



We launched the bonus savings at the end of June with the aim of introducing savers to investments in securities. Customers can secure attractive bonuses, which are brought together as savings deposits and then automatically invested in an index fund without order fees, at numerous partner shops and tour operators.

The portfolio volume in the B2C business line, which had seen a slight price-related fall in the first quarter, rose significantly in the second quarter, achieving €24.52bn by mid-2016 and thus exceeding the 2015 year-end figure (€24.14bn) and the level of twelve months ago (€22.7bn). The negative price effects were offset by net fund inflows in the six-month period of €1.8bn (2015: €0.5bn). The number of custody accounts rose by 3.0% to stand at 972.1 thousand in the first half-year (end 2015: 943.7 thousand).

Business development in banking

comdirect significantly expanded its financing product range in April 2016 with its own consumer loan. Loans of up to €50,000 are offered with a maximum term of 120 months and a fixed interest rate. Customers can go through the calculations for their financing projects using our loan calculator and make their loan application entirely online at any time of day. Changes to the loan plan or free unscheduled repayments are possible at any time. In line with the new legal requirements, comdirect has been offering a free EU basic account since June, which is managed on a credit basis and offers all basic payment functions.

Deposit business

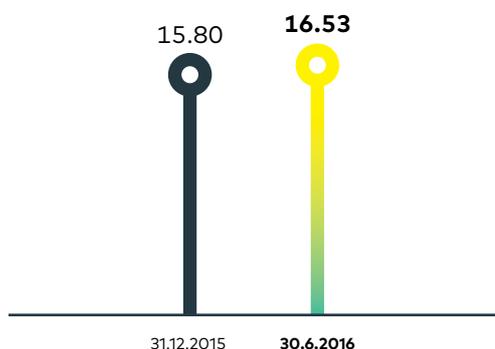
The number of current accounts has increased by 3.5% since the end of 2015 (1,265.9 thousand) to 1,309.9 thousand, although the majority of the increase fell in the first quarter.

The deposit volume rose in the first half of the year by 4.7% to €16.53bn (end 2015: €15.80bn, mid-2015: €15.55bn). An inflow to current and clearing accounts was offset by a somewhat smaller volume in fixed-term deposits.

As of 30 June 2016, 96.5% (end 2015: 95.3%) of liabilities to customers in the B2C business line were attributable to deposits due on demand.

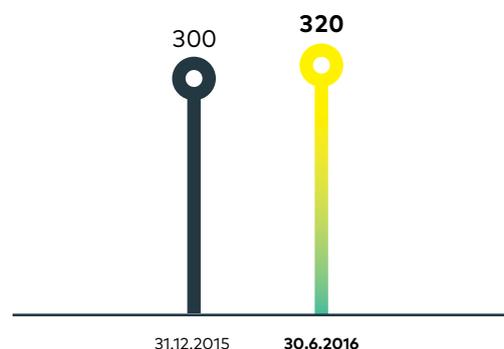
Deposit volume B2C

(in € billion)



Credit volume of comdirect group

(in thousand)



Lending business

The volume of utilisation of credit products by private customers as of mid-2016 came to €320m as against €300m at year-end 2015, or €192m as of 30 June 2015. For the first time, the figure includes the volume as part of the independent consumer loan product.

In building finance advice comdirect acts as an intermediary, working with over 250 financing partners. The offering therefore had no impact on the bank's reported credit volume. The volume of building finance placed experienced a market-induced fall in comparison with the previous year (€364m) to €256m.

Earnings situation in the B2C business line

In the first half of 2016, the B2C business line achieved pre-tax profit of €83.8m (previous year: €44.5m). This includes the non-recurrent income from the VISA transaction explained in detail at group level. The cost/income ratio improved to 56.3% (previous year: 72.5%).

The earnings components related to the comdirect group's deposit business – net interest income, the trading result, the result from financial investments and the result from hedge accounting – stem mainly from the B2C business line and are thus explained at group level (see pages 5 to 6).

At €83.2m net commission income was below the high value of €88.9m seen in the same period of the previous year.

Administrative expenses fell primarily because of lower selling expenses to €106.6m and were therefore below the previous year's high level (€118.3m) which was influenced by the "Bank. Re-envisioned." campaign.

As in the previous year (€1.0m), the other operating result of €1.7m includes income from the reversal of provisions and non-recurrent income from the card business.

B2B business line**Business development****Product development and sales**

The entirely digital custody account as well as account opening options and video legitimation feature introduced for the fintego Managed Depot in the first quarter, and the process optimisations this facilitated, allowed ebase to lower its prices for custody account management in June and also offer new customers a €50 bonus. In online portal BankingCheck.de's Banking Check Award 2016 fintego won second place in the "Robo-Advisor" category and received an evaluation of "very good" in the "FinTech StartUp" category.

New for the product portfolio is the ebase Depot 4kids, available since 1 April, which allows asset accumulation for children and young persons under 18 without custody account fees. Preparations are also being made for the introduction of foreign currency accounts for institutional customers.

Customers, custody accounts and portfolio volume

The number of customers remained steady in the first six months of 2016 thanks to slight gains in the second quarter and stood at 987.3 thousand as of the middle of the year (end 2015: 988.2 thousand). The portfolio volume increased due to net fund inflows to €25.86bn (end 2015: €25.32bn, mid-2015: €26.06bn).

Accounts and deposit volume

At €266m the deposit volume exceeded the figure as of the end of 2015 (€236m). Most of the deposit volume was attributable to the settlement accounts linked with the custody account (Flex account). At the moment, these accounts are still primarily being used for buying and selling transactions in funds business, but are also available to accept inflows from expiring insurance policies and as a fully-fledged online-type account for payment transactions.

Earnings situation in the B2B business line

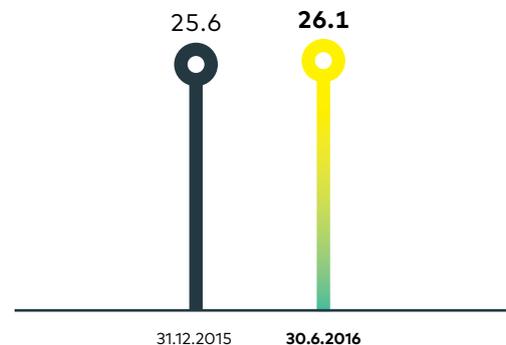
With pre-tax profit of €4.1m the B2B business line fell short of the previous year's value (€6.8m). The cost/income ratio rose to 84.1% (previous year: 75.3%).

Due to the market-induced fall in funds volume and correspondingly lower ongoing sales commission, net commission income decreased to €25.3m (previous year: €27.3m). Because of persistently low market interest rates, original net interest income from investments fell to €137.3 thousand (previous year: €185 thousand). Negative interest rate effects arising from provisions for pensions amounted to an overall net interest income of €-85 thousand (previous year: €-162 thousand).

Administrative expenses also increased slightly to €21.6m (previous year: €20.7m), partly a consequence of higher maintenance and development costs, resulting from the expansion of the business model.

Total assets under custody B2B

(in € billion)

**Financial situation and assets of the comdirect group**

The comdirect Treasury continued to focus on counterparties with a good credit rating in the reinvestment of customer deposits in the money and capital markets, being mindful of wide-ranging matched maturities regarding the economic holding period of the deposits. In this context it also ensures adequate cash holdings at all times and manages the liquidity and interest rate risk in particular. During the reporting period, the overwhelming majority of investments were again made with Commerzbank AG and selected other companies of the Commerzbank Group. As explained in detail in the 2015 annual report, the securities of these companies are comprehensively collateralised via a general assignment agreement and two pledged securities accounts.

Derivative financial instruments are used to hedge interest rate risks from bonds and manage the interest book in the Treasury portfolio. As of 30 June 2016, the nominal volume of these derivatives was almost completely repaid (end 2015: €0m).

Investments

Investments in the first half of 2016 totalled €5.8m (previous year: €5.3m), and were essentially dominated by IT investments.

The balance sheet additions in the B2C business line amounting to €3.1m were largely attributable to acquired hardware and software, while the investment volume in the B2B business line amounting to €2.7m was predominantly attributable to internally generated software.

Balance sheet total

The comdirect group's balance sheet total rose compared with the end of 2015 (€16.77bn) as a result of the further increase in deposit volume, to €17.54bn as of 30 June 2016.

Assets

At €12.44bn, claims on banks, which essentially relate to promissory notes and fixed-term deposits, were up by 6.4% on the end of 2015 (€11.70bn).

At €3.46bn, the volume of financial investments stood at the same level as the end of 2015 (€3.42bn). This line item mainly comprises bonds and Pfandbriefe, and the preferred stocks now held in VISA Inc. USA with a volume of €8.8m.

Claims on customers rose to €357.7m (end 2015: €341.8m). The main cause was the rise in the volume of loans against securities in the B2C business line. Claims on institutional partners in the B2B business line fell in comparison with year-end 2015.

At €1,217m the cash reserve remained virtually stable (end 2015: €1,228 million). Almost all of this amount relates to the credit balance at the Deutsche Bundesbank.

Financing

Around 95% of the financing side of the balance sheet still comprises the deposits of private customers. Liabilities to customers remained virtually unchanged at €16.80bn (end 2015: €16.04bn).

Liabilities to banks, which reflect the balances of the current settlement accounts at Commerzbank, amounted to €32.9m (end 2015: €6.4m).

Provisions stood at €41.7m and therefore were below the comparative figure at the end of the year (€46.3m). Among other factors, the outsourcing of financial resources for existing pension obligations affected the B2B business line.

Other liabilities amounting to €57.9m (end 2015: €43.9m) primarily comprise trade liabilities and our customers' final withholding tax to be paid.

Equity amounted to €605.4m (end 2015: €624.2m). The striking reduction in the revaluation reserves included in this compared with 31 March is the consequence of the VISA transaction now recognised in profit and loss.

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. In the reporting period it stood at €51.1m (previous year: €1,288.8m). In the previous year, an increase in the cash reserve as part of operational liquidity management led to greater inflows. Cash flow from investment activities amounted to €-5.8m (previous year: €-5.3m). The dividend distribution in the second quarter led to a cash flow from financing activities of €-56.5m.

Non-financial performance indicators

Relationships with customers

comdirect measures the quality of its customer relationships by means of regular customer surveys in Customer Services and independent customer satisfaction analyses. As a central indicator of customer satisfaction and loyalty in the B2C business line, the net promoter score (NPS) is ascertained annually and published in the annual report. In addition to customer satisfaction, brand awareness and likeability are key competitive factors.

The results from the performance comparisons also point to the positioning of the comdirect brand in the competitive environment. With its excellent information and service products, comdirect's AnlageAssistent for investments left all competitors' products behind in a comparison test of investment portals without risk enquiry. The test was carried out by Deutsches Kundeninstitut (DKI) on behalf of Euro am Sonntag.

Our distinct customer focus is also demonstrated by the awards for "Germany's Customer Champion" in the industry wide competition by Deutsche Gesellschaft für Qualität, F.A.Z.-Institut and forum!, the high level of willingness of customers to recommend the bank in their social circle measured by Focus Money and Service Value, as well as the "Deutsche Servicepreis" from Deutsches Institut für Service-Qualität and n-tv.

In n-tv and FMH-Finanzberatung's "Zins-Award", comdirect was named "Best Mediator" in the "Building Finance" category and was among the top providers in the "Online Current Account" and "Salary Current Account" categories.

A new corporate design introduced in the second quarter gives comdirect's profile an edge over the competition and also makes the bank more recognisable and unique. The website's relaunch gives it a more spacious and modern feel, although all applications and tools for customers are still in their usual places.

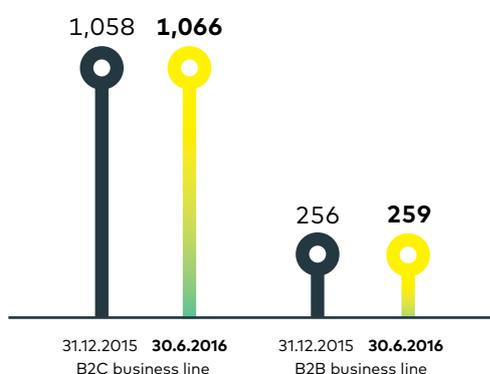
Personnel

The number of employees increased to 1,325 in the first six months of 2016 (end 2015: 1,314). The number of employees in the B2C business line rose slightly to 1,066 (end 2015: 1,058 employees), while in the B2B business line it remained practically unchanged at 259 (end 2015: 256 employees). Compared with the figure at the middle of 2015, the number of employees has also risen only moderately.

The comdirect group's personnel management supports the strategic development of the bank with targeted measures in personnel marketing and selection, competence and talent management, and manager and team development. In order to make contact with qualified new talent locally, comdirect also participated in the CodeCruise IT personnel marketing event in Hamburg and launched its comdirectcareer Snapchat channel during the first half-year.

As part of karriere.de online portal's Fair Company initiative, comdirect was also named as a fair employer in 2016.

Number of employees of comdirect group



Capital market relations

As a result of the general market development the price of comdirect shares was down 15.1% on the level at the end of December 2015 and closed at €9.16 on 30 June. In the same period, the SDAX lost 3.5%, while the sector index, the DAXsector Financial Services Performance Index, rose by 6.1%.

Data and key figures of the share H1 2016

Data		Key figures H1 2016	
German securities code number	542 800	Average daily turnover in units	XETRA Frankfurt 25,227
ISIN Code	DE0005428007		Tradegate 6,009
Stock exchange code	COM		Other stock exchanges 1,549
	Reuters: CDBG.DE		Over the counter (OTC trading) 12,021
	Bloomberg: COM GR		46,426
Stock exchange segment	SDAX	Opening quotation XETRA (4.1.2016)	€10.31
Number of shares issued	141,220,815 no-par-value shares	Highest price XETRA (5.1.2016) ²⁾	€10.78
Designated sponsor	Commerzbank AG	Lowest price XETRA (16.6.2016) ²⁾	€8.75
Shareholder structure	81.30% Commerzbank AG ¹⁾ 18.70% Free float	Closing quotation XETRA (30.6.2016)	€9.16
		Market capitalisation (30.6.2016)	€1,293.6m
		Earnings per share	€0.47
		Total shareholder return ³⁾	- 11.7%
		Dividend yield ⁴⁾	5.1%

1) Indirectly

2) Daily closing quotation

3) Annualised

4) Based on the dividend paid for financial year 2015 and closing quotation at year-end

At 46.4 thousand on average, the number of units traded per day was below the corresponding figure for 2015 (86.9 thousand). Market capitalisation was at €1,293.6m as of 30 June 2016.

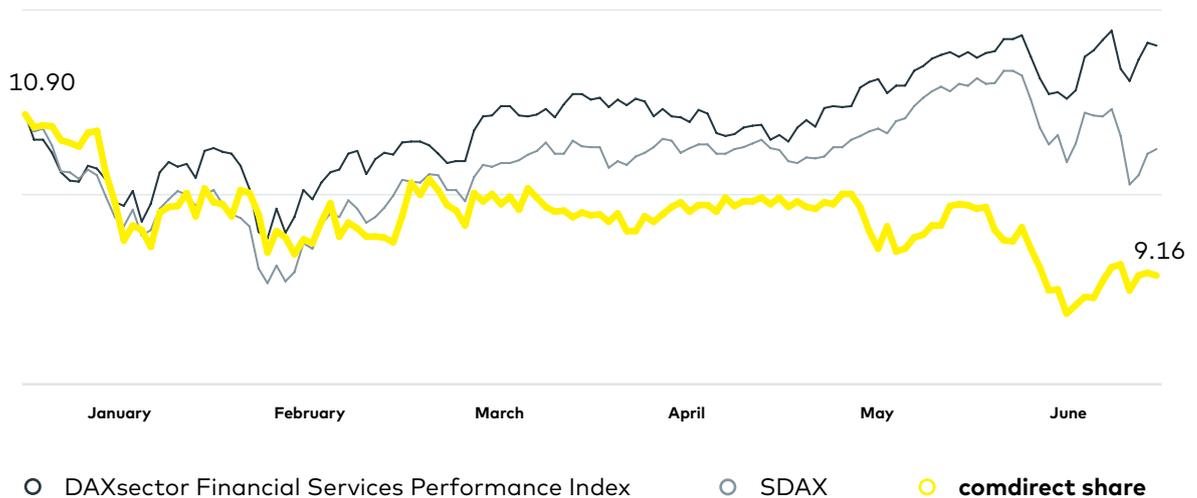
Commerzbank increased its stake in comdirect in the second quarter from 81.27% to 81.30%. The free float therefore stands at 18.70%.

Activities in investor relations in the second quarter focused on the annual general meeting in Hamburg on 12 May, at which around 400 shareholders were present. The annual general meeting was also broadcast live in full and a recording can be seen on our website. Following the proposal by the Board of Managing Directors and the Supervisory Board, the annual general meeting resolved to pay a dividend of €0.40 per share for the 2015 financial year. As there are 141.2 million shares, this equates to a total distribution of around €56.5m. All motions were passed with majorities of over 96%.

Our 2015 online annual report was awarded silver in the "Reporting Digital" category in the BCM Best of Content Marketing Award 2016. The BCM is the largest competition for content-driven corporate communication in Europe and is awarded annually by the Content Marketing Forum (CMF) association.

comdirect share price performance 30.12.2015 to 30.6.2016

(in €)



Source: Bloomberg; indices normalised to the comdirect share price as of year-end 2015

Supplementary report

We refer to the statement in the Notes regarding events of special importance following the 30 June 2016 reporting date.

Outlook, risk and opportunity report

The economic framework conditions have predominantly developed in line with the assumptions indicated in the outlook report of the 2015 group management report (see pages 37 to 38 of the financial report). However, trading activity in the second quarter – with the exception of the trading days immediately following Brexit – declined somewhat more steeply than expected.

If the stock exchange environment in the coming months is also characterised by muted price development and – after pricing in the Brexit effect – decreasing volatility, the record net commission income of 2015 cannot be achieved for the year as a whole. In addition, continued low market interest rates are anticipated. We are therefore standing by the forecasts made in the 2015 outlook report regarding net interest income and continue to expect an appreciable decline.

On the other hand, in the future comdirect will also be in a position to react to the market-related earnings development with the flexible management of expenses. The expected decline in net interest income and net commission income is offset in particular by a planned reduction in other administrative expenses and, above all in this context, in selling expenses. Including the non-recurrent earnings from the VISA transaction, the comdirect group's return on equity before taxes should therefore exceed at more than 19% and exceed the comparable value for 2015 (16.7%). This would correspond to a pre-tax profit of more than €110m.

The strategy approved at the start of the year continues to set the direction for the B2C business line. As a smart financial assistant, our product initiatives aim to offer intelligent solutions for investing, saving and trading with securities in order to attain the leading market position in securities-based digital asset management. Along with our smart platform for robo-investing, our comdirect trading app introduced in July also contributes to opening up a broader target group.

In the B2B business line, ebase is pressing ahead with digitalising its value chain. This is intended to solidify its position as a leading B2B service provider in asset management.

The position of the comdirect group in terms of risks and opportunities is essentially unchanged compared with the presentation in the 2015 annual report. The risk report can be found on pages 39 to 49 of the financial report, while note (51) regarding the risk reporting of financial instruments is on pages 105 to 109. The opportunity report can be found on pages 50 to 51.

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

Income statement

Income statement of comdirect group according to IFRS

€ thousand	1.1. to 30.6.		1.4. to 30.6.	
	2016	2015	2016	2015
Interest income	71,223	84,329	34,105	41,382
Interest expenses	9,129	14,942	4,127	7,200
Net interest income before provisions for possible loan losses	62,094	69,387	29,978	34,182
Provisions for possible loan losses	903	-437	995	-411
Net interest income after provisions for possible loan losses	62,997	68,950	30,973	33,771
Commission income	179,571	196,129	90,002	96,890
Commission expenses	71,127	80,014	36,434	41,294
Net commission income	108,444	116,115	53,568	55,596
Trading result and result from hedge accounting	-41	123	35	63
Result from financial investments	42,470	3,735	41,875	2,134
Administrative expenses	128,194	138,923	63,217	65,515
Other operating result	2,202	1,330	917	621
Pre-tax profit	87,878	51,330	64,151	26,670
Taxes on income	21,571	13,745	15,114	7,101
Net profit	66,307	37,585	49,037	19,569

Undiluted/diluted earnings per share

	1.1. to 30.6.		1.4. to 30.6.	
	2016	2015	2016	2015
Net profit (in € thousand)	66,307	37,585	49,037	19,569
Average number of ordinary shares (number)	141,220,815	141,220,815	141,220,815	141,220,815
Undiluted/diluted earnings per share (in €)	0.47	0.27	0.35	0.14

Statement of comprehensive income

Statement of comprehensive income of comdirect group according to IFRS

€ thousand	1.1. to 30.6.		1.4. to 30.6.	
	2016	2015	2016	2015
Net profit	66,307	37,585	49,037	19,569
Items which cannot be reclassified to the income statement				
- Changes in actuarial gains/losses recognised in equity	-3,866	2,710	-1,349	5,470
Items which can be reclassified to the income statement				
- Changes in the revaluation reserves after tax				
- Change in value recognised in equity	11,783	-4,178	2,161	-15,257
- Reclassification to the income statement	-36,608	-3,189	-36,038	-1,803
Other comprehensive income for the period	-28,691	-4,657	-35,226	-11,590
Comprehensive income	37,616	32,928	13,811	7,979

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

Balance sheet

Balance sheet of comdirect group according to IFRS

€ thousand		
Assets	as of 30.6.2016	as of 31.12.2015
Cash reserve	1,217,017	1,228,206
Claims on banks	12,443,502	11,699,450
Claims on customers	357,664	341,798
Financial investments	3,463,455	3,416,228
Intangible assets	23,132	23,051
Fixed assets	13,619	14,903
Non-current assets held for sale	0	32,498
Current income tax assets	1,852	1,278
Deferred income tax assets	178	1,785
Other assets	17,416	9,532
Total assets	17,537,835	16,768,729
Liabilities and equity	as of 30.6.2016	as of 31.12.2015
Liabilities to banks	32,860	6,382
Liabilities to customers	16,790,564	16,044,884
Negative fair values from derivative hedging instruments	1	0
Provisions	41,707	46,299
Current income tax liabilities	9,477	3,075
Other liabilities	57,868	43,859
Equity	605,358	624,230
– Subscribed capital	141,221	141,221
– Capital reserve	223,296	223,296
– Retained earnings	123,572	127,438
– Revaluation reserves	50,962	75,787
– Consolidated profit 2015	0	56,488
– Net profit from 1.1. to 30.6.2016	66,307	–
Total liabilities and equity	17,537,835	16,768,729

Statement of changes in equity

€ thousand	Sub- scribed capital	Capital reserve	Retained earnings	Reva- luation reserves ¹⁾	Group result	Total
Equity as of 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 31.12.2015/1.1.2016	141,221	223,296	127,438	75,787	56,488	624,230
Net profit from 1.1. to 30.6.2016	-	-	-	-	66,307	66,307
Change in actuarial gains/losses recognised in equity	-	-	-3,866	-	-	-3,866
Change in the revaluation reserves	-	-	-	-24,825	-	-24,825
Comprehensive income from 1.1. to 30.6.2016	-	-	-3,866	-24,825	66,307	37,616
Profit distributions	-	-	-	-	-56,488	-56,488
Equity as of 30.6.2016	141,221	223,296	123,572	50,962	66,307	605,358

1) pursuant to IAS 39

€ thousand	Sub- scribed capital	Capital reserve	Retained earnings	Reva- luation reserves ¹⁾	Group result	Total
Equity as of 1.1.2015	141,221	223,296	115,934	53,302	56,488	590,241
Net profit from 1.1. to 30.6.2015	-	-	-	-	37,585	37,585
Change in actuarial gains/losses recognised in equity	-	-	2,710	-	-	2,710
Change in the revaluation reserves	-	-	-	-7,367	-	-7,367
Comprehensive income from 1.1. to 30.6.2015	-	-	2,710	-7,367	37,585	32,928
Profit distributions	-	-	-	-	-56,488	-56,488
Equity as of 30.6.2015	141,221	223,296	118,644	45,935	37,585	566,681

1) pursuant to IAS 39

In the 2016 financial year, dividends of €56,488 thousand (2015: €56,488 thousand) were distributed to the shareholders of comdirect bank AG. This represents an amount per share of €0.40 (previous year: €0.40).

In financial year 2016, comdirect did not make use of either the existing authorisations of the annual general meeting to purchase own shares for the purpose of securities trading pursuant to Section 71 (1) No. 7 German Stock Corporation Act (AktG) or of the resolutions of the annual general meeting authorising the purchase of own shares pursuant to Section 71 (1) No. 8 German Stock Corporation Act (AktG) for purposes other than securities trading.

Cash flow statement

€ thousand	2016	2015
Cash and cash equivalents as of 1.1.	1,228,206	6,023
– Cash flow from operating activities	51,117	1,288,844
– Cash flow from investment activities	–5,818	–5,279
– Cash flow from financing activities	–56,488	–56,488
Cash and cash equivalents as of 30.6.	1,217,017	1,233,100

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

The cash flow from operating activities is essentially determined by the taking in of customer deposits and their reinvestment in the money and capital markets. The cash flow from investment activities results from the acquisition and disposal of tangible and intangible assets.

The cash flow from financing activities stems from the dividend distribution by comdirect bank AG to its shareholders.

The cash flow statement is of minor importance for the comdirect group. It does not replace liquidity and financial planning, nor is it used as a management tool. It provides no information about the actual liquidity situation, which in principle is dependent on the operating business and not on cash on hand or the credit balance with the central bank.

Notes

Administrative expenses

€ thousand	1.1. to 30.6.		1.4 to 30.6.	
	2016	2015	2016	2015
Personnel expenses	42,854	39,850	21,733	20,078
Other administrative expenses	78,333	91,114	38,085	41,558
– Sales	12,391	26,538	6,336	11,328
– External services	22,627	22,254	11,311	11,128
– Business operations	18,089	19,360	8,775	9,852
– IT expenses	16,082	16,670	7,284	7,518
– Mandatory contributions	7,924	4,018	3,583	1,672
– Others	1,220	2,274	796	60
Depreciation of office furniture and equipment and intangible assets	7,007	7,959	3,399	3,879
Total	128,194	138,923	63,217	65,515

Segment reporting by business line

€ thousand	1.1. to 30.6.2016			comdirect group total
	B2C	B2B	Consolidation	
Interest income	71,080	152	-9	71,223
Interest expenses	8,901	237	-9	9,129
Net interest income before provisions for possible loan losses	62,179	-85		62,094
Provisions for possible loan losses	903	0		903
Net interest income after provisions for possible loan losses	63,082	-85		62,997
Commission income	91,161	88,548	-138	179,571
Commission expenses	7,963	63,246	-82	71,127
Net commission income	83,198	25,302	-56	108,444
Trading result and result from hedge accounting	-41	0		-41
Result from financial investments	42,470	0		42,470
Administrative expenses	106,618	21,632	-56	128,194
Other operating result	1,697	505		2,202
Pre-tax profit	83,788	4,090		87,878
Segment investments	3,069	2,758		5,827
Segment depreciation	4,596	2,411		7,007
Cost/income ratio	56.3%	84.1%		59.6%
Segment income	210,111	89,923		
- of which external income	210,027	89,858		
- of which inter-segmental income	84	65		
Segment expenses	126,323	85,833		

The management focuses on two business lines: Business to Customer (B2C) and Business to Business (B2B).

The segmentation carried out reflects the internal reporting of the comdirect bank group and corresponds to the management approach. The respective customer groups in particular constitute the main delimitation feature of the business segments.

The B2C business segment comprises the activities of comdirect bank AG with its five special assets. These relate to services in brokerage, banking and advice in direct business with modern investors.

The activities in the B2B business segment are carried out via ebase GmbH. Through its B2B partners, ebase offers comprehensive and tailored solutions for asset accumulation and investments.

Segment reporting by business line

€ thousand	1.4. to 30.6.2016			comdirect group total
	B2C	B2B	Consolidation	
Interest income	34,026	83	-4	34,105
Interest expenses	4,046	85	-4	4,127
Net interest income before provisions for possible loan losses	29,980	-2		29,978
Provisions for possible loan losses	995	0		995
Net interest income after provisions for possible loan losses	30,975	-2		30,973
Commission income	44,647	45,395	-40	90,002
Commission expenses	3,715	32,730	-11	36,434
Net commission income	40,932	12,665	-29	53,568
Trading result and result from hedge accounting	35	0		35
Result from financial investments	41,875	0		41,875
Administrative expenses	52,405	10,841	-29	63,217
Other operating result	734	183		917
Pre-tax profit	62,146	2,005		64,151
Segment investments	1,370	1,253		2,623
Segment depreciation	2,197	1,202		3,399
Cost/income ratio	46.1%	84.4%		50.0%
Segment income	123,210	46,333		
– of which external income	123,199	46,300		
– of which inter-segmental income	11	33		
Segment expenses	61,064	44,328		

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.

As part of Treasury investments, the B2B business segment makes money market transactions with the B2C business segment. An interest income of €9 thousand (previous year: €64 thousand) was therefore achieved in the B2B business segment. The corresponding level of interest expenses was recorded in the B2C business segment.

In both segments, segment assets and segment liabilities are not relevant management indicators within the meaning of IFRS 8 and are therefore not shown in the table.

Segment reporting by business line

€ thousand	1.1. to 30.6.2015			
	B2C	B2B	Consolidation	comdirect group total
Interest income	84,201	192	-64	84,329
Interest expenses	14,652	354	-64	14,942
Net interest income before provisions for possible loan losses	69,549	-162		69,387
Provisions for possible loan losses	-437	0		-437
Net interest income after provisions for possible loan losses	69,112	-162		68,950
Commission income	99,054	97,165	-90	196,129
Commission expenses	10,163	69,869	-18	80,014
Net commission income	88,891	27,296	-72	116,115
Trading result and result from hedge accounting	123	0		123
Result from financial investments	3,677	58		3,735
Administrative expenses	118,269	20,726	-72	138,923
Other operating result	993	337		1,330
Pre-tax profit	44,527	6,803		51,330
Segment investments	3,518	1,761		5,279
Segment depreciation	5,685	2,274		7,959
Cost/income ratio	72.5%	75.3%		72.9%
Segment income	189,694	97,950		
- of which external income	189,677	97,814		
- of which inter-segmental income	17	136		
Segment expenses	145,167	91,147		

Segment reporting by business line

€ thousand	1.4. to 30.6.2015			
	B2C	B2B	Consolidation	comdirect group total
Interest income	41,308	105	-31	41,382
Interest expenses	7,054	177	-31	7,200
Net interest income before provisions for possible loan losses	34,254	-72		34,182
Provisions for possible loan losses	-411	0		-411
Net interest income after provisions for possible loan losses	33,843	-72		33,771
Commission income	46,595	50,318	-23	96,890
Commission expenses	4,851	36,453	-10	41,294
Net commission income	41,744	13,865	-13	55,596
Trading result and result from hedge accounting	63	0		63
Result from financial investments	2,134	0		2,134
Administrative expenses	55,272	10,256	-13	65,515
Other operating result	456	165		621
Pre-tax profit	22,968	3,702		26,670
Segment investments	1,544	790		2,334
Segment depreciation	2,741	1,138		3,879
Cost/income ratio	70.3%	73.5%		70.8%
Segment income	91,393	50,652		
– of which external income	91,384	50,608		
– of which inter-segmental income	9	44		
Segment expenses	68,425	46,950		

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

€ thousand	2015				2016	
	Q1	Q2	Q3	Q4	Q1	Q2
Interest income	42,947	41,382	41,307	39,664	37,118	34,105
Interest expenses	7,742	7,200	6,588	6,366	5,002	4,127
Net interest income before provisions for possible loan losses	35,205	34,182	34,719	33,298	32,116	29,978
Provisions for possible loan losses	-26	-411	-1,850	-608	-92	995
Net interest income after provisions for possible loan losses	35,179	33,771	32,869	32,690	32,024	30,973
Commission income	99,239	96,890	96,554	90,712	89,569	90,002
Commission expenses	38,720	41,294	37,895	37,121	34,693	36,434
Net commission income	60,519	55,596	58,659	53,591	54,876	53,568
Trading result and result from hedge accounting	60	63	66	30	-76	35
Result from financial investments	1,601	2,134	22	455	595	41,875
Administrative expenses	73,408	65,515	66,086	74,971	64,977	63,217
- Personnel expenses	19,772	20,078	21,113	22,190	21,121	21,733
- Other administrative expenses	49,556	41,558	41,103	48,093	40,248	38,085
Sales	15,210	11,328	11,958	15,086	6,055	6,336
External services	11,126	11,128	10,986	11,293	11,316	11,311
Business operations	9,508	9,852	9,352	10,471	9,314	8,775
IT expenses	9,152	7,518	7,736	7,647	8,798	7,284
Mandatory contributions	2,346	1,672	1,734	3,044	4,341	3,583
Others	2,214	60	-663	552	424	796
- Depreciation of office furniture and equipment and intangible assets	4,080	3,879	3,870	4,688	3,608	3,399
Other operating result	709	621	1,016	937	1,285	917
Pre-tax profit	24,660	26,670	26,546	12,732	23,727	64,151
Taxes on income	6,644	7,101	7,411	4,410	6,457	15,114
Net profit	18,016	19,569	19,135	8,322	17,270	49,037

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

€ thousand	2015				2016	
	Q1	Q2	Q3	Q4	Q1	Q2
Net profit	18,016	19,569	19,135	8,322	17,270	49,037
Items which cannot be reclassified to the income statement						
- Change in actuarial gains/losses recognised in equity	-2,760	5,470	709	-468	-2,517	-1,349
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	9,622	2,161
- Reclassification to the income statement	-1,386	-1,803	-429	-396	-570	-36,038
Other comprehensive income for the period	6,933	-11,590	-6,908	37,001	6,535	-35,226
Comprehensive income	24,949	7,979	12,227	45,323	23,805	13,811

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	
	30.6.2016	31.12.2015	30.6.2016	31.12.2015
Loans and receivables				
– Cash reserve	1,217,017	1,228,206	1,217,017	1,228,206
– Claims on banks	12,624,423	11,835,565	12,443,502	11,699,450
– Claims on customers	357,767	341,798	357,664	341,798
Total	14,199,207	13,405,569	14,018,183	13,269,454
Available for sale financial assets				
– Financial investments	3,463,455	3,416,228	3,463,455	3,416,228
– Non-current assets as held for sale	0	32,498	0	32,498
Total	3,463,455	3,448,726	3,463,455	3,448,726
Liabilities measured at amortised cost				
– Liabilities to banks	32,860	6,382	32,860	6,382
– Liabilities to customers	16,828,934	16,080,496	16,790,564	16,044,884
Total	16,861,794	16,086,878	16,823,424	16,051,266
Financial assets and liabilities at fair value through profit or loss				
– Negative fair values from derivative hedging instruments	1	0	1	0
Total	1	0	1	0

The fair value of the financial instruments due on demand is their nominal value. These instruments include the cash reserve, overdraft facilities and demand deposits under the balance sheet item "claims on banks" in the amount of €311,324 thousand (2015: €311,119 thousand), "claims on customers" in the amount of €353,206 thousand (2015: €341,798 thousand), "liabilities to banks" in the amount of €32,860 thousand (2015: €6,382 thousand) and "liabilities to customers" in the amount of €16,220,927 thousand (2015: €15,309,341 thousand).

Allocation of fair values of financial investments is presented in the "fair value hierarchy".

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	30.6.2016			
	Total	Level 1	Level 2	Level 3
Assets				
Loans and receivables				
– Cash reserve	1,217,017	0	1,217,017	0
– Claims on banks	12,624,423	0	12,624,423	0
– Claims on customers	357,767	0	353,206	4,561
Available for sale				
– Financial investments	3,463,455	2,468,520	986,160	8,775
– Non-current assets as held for sale	0	0	0	0
Total assets	17,662,662	2,468,520	15,180,806	13,336
Liabilities				
Liabilities measured at amortised cost				
– Liabilities to banks	32,860	0	32,860	0
– Liabilities to customers	16,828,934	0	16,828,934	0
Fair value through profit or loss				
– Negative fair values from derivative hedging instruments	1	0	1	0
Total liabilities	16,861,795	0	16,861,795	0

€ 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 as 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
Fair value through profit or loss				
– Negative fair values from derivative hedging instruments	0	0	0	0
Total liabilities	16,086,878	0	16,086,878	0

In the reporting period, securities with a fair value of €15m were reclassified from level 1 to level 2, as no quoted market prices were available. On the other hand, securities with a fair value of €53m were reclassified from level 2 to level 1, as an active market was available due to increased market activity.

In the previous year, shares held by comdirect bank AG in VISA Europe Ltd. were recognised as “assets held for sale” under level 3 of the valuation hierarchy. As part of their sale, preferred stocks in VISA Inc. USA will also be allocated under level 3 of the valuation hierarchy. They are reported under the “financial investments” item.

All consumer loans will be allocated under level 3 of the valuation hierarchy. This resulted in the value for level 3 recognised in the “claims on customers” item.

Accounting standards and other information

Accounting standards

The comdirect group's half-year report as of 30 June 2016 was prepared pursuant to Section 51 (1) of the Frankfurt stock market rules and regulations in accordance with the provisions of Section 37y No. 2 and Section 37w (3) of the German Securities Trading Act (WpHG). It is also in accordance with International Accounting Standard 34 (IAS 34) approved and published by the International Accounting Standards Board (IASB). The same accounting and measurement methods were applied as for the consolidated financial statements of the comdirect group as of 31 December 2015. The rules to be applied for the first time in the reporting period had no impact on the consolidated financial statements.

Consolidated companies

There were no changes in the comdirect group's scope of consolidation during the reporting period.

Notes to the financial statements

The interim management report contains details of the earnings situation and asset position of the comdirect group as well as information regarding the macroeconomic environment.

The presentation of the composition of other administrative expenses in this interim financial report deviates from that of the 2015 financial report. The new structure is more meaningful and is oriented to the comdirect group's internal reporting.

The previous year's figures regarding other administrative expenses were adjusted for comparability; this is not however a retrospective correction as defined by IAS 8. The total amounts of other administrative expenses reported in previous periods all remain unchanged.

The details in the 2015 financial report on the retrospective adjustment to the presentation of contributions to the German banks' compensation fund continue to apply. Individual comparative figures for previous periods therefore do not correspond to the values reported in the previous year as of 30 June 2015.

Net interest income

Interest expenses have been incurred for customer deposits, negative interest from assets-side financial instruments as well as net interest expenses for pensions and similar obligations. The negative interest came to €1,507 thousand (2015: €404 thousand).

Result from financial investments

The announced purchase of shares in VISA Europe Ltd. by VISA Inc. USA was completed during the reporting quarter. As a principal member of VISA Europe Ltd. comdirect bank AG has generated a result from financial investments of €41.1m from the disposal of the shares. This amount comprises a payment received of €29.6m, an entitlement to later payments of €2.5m and preferred stocks of VISA Inc. USA with a fair value of €9.0m on conclusion of the transaction.

As of 31 December 2015, a fair value of €32.5m was determined for the shares in VISA Europe Ltd. As of the time of transaction, this amounted to €41.1m. The associated increase in revaluation reserves is reported in other comprehensive income for the period as is the reclassification to the result from financial investments on disposals (recycling). Overall, the effects named generated other comprehensive income for the period of €-32.1m in the reporting period.

The preferred stocks acquired as part of the transaction had a fair value of €8.8m as of 30 June 2016. The decrease compared with the acquisition value leads to a reduction in other comprehensive income for the period of €0.2m.

Result from hedge accounting and trading result

In the reporting period, individual forward rate agreements were used for interest book management. Interest rate swaps to hedge interest rate-related changes in the market value of several bonds with the same volume and same maturity were held to a limited degree. As of the reporting date, the derivative volume was almost completely repaid (end 2015: €0.1m). Where these instruments meet the requirements of IAS 39, hedge accounting is applied (micro fair value hedges).

As of the reporting date, the above produced a result from hedge accounting of €0 thousand (previous year: €1 thousand) and a trading result of €-41 thousand (previous year: €122 thousand).

Tax amounts included in other comprehensive income for the period

Other comprehensive income for the period € thousand	Before tax	Tax	After tax
1 January to 30 June 2016			
Actuarial gains and losses	-5,349	1,483	-3,866
Change in the revaluation reserves	-21,575	-3,250	-24,825
Other comprehensive income for the period	-26,924	-1,767	-28,691
1 January to 30 June 2015			
Actuarial gains and losses	3,745	-1,035	2,710
Change in the revaluation reserves	-10,713	3,346	-7,367
Other comprehensive income for the period	-6,968	2,311	-4,657

Other comprehensive income for the period € thousand	Before tax	Tax	After tax
1 April to 30 June 2016			
Actuarial gains and losses	-1,852	503	-1,349
Change in the revaluation reserves	-33,405	-472	-33,877
Other comprehensive income for the period	-35,257	31	-35,226
1 April to 30 June 2015			
Actuarial gains and losses	7,501	-2,031	5,470
Change in the revaluation reserves	-22,742	5,682	-17,060
Other comprehensive income for the period	-15,241	3,651	-11,590

Measurement of financial instruments

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.

The consumer loans taken out by customers and the preferred stocks of VISA Inc. USA are allocated to level 3 of the valuation hierarchy.

In the case of consumer loans this is the result in particular of individual customer behaviour not observable on the market, which is expressed as individual default risk. This leads to an adjustment of the discounting interest rate as part of determining fair value with the discounted cash flow method. In addition to interest, credit and liquidity risks, the discount curve applied also takes into account administrative expenses and a profit margin. Compared with the other influencing factors of the fair values, in particular interest rate risk, the default risk relating to the overall portfolio largely recedes into the background.

The value of preferred stocks of VISA Inc. USA can be derived from their stock exchange price due to the later exchange to common stocks of VISA Inc. USA. Because they are listed in US dollars, the exchange rate to euros has an effect on the fair value. There is uncertainty regarding the later exchange ratio. This is affected by possible losses of VISA Inc. from legal risks in connection with the transaction. This is a non-observable parameter with future effects. Discounts to be accounted for arising from the illiquidity of the preferred stocks are also non-observable.

The parameters named are estimated on the basis of earlier transactions with comparable risks. Overall, this results in a moderate valuation discount of the market value of the shares translated into euros.

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

Asset impairments

As in the previous year, no impairment losses were included in the first half of 2016.

Provisions for possible loan losses

In the balance sheet, the provisions for possible loan losses are deducted from the respective receivables. The provisions for possible loan losses amounting to €2,508 thousand (31 December 2015: €2,626 thousand) relate in full to claims on customers.

Provisions were also recognised for risks relating to unutilised credit lines of €4,460 thousand (31 December 2015: €5,820 thousand).

The reduction in amounts is the result of the partial reversal of portfolio loan loss provisions which was due to a validation of applied parameters in the risk models.

Annual general meeting

At the proposal of the Board of Managing Directors and the Supervisory Board, the annual general meeting in Hamburg on 12 May 2016 resolved to use the distributable profit of comdirect bank AG for a dividend of €0.40 per share.

The annual general meeting also resolved to elect Michael Mandel as the successor to Martin Zielke on the Supervisory Board and appoint him as chairman. Martin Zielke resigned his Supervisory Board mandate with effect from the end of the 2016 annual general meeting.

Furthermore, at the proposal of the Supervisory Board, the annual general meeting of comdirect bank AG elected PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, Hamburg branch, as the auditors for the annual financial statements and consolidated financial statements as well as the auditors to review the interim financial reports outstanding for financial year 2016 and the interim report for the first quarter of 2017.

Changes in the Board of Managing Directors

Holger Hohrein, Chief Financial Officer of comdirect bank AG, resigned from his position with effect as of 30 June 2016. The Supervisory Board passed a resolution to appoint Dietmar von Blücher as the Chief Financial Officer of comdirect bank AG. The Supervisory Board approved this decision in July.

Related party disclosures

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.

As part of money market and capital market transactions, comdirect bank AG makes investments with Commerzbank AG and its affiliated companies. These transactions are collateralised in return for payment under an assignment agreement.

For placement activities for the benefit of ebase GmbH, Commerzbank AG receives sales and sales follow-up commission.

As part of its processing and management services for custody accounts, ebase GmbH procures support services from Commerzbank AG.

During the reporting period, there were financial relations with related natural persons (members of the Board of Managing Directors and the Supervisory Board and members of their immediate family), including through the use of products of comdirect group as part of the normal product and service offering. All products and services were 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 the comdirect group suffer any financial losses.

For further information, please see note (19) in our financial report for financial year 2015.

Events of special importance following the balance sheet date

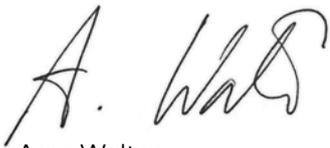
An error occurred during a software update on 18 July 2016. As a result of this, there were login errors in the period from 4 a.m. until 10.30 a.m., which led to some customers being able to see other customers' account details. A few thousand customers were affected by this. By the time that the financial statements were prepared, this incident had no material effect on the net assets, financial and earnings position.

Declaration of the Board of Managing Directors

To the best of our knowledge, and in accordance with the applicable reporting principles for half-year financial reporting, the half-year consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group presents a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the rest of the financial year.

Quickborn, 25 July 2016

The Board of Managing Directors



Arno Walter



Dietmar von Blücher



Dr. Sven Deglow



Martina Palte

Review Report

To comdirect bank Aktiengesellschaft, Quickborn

We have reviewed the condensed consolidated interim financial statements – comprising the condensed balance sheet, condensed income statement, condensed statement of comprehensive income, condensed statement of changes in equity, condensed cash flow statement and selected explanatory notes – and the interim group management report of comdirect bank Aktiengesellschaft, Quickborn for the period from January 1 to June 30 2016 which are part of the half-year financial report pursuant to § (Article) 37w WpHG (“Wertpapierhandelsgesetz”: German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company’s Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review 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 review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Hamburg, July 25, 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Lothar Schreiber
Wirtschaftsprüfer
(German Public Auditor)

ppa. Tim Brücken
Wirtschaftsprüfer
(German Public Auditor)

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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You can download our annual and interim reports in German or in English from our website at www.comdirect.de/ir/ publications. In addition you will find the annual report as an online version in German and English and initially as of 2013 as a Tablet designed version.

Our order service also offers the option of inclusion in the distribution list, which means that the reports will be sent to you on publication.

You can download our published press releases in German or in English on our website at www.comdirect.de/pr.

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

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