Annual Report. | 2013

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Key Figures of DAB Bank Group (IFRS)

		2013	2012	Change	Page
Results					
Net interest income/expenses	k€	38,640	49,796	-22.4%	54, 94, 113
Net commission income/expenses	k€	85,953	74,181	15.9%	54, 94, 114
Trading profit/loss and profit/loss from investments	k€	6,382	15,469	-58.7%	54, 94, 114
Administrative expenses	k€	108,733	111,346	-2.3%	55, 94, 115
Result before taxes	k€	19,217	28,032	-31.4%	55, 94
Net profit	k€	12,271	18,125	-32.3%	56, 94
Cost-income ratio	in %	85.0	79.9	6.4%	56, 137
Return on equity before taxes	in %	8.1	13.6	-40.4%	-
Balance sheet					
Total assets	€ mn	5,327.5	4,389.4	21.4%	56, 57, 95
Shareholders' equity	€ mn	247.4	226.1	9.4%	57, 95, 96, 128
Total Capital Ratio per SolvV	in %	15.9	12.4	28.2%	57, 140
Share					
Earnings per share	€	0.13	0.22	-40.9%	56, 94, 118
Dividend per share	€	0.13	0.21	-38.1%	54, 118
End-of-year share price (Xetra)	€	3.72	3.65	1.9%	21
Book value per share	€	2.52	2.51	0.4%	21
Dividend yield	in %	3.5	5.8	-39.7%	21
Total shareholder return	in %	7.4	16.6	-55.4%	21
Market capitalization	€ mn	338.4	301.9	12.1%	21
Key operating figures					
Customers	number	620,897	597,128	4.0%	50, 51, 52, 53
Securities accounts	number	617,070	615,288	0.3%	50, 51, 52, 53
Bank accounts	number	204,721	155,381	31.8%	50, 51, 52, 53
Volume of securities accounts and deposits	€ bn	32.49	28.38	14.5%	50, 51, 52, 53
Trades executed	number	4,964,739	4,198,272	18.3%	49, 52, 53
Trades per securities account per year	number	8.06	6.79	18.7%	49
Employees					
Employees (headcount)	number	609	611	-0.3%	58
Employees (full-time basis)	number	552	558	-1.1%	58

Ernst Huber
Management Board Spokesman

Dr. Niklas Dieterich
Member of the Management Board

Dr. Josef Zellner
Member of the Management Board

Highlights of 2013

Strong growth
DAB Bank expanded its operating business substantially in financial year 2013, adding 24 thousand customers and increasing customer assets held in custody by €4.11 billion.

Dividend proposal
At the annual shareholders' meeting to be held later in the year, the Management Board and Supervisory Board will again propose a dividend equal to the entire distributable profit according to IFRS. Accordingly, the shareholders of DAB Bank will receive a dividend of €0.13 per share, which will again be paid without deduction of the investment income tax.

New website
DAB Bank's website was completely overhauled. It was not only optically modernized, but completely reconceived and redesigned from the ground up.

New market image
DAB Bank remade its market image and now presents itself as „Die Anders Bank". In addition, DAB Bank introduced a new mascot, the DAB hamster.

Numerous product and service innovations
As in prior years, DAB Bank introduced numerous new products and services for its customers, including the new checking account and the "DAB Best Price" platform.

DAB Bank received numerous awards
As in prior years, DAB Bank received numerous awards for its product offering, fair prices and excellent service quality.

Customers are highly satisfied with DAB Bank's reachability and service quality
In the customer satisfaction surveys that it conducts on a regular basis, DAB Bank scored the highest satisfaction ratings ever, both among individual investors and business customers.

Dear shareholders, customers and business partners,

A far-sighted investment strategy always pays off. This maxim was proven right again by the developments of the past year. Confounding the excessively dire warnings propagated by many, stocks enjoyed another stellar year. The DAX and other key indexes continually reached new record highs in 2013. The DAX has already set its sights on the 10,000 mark, and many market participants are convinced that it is only a matter of time before it crosses this magical boundary. By contrast, investors who relied entirely on fixed-income securities reaped only meager yields. In real terms (after accounting for inflation), many of these investments actually produced negative returns. Those investors who adjusted their portfolios in time and maintained a sensible diversification among different asset classes have been handsomely rewarded.

Ernst Huber

DAB Bank, which will celebrate the 20th anniversary of its founding in May of this year, has always offered its customers independent, transparent and low-cost access to the entire universe of investment possibilities. Whether you wish to invest in shares or leveraged trading products, or whether you prefer bonds, gold or secure real estate financing, there is virtually nothing that DAB Bank does not offer its customers.

2013, a year of operational growth

At the beginning of 2013, we resolved to pursue the goal of making DAB Bank the first bank of its customers by broadening our offering of products of services. To this end, we placed even greater emphasis on our offering of traditional banking products such as checking accounts and bank cards. The success we have achieved through this strategy so far is impressive. Our completely redesigned banking products have met with brisk demand and have been honored with numerous awards. And in our periodic customer satisfaction surveys, we registered the best scores in the history of DAB Bank last year.

Our customer base has also grown significantly. Within twelve months, the number of DAB Bank customers rose by 24 thousand to 621 thousand. The development of customer assets held in custody was equally impressive. The volume of assets entrusted with DAB Bank rose by more than €4 billion in 2013 to reach €32.49 billion at the end of the year. This 14.48% increase was driven in part by market effects, but mostly by net inflows of new customer assets. In these times of uncertainty, we interpret this development as a special vote of confidence in DAB Bank.

Central banks continued to pursue highly accommodative monetary policies in 2013. With the aim of stabilizing the economy and public-sector debt burdens, they kept interest rates at historically low levels. This situation poses an enormous challenge for banks, because it sharply reduces the margins that can be earned on customer deposits. DAB Bank has not been immune to this problem. Thus, the net interest income of €38.64 million earned in 2013 was significantly less than the prior-year figure (2012: €49.80 million). The trading profit and the profit from investments contributed €6.38 million to DAB Bank's bottom line (2012: €15.47 million).

By contrast, we increased our net commission income by 15.87% to €85.95 million in 2013. Taking advantage of our services, customers conducted an impressive number of trades with DAB Bank in 2013, 4.96 million to be exact, reflecting an increase of 18.26% over the prior year. Through the practice of disciplined cost management, we reduced our administrative expenses further in 2013, by 2.35% from the prior year. However, these successes were not enough to offset the weak contribution of net interest income. In total, DAB Bank generated a profit before taxes of €19.22 million in 2013 (2012: €28.03 million). At the annual shareholders' meeting, the Management Board and Supervisory Board of DAB Bank will propose a dividend of 13 cents per share, again equal to the full distributable profit. As in prior years, the dividend will be paid without deduction of the investment income tax.

DAB Bank's share price did not fall as sharply as other financial stocks in the wake of the financial crisis. But that also means that it did not have the same potential to make up lost ground as many other bank stocks, which posted sizable gains in 2013. Nonetheless, it was another profitable year for our shareholders. Including the dividend resolved by the annual shareholders' meeting in May 2013, our shareholders earned a respectable return on their investment. The total shareholder return for 2013 came to 7.38%.

Perfect line-up: DAB Bank's revised portfolio of products and services

With the goal of living up to our claim of being the first bank of our customers, we made a number of comprehensive changes to our line-up of products and services.

The most important of these changes is DAB Bank's new market image. As of February 2013, DAB Bank is represented by a very special mascot, the DAB hamster. Modern, smart, innovative, dynamic, authentic, and simply different: These attributes of the DAB hamster are equally descriptive of DAB Bank. DAB Bank treats its customers differently than traditional banks. Our customers should be impressed by our products and services, and they should experience something unexpected and simply different: "Die Anders Bank." That is what we strive for, day in and day out.

We are especially proud of our completely renovated website, which went live in August. More than just being optically modernized, it was completely redesigned from the ground up, in terms of both technology and content. This website sets new standards in the online banking and brokerage industry. It features a considerably streamlined and easy-to-understand layout, with fly-out navigation which makes it possible to take in the contents of every section with a single glance. The texts are concise and easy to understand. Furthermore, users can always place a trade order quickly and easily in the super-convenient Mini-Trader which is always in view. In creating this unique experience, we did not only rely on our own counsel, but actively sought the advice of our customers and incorporated their suggestions into the design of the new website. Through workshops, user tests and questionnaires, more than 5,000 customers and other interested parties contributed their ideas to the new website. It is not surprising, therefore, that the feedback we have received from our customers regarding the new website has been very positive.

We also made fundamental changes to our offering of banking products, to ensure that all these products, whether checking account, credit card or call-money account, are perfectly tailored to the needs of our customers. The DAB Bank checking account is free of charge. It offers an attractive interest rate on credit balances and a fair interest rate on overdrafts. Customers who so wish may obtain a DAB MasterCard Classic free of charge, or they can opt for one of the two more exclusive cards, DAB MasterCard Gold or DAB MasterCard Platinum. Our call-money account is the perfect complement to our other banking products. Customers can invest their funds safely in this account, while also being able to access their funds whenever they wish, either to realize their latest dream or take advantage of investment opportunities in the market.

To make it even easier for our customers to take advantage of trading opportunities, we introduced yet another innovation, the "DAB Best Price" platform, in February of last year. This platform makes it easier and more affordable than ever to trade stocks. In the innovative Trading Overview, our customers can easily choose from not only DAX30 stocks, but also 50 MDAX stocks since December, as well as the U.S. stocks that are most traded with DAB Bank. Thanks to real-time push notifications, customers always know the current price. If desired, customers can sort the data by name, performance, fundamental data or order options. DAB Bank offers all this for an unbeatable price, without charging additional exchange fees or brokerage fees.

In April 2013, DAB Bank introduced a new scaled-price model for those customers who prefer investment fund solutions. As usual, DAB Bank generally grants a 50% discount on the regular subscription fee of nearly all the 9,000 investment funds comprised in its offering. Those who invest larger amounts can save even more, because DAB Bank now grants volume-dependent discounts of up to 90% on the subscription fee. The DAB Star Partner Funds are even more enticing, considering that DAB Bank has offered 40 selected investment funds with no subscription fee since October of last year, in cooperation with four prestigious fund issuers. And those who simply cannot decide which fund to choose from the abundant selection of attractive investment funds, we offer the new DAB Fund Finder. Investors can use this tool to sort investment funds by the criteria of performance, risk and popularity, so they can quickly and easily find the right investment fund for them.

For those who prefer to leave their investment decisions to an expert, DAB Bank introduced a new product, the "Managed Portfolio," in June of last year. This investment product, which DAB Bank offers in cooperation with a highly acclaimed asset management firm, is actively managed by one of our partner's experts. The investor determines what level of risk he or she is willing to assume. Our customers can choose one of three different portfolio strategies. The minimum investment amounts are considerably lower than those of individualized asset management products.

For its active traders, DAB Bank has long offered a diverse array of possibilities to profit from market opportunities by employing leverage. For years, we have offered an attractive line-up of margin-trading products, including FOREX, Futures Margin Trading and LOGOS, our innovative platform which reduces leveraged trading to the bare essentials. In addition, DAB Bank introduced CFD trading in July of last year. In the advanced trading platform we call the DAB Margin Trader, our customers can easily and transparently bet on rising or falling prices of indexes or individual shares, thereby gaining exposure to wide swings without committing that much principal. This way, customers can benefit from any and all market movements, while determining their own degree of leverage. And they can do all that for an especially low cost, because the trade fee for CFDs on individual shares is only €4.95. And for index CFDs we charge no fee at all, aside from the spread.

Proof of highest quality

All these improvements to our portfolio of products and services did not go unnoticed by the trade press. Thus, DAB Bank won numerous awards again last year. After being elected Germany's "Best Online Bank Account" by the magazine Focus-Money, our new checking account was chosen for several awards in this year's "n-tv Interest Rate Awards." These awards are decided not only by the level of interest rates, but also by the service quality of the respective institution. In a comparison of nationwide banks conducted by n-tv FMH-Finanzberatung, our checking account was named the "Best Online Salary Account." In August of last year, the consumer research institute Deutsche Gesellschaft für Verbraucherstudien conducted a study in which it compared the terms and service quality of direct banks, and from which DAB Bank emerged as the overall winner. Furthermore, DAB Bank impressed the expert jury for the "Cost Check" comparison of online brokers conducted by Euro am Sonntag the most. And DAB Bank's strong placement in the annual Broker Elections is practically routine by now. This year, we successfully defended our first-place status in the categories of Certificate Broker and Investment Fund & ETF Broker. We were also singled out for our offering of savings plans, in that DAB Bank was the only bank to receive the highest grade of "very good" from the trade magazine EXtra, for its offering of ETF-linked savings plans.

We are very proud of all these awards. They validate our hard work and prove that DAB Bank is still on the right path, nearly 20 years after it was founded. In this anniversary year, such awards motivate us to work even harder to satisfy the needs of our customers and secure the success of our company.

Ernst Huber
(Management Board Spokesman)

Dear shareholders,

DAB Bank AG can look back on a successful year in 2013. In particular, the volume of customer assets held in custody was increased significantly, not least of all as a result of substantial net inflows. Furthermore, DAB Bank AG further optimized and expanded its offering of products and services in the past year. Thus, it laid the groundwork for further successes as one of the leading German direct banks.

The Supervisory Board performed the duties incumbent on it by virtue of the applicable laws and regulations, the company's Articles of Incorporation and its internal rules of procedure. We advised the Management Board on the management of the company and supervised its activities on a regular basis. The Supervisory Board was consulted directly, at an early stage, on all decisions of fundamental importance for the company. The Management Board provided us with timely, detailed information on a regular basis, both orally and in writing, on matters of business planning, business developments, strategic development and the current situation of the Group. All variances between actual performance figures and budget figures were explained to us. The Management Board coordinated the company's basic strategy with us. Transactions of importance for the company were discussed with us in detail on the basis of reports presented by the Management Board. The Supervisory Board approved the draft resolutions of the Management Board after thorough review and deliberation.

In 2013, the Supervisory Board of DAB Bank AG held a total of four regular meetings and one constituting meeting. When necessary, the Supervisory Board adopted resolutions by way of written circulation. In the 2013 financial year, the Supervisory Board adopted resolutions by written circulation on two occasions. In the time between Supervisory Board meetings, the Supervisory Board Chairman was in regular contact with the Management Board and was informed of current developments and significant transactions. In special strategy meetings, the Chairman of the Supervisory Board discussed the prospects and future orientation of individual transactions with the Management Board.

In the interest of exercising its duties efficiently, the Supervisory Board established an Executive Committee and an Audit Committee. These committees prepared draft resolutions and other topics to be voted on by the full Supervisory Board. Furthermore, certain decision-making authorities of the Supervisory Board were delegated to the committees. The committee chairpersons report on the work of the committees to the Supervisory Board at the next meeting. The composition and tasks of the individual committees are outlined in the summary on page 14 ff. The Executive Committee held four regular meetings and one constituting meeting in financial year 2013. No resolutions were adopted by way of written circulation. The Audit Committee also held four regular meetings and one constituting meeting. In addition, the Audit Committee adopted resolutions by way of written circulation in one case.

Dr. Theodor Weimer

Alessandro Foti

Nikolaus Barthold


Peter Buschbeck


Dr. Marita Kraemer


Andreas Pflügel

The regular deliberations of the full Supervisory Board were devoted to the operating results and financing status of DAB Bank AG, as well as significant projects in the areas of B2C, B2B, IT, Operations and Personnel. At regular intervals, the Management Board provided us with detailed information on matters of business planning, strategic development, business developments and the current situation of DAB Bank AG, as well as developments in the areas of Risk Controlling, Compliance, Internal Audit and Legal Affairs. Besides making personnel and compensation decisions concerning the Management Board, the Supervisory Board also dealt with the compensation system of DAB Bank AG in general and other personnel-related matters. The Management Board and Supervisory Board presented and explained the compensation system for the members of the Management Board to the annual shareholders' meeting on May 24, 2012. The annual shareholders' meeting approved the compensation system for the Management Board. Since no changes were made to the compensation system after May 24, 2012, it was not necessary for the annual shareholders' meeting to adopt a resolution in financial year 2013.

In addition, the Executive Committee, the Audit Committee, and the Supervisory Board held extraordinary meetings on February 5, 2013. The object of the resolution was a capital increase that partially exercised an authorization of the Management Board from authorized capital. On February 5, 2013, the Management Board increased the company's capital stock by just under ten percent by issuing new bearer no par value shares against a cash contribution, excluding preemptive rights, with the consent of the Supervisory Board and the Executive Committee. We provided a detailed report of this action to the shareholders at the annual shareholders' meeting on May 16, 2013. Details on the aforementioned capital increase can also be found in the particulars of the consolidated financial statements (Note No. 54) on page 128 ff.

Corporate Governance and Declaration of Conformity

The Supervisory Board deliberated on the contents of the German Corporate Governance Code, particularly including the currently valid requirements of May 13, 2013. In the Supervisory Board meeting of November 27, 2013, the Management Board and Supervisory Board deliberated on the requirements of the Corporate Governance Code, issued the annual Declaration of Conformity pursuant to Section 161 AktG on December 20, 2013, and made it permanently available to the shareholders on the company’s website.

Additional information on corporate governance, the Declarations of Conformity and the goals for the composition of the Supervisory Board are provided on pages 12 to 19, a detailed report on the amount and structure of compensation of the Supervisory Board and Management Board are provided on pages 38 to 42 of the present Annual Report.

Audit of the separate and consolidated financial statements

The separate financial statements and management report of DAB Bank AG and the consolidated financial statements and Group management report for financial year 2013, including the accounting records, were audited by the independent auditor Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft and were provided with an unqualified audit opinion on both cases. In fulfillment of the audit duties prescribed in Section 317 (4) of the German Commercial Code (HGB), the independent auditor also examined the Bank's monitoring systems for the early detection of risks. The independent auditors confirmed that the internal control system and risk management system do not exhibit serious deficiencies and that the management reports for both the parent company and the Group present an accurate picture of the risks of the company's future development.

The independent auditor attended the meeting of the Audit Committee of February 27, 2014, and informed the members of the Audit Committee about the results of the audit of the separate and consolidated financial statements. At this meeting, the Supervisory Board adopted the separate financial statements and approved the consolidated financial statements. The above-mentioned financial statements were submitted to the Supervisory Board along with the report of the independent auditor in a timely manner. The independent auditor reported on the results of the audit at the Supervisory Board meeting of February 27, 2014. At this meeting, the Management Board discussed the separate financial statements of DAB Bank AG and the consolidated financial statements of the Group, as well as the risk management system. Furthermore, the independent auditor discussed the scope, points of emphasis and costs of the annual audit and provided in-depth answers to the questions of the Supervisory Board members. The Supervisory Board examined the financial statements and management reports of both DAB Bank AG and the Group and concurred with the results of the audit. Based on the final results of the review conducted by the Audit Committee and our own review, no objections were raised. The Management Board prepared the separate financial statements of the parent company and the consolidated financial statements of the Group. The Supervisory Board approved the separate and consolidated financial statements, meaning that the separate financial statements are thus adopted pursuant to Section 172 (1) of the German Stock Corporation Act (AktG).

We concur with the proposal of the Management Board to ask the annual shareholders' meeting to utilize the distributable profit to pay a dividend of 13 cents per qualifying share for the 2013 financial year.

The Supervisory Board wishes to thank the Management Board and all employees for their dedication and hard work. We are convinced that DAB Bank AG is correctly positioned to continue operating successfully both in Germany and Austria in the future as well.

Munich, February 27, 2014

For the Supervisory Board:

Dr. Theodor Weimer
Chairman of the Supervisory Board

Corporate Governance

Since it was founded in 1994, DAB Bank AG has actively and fully adhered to the principles of sound corporate governance. The Management Board and Supervisory Board consider corporate governance, in the sense of responsible management and company supervision, to be an integral part of their work and are engaged in a continuous dialog that goes beyond the requirements of law. The goal of DAB Bank AG is to strengthen public trust in its responsible company management, while at the same time accommodating the continuously growing need for information by the various interest groups. By this means, we will sustainably increase our company value and serve the interests of our national and international investors. Information on this subject can be found in the Report of the Supervisory Board on pages 8 ff. in this Annual Report.

The Management Board and Supervisory Board regularly discuss changes to the German Corporate Governance Code and evaluate to what extent adjustments need to be made.

Corporate Governance Code
The German Corporate Governance Code, which took effect in 2002, sets out the most important legal requirements applicable to the management and supervision of German exchange-listed companies. In accordance with nationally and internationally recognized standards of sound and responsible corporate governance, the Code has made the German corporate governance system more transparent and easy to understand.

Declaration of Conformity
In accordance with the regulations of the German Corporate Governance Code, DAB Bank AG renewed the Declaration of Conformity of December 30, 2003 as follows:

Declaration of Conformity of December 20, 2013

Declaration of Conformity 2013 with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act

The Management Board and Supervisory Board of DAB Bank AG declare that the recommendations of the Government Commission on the German Corporate Governance Code, as announced by the Federal Ministry of Justice in the official part of the electronic Federal Gazette, were followed and will be followed in the future, with the following exceptions, which are noted and explained below. Since December 20, 2012 (date of the most recent Declaration of Conformity), the declaration is based on the German Corporate Governance Code in the version of May 15, 2012. Since June 10, 2013 (publication in the Federal Gazette of the German Corporate Governance Code in the version of May 13, 2013), the declaration concerning the company's corporate governance practices is based on the recommendations of the German Corporate Governance Code in the version of May 13, 2013.

- Deductible in the D&O insurance for the Supervisory Board (3.8 (3) of the Code):
Under Section 3.8 (3) of the Code, a reasonable deductible is to be agreed if the company maintains D&O insurance for the Supervisory Board. The D&O insurance policy for the Management Board contains a deductible that fulfills the legal requirements. However, the insurance policy does not stipulate a deductible for members of the Supervisory Board. The Management Board and the Supervisory Board continue to be of the opinion that responsible actions are a self-evident obligation for each member of these bodies; therefore a deductible is not required for members of the Supervisory Board.

▸ Factoring in the ratio of Management Board compensation to relevant internal comparison groups (4.2.2 (2) Sentence 3 of the Code):
Since amendment of the Code on May 13, 2013, the Supervisory Board is required to factor in the ratio of Management Board compensation to the compensation of senior management and the staff as a whole, including the development over time, pursuant to No. 4.2.2 (2) Sentence 3 of the Code. When concluding the current Management Board contracts in conformity with the requirements of the German Stock Corporation Act (AktG), which were concluded prior to announcement of this recommendation, the Supervisory Board ensured that the overall compensation was in a reasonable proportion to the duties and performance of each Management Board Member. The amount of compensation is set based on the scope of business, the economic and financial situation, and the salaries at comparable companies, in accordance with the customary method of determination.
In addition, the individual duties and responsibilities of each Management Board Member are factored in. When setting the compensation, the Supervisory Board also reviewed the vertical reasonableness of Management Board compensation. As a precaution, however, an exception is declared, as the Supervisory Board did not differentiate between the comparison groups in the Code recommendation when reviewing vertical reasonableness, and also did not carry out any survey of the development of the system of wages and salaries over time. However, the Supervisory Board intends to also review the vertical reasonableness of the Management Board compensation at a future amendment of a Management Board contract, using the content and time criteria prescribed by the new Code recommendation.

▸ Agreement on maximum amount limits (4.2.3 (2) Sentence 6 of the Code):
Since the amendment of the Code on May 13, 2013, Management Board compensation as a whole and its variable compensation components are expected to have maximum amount limits. All current Management Board contracts were concluded prior to the effective date of this recommendation. They do include maximum amount limits for both the fixed and variable compensation, but no fixed maximum amount limit for overall compensation and for fringe benefits have been provided for in the past. However, the Supervisory Board intends to agree upon maximum amount limits within the meaning of the Code recommendation in No. 4.2.3 (2) Sentence 6 in a future amendment of any Management Board contract.

▸ Dependence on a specific level of pension commitment for retirement pensions (4.2.3 (3) of the Code):
According to the amended Code of May 13, 2013, when making pension commitments the Supervisory Board should specify the individually desired level of pension commitment and factor in the derived annual and long-term expense for the company. Only defined contribution commitments are in force for the Management Board Members of DAB Bank AG, which do not specify a particular level of pension commitment. The Supervisory Board therefore does not base its pension commitments on a desired level of pension commitment.

▸ No severance payment cap (4.2.3 (4) Sentence 1 of the Code):
Contrary to the recommendation, no severance payment cap has been agreed upon Management Board contract conclusion. The Management Board contracts are concluded for a term of three years. In the event of premature termination of Management Board activity without serious cause, compensation amounting to no more than the remaining term of the employment contract will be paid. Therefore, the Supervisory Board does not consider it necessary to stipulate a severance award cap of two years' compensation when concluding Management Board contracts.

▸ Presentation of Management Board compensation using sample tables (4.2.5 (3) of the Code):
According to the Code recommendation, the compensation report for the financial years beginning after December 31, 2013 should present the compensation for each Management Board Member using sample tables and should include specific precisely defined information that exceeds what was previously provided. DAB Bank AG's compensation system satisfies the requirements of Section 87 (1) AktG, as well as the regulatory requirements. However, the system does not include any differentiation between short-term

and long-term variable compensation, so that a corresponding presentation as suggested by the Code is impossible. Moreover, the recommended changes would cause disproportionately high expenses without DAB Bank AG seeing any added value of information for its shareholders. Therefore, a variance is already declared in this respect as a precaution.

- Constitution of a Nominating Committee effective January 1, 2014 (5.3.3 of the Code):

The Supervisory Board has not yet established a Nominating Committee due to the majority ownership structure. Nonetheless, it has been assured that the Supervisory Board members to be appointed by the shareholders possess the necessary knowledge, abilities and professional skills to adequately perform their duties. Based on Section 25d (11) of the German Banking and Credit Regulation Act (KWG) as amended, which is in force since January 1, 2014, the Supervisory Board appointed an Executive and Nominating Committee effective January 1, 2014, so that the requirements of No. 5.3.3 of the Code will be complied with in the future.

Munich, December 20, 2013

For the Supervisory Board:

Dr. Theodor Weimer
Chairman of the Supervisory Board

For the Management Board

Ernst Huber	Dr. Niklas Dieterich	Dr. Josef Zellner
Management Board	Management Board	Management Board
Spokesman	Member	Member

Management and supervision structure

Supervisory Board
DAB Bank AG is subject to the German law of stock corporations. Therefore, it maintains a dual structure of management and supervision functions, which are performed by the members of the Management Board and by the members of the Supervisory Board, respectively. In accordance with the German One-Third Employee Representation Act, two thirds of the members of the Supervisory Board represent the shareholders and one third of them represent the employees. At its meeting of November 21, 2012, the Supervisory Board updated the goals relative to its composition, in consideration of Section 5.4.1 of the German Corporate Governance Code.

These goals are outlined on page 16 to 17 of the present Annual Report. This information is also available on the company's website at https://www.dab-bank.de/Footer/Investor-Relations-English/Corporate-Governance/.

The Supervisory Board supervises and advises the Management Board on the conduct of business. The Supervisory Board discusses the business development, business plan and strategy and the implementation thereof at regular intervals of time. It reviews the separate financial statements and management report of the parent company and the profit utilization proposal, as well as the consolidated financial statements and the Group management report. It deals with the quarterly and semiannual financial reports, adopts the separate annual reports of DAB Bank AG, and approves the consolidated financial statements of the DAB Bank Group, after due consideration of the audit reports of the independent auditor and the results of the review conducted by the Audit Committee. As part of its duties, it also monitors the company's compliance with applicable laws, regulations and decrees, on the one hand, and the company's internal guidelines, on the other hand (compliance).

The Supervisory Board also appoints the members of the Management Board. Key Management Board decisions such as larger acquisitions, disinvestments and financing measures require the consent of the Supervisory Board, to the extent they do not fall under the authority of the Executive Committee of the Supervisory Board by virtue of the Supervisory Board's internal rules of procedure. The Supervisory Board has adopted internal rules of procedure to govern the work of the Management Board, including in particular the divisional responsibilities of individual Management Board members, and to specify the matters that are reserved for the full Management Board and the required majority for adopting Management Board resolutions. The internal rules of procedure of the Supervisory Board require the formation of committees. At 12/31/2013, there are two such committees, the Audit Committee and Executive Committee. Their duties, responsibilities and procedures are conformant with the requirements of the German Corporate Governance Code. The respective committee chairpersons report to the Supervisory Board on the work of their committees on a regular basis.

The Executive Committee is composed of the Chairman, the Vice Chairman and a Supervisory Board member elected by the Supervisory Board. The Chairman of the Supervisory Board is regularly the Chairman of the Executive Committee and the Vice Chairman of the Supervisory Board is regularly the Vice Chairman of the Executive Committee. The Executive Committee performs the duties of a compensation committee, to the extent that German law does not require such matters to be handled by the full Supervisory Board. In particular, the Executive Committee submits proposals for the appointment of Management Board members, handles the employment contracts with Management Board members and prepares the draft resolution on the adoption of Management Board compensation to be voted on by the full Supervisory Board, and on periodically reviewing the compensation system of the Management Board. In addition, the Executive Committee performs the duties of a nominating committee and makes recommendations to the shareholder representatives on the Supervisory Board concerning the proposals to be made to the annual shareholders' meeting regarding the election of shareholder representatives to the Supervisory Board by the meeting.

Moreover, the Executive Committee adopts resolutions in lieu of the Supervisory Board concerning the approval of transactions and actions that require the consent of the Supervisory Board.

The Audit Committee is composed of three members, including the Chairman and Vice Chairman of the Supervisory Board ex officio, as well as another Supervisory Board member to be elected by the Supervisory Board. The Chairman should be independent and should possess particular knowledge and experience in the application of accounting principles and internal controls. Furthermore, the Chairman should not be the Chairman of the Supervisory Board, nor a former member of the company's Management Board, if the latter position will have been resigned less than two years ago. In accordance with German law, the Audit Committee must include at least one independent member of the Supervisory Board who possesses expert knowledge in the areas of financial accounting or the auditing of financial statements. The Chairwoman of the Audit Committee, Dr. Marita Kraemer, fulfills these legal requirements. The Audit Committee supervises the financial accounting process. It prepares the Supervisory Board's proposal to the annual shareholders' meeting concerning the election of the independent auditor and submits a corresponding recommendation to the Supervisory Board to be adopted as a resolution. The Audit Committee is responsible for reviewing the quarterly and semiannual financial statements prepared by the Management Board, as well as the company's annual financial statements, in addition to the audit conducted by the independent auditor. Based on the independent auditor's report on its audit of the financial statements, as well as its own preliminary review, the Audit Committee submits proposals to the Supervisory Board concerning the adoption of the separate financial statements of DAB Bank AG and the approval of the consolidated financial statements. The Audit Committee supervises the financial accounting process. Together with the independent auditor, the Audit Committee discusses the quarterly, semiannual and annual financial statements prepared by the Management Board. Based on the independent auditor's report on its audit of the financial statements, as well as its own preliminary review, the Audit Committee submits proposals to the Supervisory Board concerning the adoption of the separate financial statements of DAB Bank AG and the approval of the consolidated financial statements. It concerns itself with the company's risk monitoring system and monitors the effectiveness of its internal control system, especially as it relates to financial reporting, as well as the effectiveness of the risk management system and internal audit system. The Internal Audit Department reports to the Audit Committee on a regular basis. Furthermore, the Audit Committee oversees the audit of the annual financial statements, including in particular the independence and qualifications of the independent auditor and its services. In addition, the Audit Committee monitors compliance with applicable laws, regulations and decrees, on the one hand, and with the company's internal guidelines, on the other hand (compliance).

The compensation of the Supervisory Board members is presented in the Compensation Report on page 42.

Updated goals for the composition of the Supervisory Board
By resolution dated November 21, 2012, the Supervisory Board adopted the following objectives for its composition:

Goals for the Composition of the Supervisory Board of DAB Bank AG
At its meeting on November 21, 2012, the Supervisory Board adopted the following goals for its composition pursuant to No. 5.4.1 of the German Corporate Governance Code and pursuant to Article 1 (5) of the rules of procedure for the Supervisory Board:

Members of the Supervisory Board of DAB Bank AG should be appointed in such a way that qualified monitoring of and consultation with the Management Board by the Supervisory Board is ensured. The candidates recommended for election to the Supervisory Board should be in a position to fulfill the duties of a Supervisory Board member at a direct bank active in Germany and Austria due to their knowledge, abilities, and professional experience, and to preserve the good reputation of the DAB Bank Group in public. The selection process should focus particularly on the personality, integrity, willingness to work, and professionalism of the persons recommended for election. The objective is for all of the knowledge and experience that is considered significant given the activities of DAB Bank AG to be represented on the Supervisory Board as a whole.

Considering the international orientation of the company, moreover, another factor to be taken into consideration is that the Supervisory Board has a sufficient number of members with many years of international experience. The goal is for the currently existing proportion of Supervisory Board members with an international background to be preserved.

In addition, the Supervisory Board should ensure adequate inclusion of women in its nominations for election. Qualified women should be included in the selection process starting with the review of potential candidates for new election or appointment to fill Supervisory Board seats becoming vacant, and should be adequately included in the nominations. The Supervisory Board will strive to increase the percentage of women to such an extent that at least one third of the board's members will be women by the year 2015, if possible.

The Supervisory Board should have a sufficient number of independent members, that is, at least one member. Significant and non-temporary conflicts of interest, such as having a seat on a company body or consulting duties at a significant competitor of the company, should be avoided.

In addition, the Supervisory Board members should have sufficient time to carry out the duties of their office, so that they can carry out these duties with the necessary regularity and care.

The regulation on the age limit set forth by the Supervisory Board in its rules of procedure shall be taken into account. No more than two former members of the Management Board of DAB Bank AG should belong to the Supervisory Board.

For the Supervisory Board:

Munich, November 21, 2012

Dr. Theodor Weimer
Chairman of the Supervisory Board

Status of implementation of the goals for the composition of the Supervisory Board
The status of implementation of the aforementioned goals for the composition of the Supervisory Board is described in the following.

The goal of staffing the Supervisory Board with members who are qualified to supervise and advise the Management Board of a bank that operates in Germany and Austria, as well as the goal of ensuring that a sufficient number of members possess many years of international experience and the goal of appointing at least one independent member to the Supervisory Board, have also been fulfilled in financial year 2013. With regard to the independent Supervisory Board member, the four shareholder representatives to be elected to the Supervisory Board by the annual shareholders' meeting were deemed to be relevant. Thus, the ratio of the one independent member to the three other shareholder representatives on the Supervisory Board roughly reflects the ratio of the minority shareholders to the majority shareholder UniCredit Bank AG. The goal of giving consideration to qualified female candidates when evaluating potential candidates for new or vacant Supervisory Board positions was already implemented in the Supervisory Board elections held in financial year 2011 and will also be pursued in future Supervisory Board elections, in order to achieve the goal that at least one third of the board members will be women by the year 2015, if possible. The Supervisory Board also considers the other goals it adopted as appropriately fulfilled.

Management Board
As the executive body of the DAB Bank Group, the Management Board is bound by duty to serve the company's interest and sustainably increase the company's value. The members of the Management Board jointly bear responsibility for the general management and make decisions on fundamental questions of business policy and strategy, as well as annual budgets and multi-year business plans.

The Management Board is responsible for preparing the company's quarterly and semiannual financial statements, as well the separate financial statements of DAB Bank AG and the consolidated financial statements of the DAB Bank Group. Furthermore, the Management Board is charged with assuring compliance with applicable laws, regulations and decrees and with the company's internal guidelines, and takes steps to assure compliance on the part of group companies as well. The Management Board works closely together with the Supervisory Board. It provides comprehensive information to the Supervisory Board on all matters relevant to the overall company, including strategy and implementation, planning, business development, financing and financial performance, compliance and entrepreneurial risks, on a prompt and regular basis. In filling senior management positions in the company, the Management Board adheres to the principles of diversity and especially strives to give appropriate consideration to women.

The compensation of the Management Board members is presented in the Compensation Report on page 38 ff.

Composition of the Supervisory Board and its committees at December 31, 2013

Since May 8, 2008, the Supervisory Board has been composed of four shareholder representatives and two employee representatives, in accordance with the provisions of the One Third Employee Representation Act. The Supervisory Board member Dr. Marita Kraemer is independent, possesses expertise in the areas of financial accounting and the auditing of financial statements in accordance with Section 100 (5) AktG and is also the Chairwoman of the Audit Committee of the Supervisory Board. Due to the new election of employees to the Supervisory Board in 2013, the Supervisory Board has been reconstituted since the end of the annual shareholders' meeting on May 16, 2013. Mr. Nikolaus Barthold was re-elected, and Mr. Andreas Pflügel was newly elected to the Supervisory Board. Dr. Theodor Weimer and Mr. Peter Buschbeck were re-elected by the shareholders at the annual shareholders' meeting on May 16, 2013. The Supervisory Board subsequently confirmed Dr. Weimer as chairman of the Supervisory Board and as chairman of the Executive Committee. Dr. Marita Kraemer resigned her position on the Supervisory Board effective December 31, 2013.

Members of the Supervisory Board

- Dr. Theodor Weimer (Chairman)
- Alessandro Foti (Vice Chairman)
- Peter Buschbeck
- Dr. Marita Kraemer (until December 31, 2013)
- Werner Allwang (employee representative) (until May 16, 2013)
- Nikolaus Barthold (employee representative)
- Andreas Pflügel (employee representative) (since May 16, 2013)

Members of the Executive Committee:

- Dr. Theodor Weimer (Chairman)
- Alessandro Foti (Vice Chairman)
- Peter Buschbeck

Members of the Audit Committee:

- Dr. Marita Kraemer (Chairwoman, until December 31, 2013)
- Dr. Theodor Weimer (Vice Chairman)
- Alessandro Foti

Composition of the Management Board

There were no personnel changes on the Management Board.

Members of Management Board:

- Ernst Huber (Speaker of the Management Board)
- Dr. Niklas Dieterich
- Dr. Josef Zellner

Purchase or sale of the company's shares

By virtue of Section 15a of the German Securities Trading Act (WpHG), members of the Management Board and Supervisory Board are legally obligated to disclose the purchase or sale of shares of DAB Bank AG or of financial instruments that are linked to the company's shares, when the value of such transactions conducted by the member and persons related to the member within a calendar year is equal to or greater than €5,000. The transactions reported to DAB Bank AG were duly published and can be found on the company's website at https://www.dab-bank.de/Footer/Investor-Relations-English/Corporate-Governance/. No transactions pursuant to Section 15a of the Securities Trading Act (WpHG) were reported to DAB Bank AG in financial year 2013.

The shareholdings of the individual members of the Supervisory Board and Management Board are presented in No. 74 of the Notes (page 148) of the present Annual Report.

Relations with shareholders and shareholders’ meeting
The company reports to its shareholders on business developments and on the company’s financing and financial performance four times every financial year. The annual shareholders’ meeting is usually held in the first five months of the financial year.

The shareholders exercise their rights at the annual shareholders' meeting. DAB Bank AG allows its shareholders to authorize proxies to exercise their voting rights for them at the meeting. The Management Board is authorized to allow shareholders to participate in the annual shareholders’ meeting without being physically present there and without having authorized a proxy to represent them, and to exercise all or some of their rights by means of electronic communications, in full or in part (online participation). The Management Board is also authorized to allow shareholders to cast their votes in writing or by way of electronic communications also without participating in the annual shareholders’ meeting (letter option). The provisions of the Management Board relative to online participation and/or the letter option are announced in the notice of meeting. The reports, documents and information required by law for the annual shareholders’ meeting, including the Annual Report, are made available on the Internet, along with the agenda of the annual shareholders’ meeting and any counter-motions or election proposals of shareholders that must be made available.

Among other matters, the annual shareholders’ meeting adopts resolutions on the utilization of profit, the ratification of the actions of the Management Board and Supervisory Board and the election of the independent auditor. Measures that change the bank’s capital and amendments to the Articles of Incorporation are resolved by the annual shareholders’ meeting and carried out by the Management Board. The Supervisory Board is authorized to make amendments to the Articles of Incorporation that relate only to wording. Shareholders can submit counter-motions to the draft resolutions proposed by the Management Board and Supervisory Board and file motions to annul the resolutions of the annual shareholders’ meeting. In addition, shareholders holding a proportion of share capital equal to at least €100,000 can demand the judicial appointment of a special auditor to review certain transactions.

In our investor relations work, we provide extensive information to our investors about the developments of the company. DAB Bank AG also makes intensive use of the Internet for reporting purposes. The company makes available on its website its quarterly, semiannual and annual reports, ad-hoc disclosures, analyst presentations and press releases, including the financial calendar for the current year, indicating all important publication dates for financial communications and the date of the annual shareholders’ meeting.

Corporate governance guidelines
Our Articles of Incorporation, the internal rules of procedure of the Supervisory Board and the Management Board, all Declarations of Conformity, the reporting on the fulfillment of the provisions of the German Corporate Governance Code and other corporate governance documents are available on the Internet at https://www.dab-bank.de/Footer/Investor-Relations-English/Corporate-Governance/.

Financial communication

The DAB Bank AG share in the stock market environment

2013 was a great year for stocks, as stock markets registered significant price gains and key stock indexes climbed to new record highs. The DAX advanced to as high as 9,589.39, within sight of the impressive 10,000 mark. It closed the year at 9,552.16, for a gain of 24.2% on the year. In the United States, the S&P 500 and the Dow Jones Industrials repeatedly set new record closing highs, the latest being 1,849.44 and 16,588.25, respectively. These two indexes closed the year with gains of 29.6 and 26.5%, respectively. The EuroStoxx 50 increased by 16.9% in 2013. Even the Japanese stock market, which had often been labeled a hot tip before disappointing investors again, experienced significant valuation gains in 2013. The Nikkei closed the year 53.6% higher than its reading at the beginning of the year.

Surprisingly, this impressive stock market rally was based on macroeconomic indicators that can be described as mixed at best. Economic fundamentals were certainly less than optimal last year, as most major economies continued to exhibit sluggish growth. In Europe, for example, the economic recovery was held back by the still unresolved sovereign debt problems. Although market players increasingly found the courage to make investments in the European peripheral countries over the course of the year, many are wondering if this development is sustainable, given that a convincing, permanent solution to the fundamental structural deficiencies of the euro system is still not in sight. Furthermore, many emerging-market countries, including erstwhile stars like China and India, increasingly had to contend with various kinds of structural problems, which prevented them from reprising their previous economic growth rates. While the United States registered more positive economic signals, they did not have the desired effect on the jobs market, which is a matter of concern for both the federal government and the central bank.

It is apparent that the ultra-loose monetary policies of central banks have been the main factor driving the record valuations in the stock markets, which do not truly reflect real economic trends. With unprecedented synchronicity, the world's most important central banks are flooding the markets with liquidity, employing both conventional and unconventional measures. Instead of stimulating business investment and personal consumption, most of this newly minted money is being channeled into the capital markets, driving up asset prices. As a consequence of these policies, bond market yields have been meager. This situation is providing some relief, albeit only temporary, to countries struggling with excessive debt loads, because it has drastically reduced their borrowing costs. In the search for positive real returns, however, investors have also poured significant funds into stock markets and real estate markets, pushing asset prices higher in those markets as well.

This environment poses a great challenge for banks like DAB Bank, which pursue conservative investment strategies. The yield curve that has developed in the bond market is putting pressure on banks' earnings by sharply reducing their lending spreads. Thus, it comes as no surprise that the stock of DAB Bank AG did not follow the same positive trajectory as the overall stock market. Furthermore, DAB Bank did not benefit from the same rebound effects from the capital losses incurred in the depths of the sovereign debt crisis, as did some other banks included in the EuroStoxx Banks index. The DAB Bank AG share started the year with appreciable gains, lifting the share price to above €4. But that was followed by a period of weakness that lasted into June, during which the share price fell to as low as EUR 3.19, before improving from that bottom in the months that followed. The DAB Bank share closed the year at EUR 3.72, 1.6% higher than its level at the start of the year.

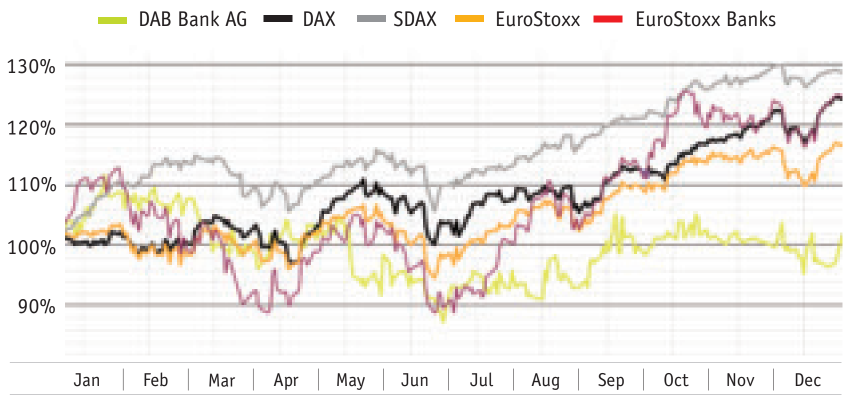
Key figures on the DAB Bank AG share

Opening price, Xetra (01/02/2013)	3.66 €
Highest price, Xetra (01/22/2013)	4.08 €
Lowest price, Xetra (06/28/2013)	3.19 €
Closing price, Xetra (12/30/2013)	3.72 €
Market capitalization (12/30/2013)	338 bn €
Earnings per share	**0.13 €**
Dividend yield	3.49%
Book value per share	2.52 €
Total shareholder return	7.38%
WKN	507230
Reuters Code	DRNG
Bloomberg Ticker	DRN GR
ISIN Code	DE0005072300
Shares outstanding	90,976,275
Stock exchange segments	Prime Standard, Frankfurt
Stock exchanges	Xetra, Frankfurt, Munich, Stuttgart, Berlin, Duesseldorf, Hamburg, Hanover, Bremen
Designated Sponsor	HSBC Trinkaus & Burkhardt AG Lang & Schwarz Wertpapierhandels AG

In consideration of the dividend adopted by the annual shareholders' meeting on May 16, 2013 and paid to shareholders without deduction of the investment income tax in the amount of 21 cents per qualifying share, 2013 was a generally good year for the shareholders of DAB Bank AG. The total shareholder return for 2013 was a respectable 7.38%.

At the annual shareholders' meeting 2014, the Management Board and Supervisory Board of DAB Bank will propose a dividend of 13 cents per share, again equal to the full distributable profit. As in prior years, the dividend will be paid without deduction of the investment income tax.

Chart indexes, comparison of DAB Bank AG, DAX, SDAX, EuroStoxx, EuroStoxx Banks 2013



Investor relations

The strategy of DAB Bank AG is geared to profitable growth and the sustainable enhancement of shareholder value. We continued our tradition of open, active financial communication in 2013, in support of a trustful dialog with our shareholders, investors and other interested parties.

We communicated our 2012 results to the financial community and our stakeholders at the financial statements press conference and analyst conference in February. The Annual Report 2012 was published on March 19. In April, July and October, we communicated our quarterly results to analysts, shareholders and journalists in lengthy conference calls. We also held a telephone conference with analysts in December.

In addition, we informed our shareholders about the bank's successes in 2012 and goals for the future at the annual shareholders' meeting of May 16, 2013. For the ninth year in a row, our shareholders voted to approve a dividend payment equal to the entire distributable profit. Thus, the shareholders present and represented at the annual meeting approved the proposal of the Management Board and Supervisory Board to pay a dividend of 21 cents per share.

Again in 2013, we held many one-on-one discussions with institutional investors, to keep them apprised of the strategy, performance and goals of DAB Bank AG. We also presented DAB Bank AG at the German Investment Conference in Munich.

In order to ensure sufficient market liquidity to allow for the continuous trading of its shares, DAB Bank AG is served by two Designated Sponsors, Lang & Schwarz Wertpapierhandels AG and HSBC Trinkaus & Burkhardt AG, which perform the role of market maker.

DAB Bank AG was actively covered by up to six analysts in 2013.

The latest information on DAB Bank AG, its business performance and its share is constantly made available to all interested parties in the investor relations section of our website. Our annual report and quarterly financial reports are available for download in German and English. By using our online ordering service, shareholders, investors and other interested parties can receive the printed versions of these reports free of charge. Furthermore, all interested parties can download an MP3 audio file of the telephone conferences held on the subject of our quarterly reports, shortly after they are held.

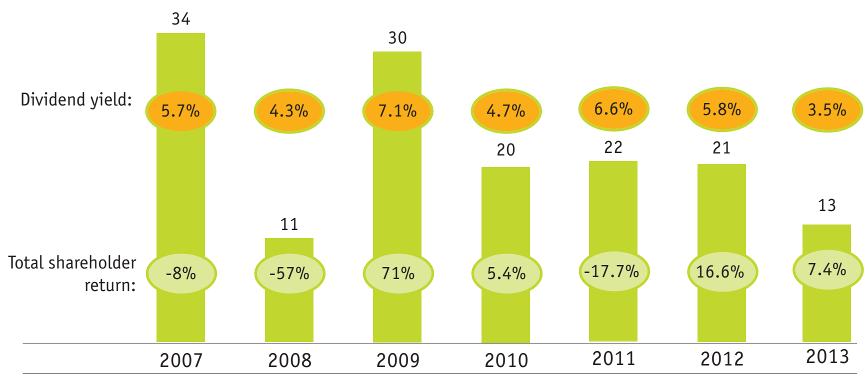
We also post corporate news, ad-hoc announcements and press releases on our website. Past publications are always easily retrievable from our online archive. The presentation documents we use to communicate our operating results and inform shareholders at the annual shareholders' meeting are likewise available for download.

On February 5, 2013, the Management Board of DAB Bank AG resolved, with the consent of the Executive Committee of the Supervisory Board and the Supervisory Board of DAB Bank AG, to increase the company's share capital by €8,270,569.00, from €82,705,706.00 to €90,976,275.00, in exchange for cash contributions. Under exclusion of the subscription right, 8,270,569 new no-par shares were issued for an issue price of €3.96 per share under a new WKN (Securities ID) to the majority shareholder UniCredit Bank AG, Munich. The capital increase did not cause a significant shift in the shareholder structure.

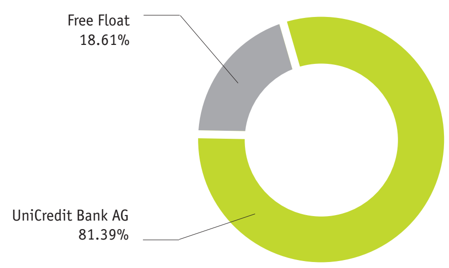
At year-end 2013, 18.61% of DAB Bank AG shares were widely held. The 81.39% majority interest held by UniCredit Bank AG, Munich, is ascribed to the corporate group of UniCredit S.p.A., Rome, Italy.

We will continue our policy of open, active financial communication in 2014. We will answer investors' questions again at the Deutsche Börse Equity Forum, and we are also planning further corporate presentations. Furthermore, we are always available for one-on-one discussions.

Dividend per share (€ cent)



Shareholder structure at 12/31/2013




1994
DIREKT ANLAGE BANK

2014


Nur eine Bank ist unser Vorbild.
Die im Park, auf der man relaxen kann.
20 Jahre
DAB Girokonto
DAB Tagesgeld
DAB Depot

Corporate Social Responsibility at DAB Bank

A company like DAB Bank does not operate in a vacuum. It is embedded in the society with which it is engaged in continuous interaction. DAB Bank communicates intensively with its stakeholders, in particular. It provides transparent information concerning the company's performance to its shareholders. In its dealings with business partners and service providers, DAB Bank distinguishes itself through reliability and commitment. DAB Bank places the highest priority on interacting with its customers and employees in an atmosphere of trust and confidence.

Focus on the customer

DAB Bank can be successful only when its customers choose to conduct their business with the bank and recommend it to others. Thus, customer satisfaction is critically important to DAB Bank's success. To this end, we conduct regular surveys to measure the satisfaction of our individual and institutional customers. A portion of our employees' variable compensation is dependent on their performance.

DAB Bank offers its customers the best possible access to the capital markets, at the lowest possible cost. DAB Bank's pricing model is extremely fair and transparent.

DAB Bank also offers sustainable financial products designed to fulfill specific ecological, social and ethical criteria. DAB Bank is a member of Forum Nachhaltige Geldanlagen e.V. (FNG), an association that promotes sustainable investment products by continuously developing and refining standards of quality and transparency for such products. DAB Bank showcases a selection of sustainable investment products in a special section of its website.

Satisfied employees make for satisfied customers

Customer satisfaction does not happen by itself. A positive customer experience depends not only on the quality of the product offering, but also on friendly and committed customer service. It takes highly satisfied employees to impress customers with the service quality of DAB Bank. Therefore, DAB Bank places the highest importance on employee satisfaction as well.

DAB Bank offers numerous fringe benefits to its employees. Employee compensation is composed of fixed and variable elements, so that employees can participate in the company's success and be rewarded for their personal performance. In addition, DAB Bank is highly committed to training and continuing education, offering both a managerial track and an expert track, to promote the continuous development of employees' potential.

DAB Bank has developed its own health management program for employees. It publishes a special health portal on the company intranet, which provides an overview of the many benefits offered in this area, including health and nutrition advice, free preventative healthcare examinations and vaccinations, and even yoga classes and massage services. Furthermore, DAB Bank hosts a "Health Day" every year, to draw employees' attention to these important topics.

Through its "Equal Opportunity and Family Support" project, DAB Bank helps mothers and fathers better manage the twin demands of work and family. Among other services, employees of DAB Bank can utilize the free "Family Service" to help them take care of children and elderly family members. DAB Bank also offers certain services on an occasional basis, such as children's day care on the Bavarian holiday Day of Prayer and Repentance, when schools and many daycare facilities in the region are closed.

Giving back to society

DAB Bank's success can also be credited to the fact that it conducts its business within a highly developed and prosperous society. Still, there are many in our society, not least of all children and youths, who need assistance and support. Therefore, DAB Bank supports selected associations and organizations that are dedicated to helping the younger members of our society. DAB Bank supports three associations in particular:

- The organization known as Ambulantes Kinderhospiz München (AKM) supports families with seriously ill and terminally ill children by helping them organize nursing care and alleviate emotional stress. These families are regularly visited by volunteers, who relieve the parents by looking after their other dependent children.

- The association Horizont e.V. operates a facility known as Horizon House in the northern part of Munich, which provides a temporary home to homeless mothers and their children. Here they also receive personal care and qualified counseling, to help them take control of their own lives again.

- The ADAC foundation "Gelber Engel" provides assistance to accident victims and promotes the cause of traffic safety. In 2013, DAB Bank particularly supported "ADAC Verkehrswelt," a travelling education program that provides traffic safety tips to kids at numerous schools throughout the country.

Besides supporting these three organizations with monetary donations, DAB Bank literally gave them a helping hand on certain occasions. For example, it assisted with AKM's Summer Festival and organized a goods drive for Horizon House. In addition, DAB Bank encourages its employees to exercise social responsibility through its corporate volunteering program.

Furthermore, DAB Bank chooses a new project every month, based on the suggestions of its employees and customers, to support with a donation of EUR 2,000. The following "Projects of the Month" were selected in 2013: Golden Donkey e.V. for Kältebus München; Elterninitiative Krebskranke Kinder e.V. Munich; Stiftung Kinderhilfe Fürstenfeldbruck; Verein zur Förderung der Flüchtlingsarbeit in München e.V.; Integra e.V. Taufkirchen; Prause-Schindelmann-Stiftung to aid disadvantaged school students; Aktion Deutschland Hilft to aid the victims of flooding disasters in Germany; Offenes Haus Markt Schwaben; Hilfe von Mensch zu Mensch e.V. München; DKMS Deutsche Knochenmarkspenderdatei GmbH; Lichtblick Seniorenhilfe e.V. München; and World Vision Deutschland e.V. to aid typhoon victims in the Philippines.

For the sake of the environment

With the exception of the eight branches of direktanlage.at in Austria, DAB Bank as a direct bank does not operate any branches. All employees in Germany work in the building known as Laimer Würfel in Munich. This modern and highly energy-efficient structure minimizes the bank's consumption of energy and water, as well as its greenhouse gas emissions. As a member of the Carbon Disclosure Project (CDP), DAB Bank published transparent environmental performance data in 2013. Furthermore, DAB Bank only purchases "green" electricity. In accordance with its sustainable procurement policy, DAB Bank only uses environmentally friendly materials and supplies in its day-to-day work. DAB Bank also implemented various projects to simplify waste sorting, minimize waste and reduce paper consumption in 2013.

Milestones in 2013

January

DAB Bank adds new Star Partners to its program, as issuers whose products can be traded at especially favorable terms. ETF Securities and Source join the team as new Star Partners for ETCs. iShares is added as a new Star Partner for ETFs, after Lyxor. DAB Bank also welcomes BNP Paribas and Vontobel as new Star Partners for derivatives.

February

DAB Bank introduces "DAB Best Price," a user-friendly and especially low-cost platform for trading in DAX30 stocks.

DAB Bank AG conducts a cash capital increase by issuing 8,270,569 new shares, under exclusion of the shareholders' preemptive subscription right.

March

DAB Bank launches a TV ad campaign to promote the completely redesigned checking account. In this connection, DAB Bank introduces its new advertising mascot, the DAB hamster.

DAB Bank offers no-fee savings plans linked to certificates of UBS and HVB onemarkets.

April

DAB Bank's new checking account receives its first award. Focus Money names it Germany's "Best Online Checking Account."

At this year's broker elections on brokerwahl.de, DAB Bank is chosen again as Fund & ETF Broker of the Year and Certificate Broker of the Year.

May

The annual shareholders' meeting held in Munich resolves to pay a dividend of 21 cents per share for 2012. Based on the share price at year-end 2012, the dividend yield comes to 5.8%.

June

Customers of DAB Bank can take advantage of the new "DAB Managed Securities Accounts," as an investment fund-based asset management service. They can choose one of three investment strategies, depending on their preferences.

In the Interest Rate Awards hosted by n-tv, DAB Bank's checking account ranks in the top 3, both for credit interest and overdraft interest.

July

The investor magazine “Euro am Sonntag” applies numerous criteria to determine Germany’s best Certificate Broker. DAB Bank is the winner.

Opportunity-oriented traders can now trade CFDs with DAB Bank.

August

DAB Bank launches its completely renovated website. It was not only optically modernized, but reconceived and redesigned from the bottom up.

“Euro am Sonntag” analyzes various test cases to determine the lowest-cost online broker among Germany’s major providers. DAB Bank wins first place.

September

DAB Bank hosts the 16th Investment Congress for independent financial services providers, again drawing about 1,000 participants this year.

According to a study of Deutsche Gesellschaft für Verbraucherstudien and the TV news station N24, DAB Bank is the No. 1 German direct bank in the criteria of terms and service.

October

DAB Bank introduces a new Star Partner program for investment funds. In total, 40 investment funds issued by four investment companies can be purchased without a front-end load.

November

DAB Bank’s new “Branded Red Button” TV campaign on RTL and Vox uses the possibilities of Internet-capable TVs in this innovative advertising format, to bring attention to DAB Bank’s checking account.

According to the TV news station n-tv, DAB Bank offers its customers Germany’s “Best Online Salary Account.”

December

The “DAB Best Price” platform is expanded to include MDAX stocks and selected U.S. stocks, so that customers can now trade 92 stocks at especially favorable terms.

Using the new “Fund Finder” on DAB Bank’s website, investors can identify the investment funds that best fulfill their preferences in terms of performance, popularity and risk.

DAB Bank AG

On May 16 of this year, DAB Bank AG will celebrate a milestone, the 20th anniversary of its founding. In those days, its business concept was completely novel. Initially, communications were not even conducted via the Internet, but via telephone, fax and BTX. In 1996, DAB Bank AG became the first bank in Europe to offer online brokerage services. And ever since that time, it has lived up to its claim of being a pioneer in the introduction of technological innovations.

Today, DAB Bank AG offers a wide range of financial products almost completely online – a feat that could not even be imagined twenty years ago. With checking accounts, credit solutions, investment products and even speculative leverage products, DAB Bank AG's product portfolio satisfies all the financial needs of its customers. No wonder that DAB Bank AG's stated goal in the retail customer segment is to become the first bank of its customers.

To this end, it broadened its offering of products and services aimed at private individuals and completely overhauled its portfolio of banking products at the beginning of last year. At the heart of this offering is a no-fee checking account, which comes standard with a low-interest overdraft facility for €500. Besides the DAB Girocard, customers can also apply for the DAB MasterCard Classic, a no-fee credit card with monthly billing. DAB Bank AG customers can also open a call money account featuring an attractive interest rate, as an ideal complement to the other products.

DAB Bank AG has always offered an issuer-independent assortment of investment products, including an extensive offering of investment funds, for example. Whereas traditional branch banks often only offer the investment products of their affiliated investment companies, DAB Bank AG's customers can choose from roughly 9,000 funds managed by numerous different investment fund companies, not to mention other kinds of investment products such as warrants and certificates.

Furthermore, DAB Bank AG offers wide-ranging possibilities to those customers who wish to actively take advantage of investment opportunities in the market. The most obvious way of doing this is by traditional securities trading. DAB Bank AG customers can specify a variety of order options when placing their trade orders. Besides providing access to domestic and foreign exchanges, DAB Bank AG has also offered over-the-counter trading in its “Sekundenhandel” trading platform since 1998. Using this service, customers can monitor the potential execution price in real-time before placing an order; they can also trade at times when normal exchanges are closed and avoid the cost of exchange fees. These latter two advantages are also included in the “DAB Best Price” service, which we have offered since last year. With this service, customers can buy and sell shares within a trading interface that displays real-time push notifications, so that traders can see the current price in real time and strike when the desired price level is reached.

Traders can also take advantage of the diverse range of margin trading products offered by DAB Bank AG. They can use these products to bet on the movement of currencies and futures, and as of last year, they can also employ CFDs to speculate on the appreciation or depreciation of equities and indexes. The basic principle is always the same: The leverage effect inherent in these products puts the trader in a position to reap potentially large gains, without having to commit very much principal. In particular, CFDs offer the advantage of being considerably more transparent and easier to trade than traditional options. These advantages are especially evident in our LOGOS product, which is an innovation without equal in Germany. It simplifies leveraged trading by focusing on the most essential elements. The intuitive graphical interface makes it easy to bet on rising or falling prices. An auto-stop function ensures that the trader's risk is limited to the invested principal, by ruling out margin calls. In response to the overwhelmingly positive response of our customers, we broadened the selection of underlyings that can be traded via LOGOS considerably last year by adding commodities and foreign instruments.

DAB Bank AG also offers financing solutions, and in cooperation with a partner, insurance products as well. Customers can also avail themselves of our advisory services. Furthermore, DAB Bank AG's offering of webinars was broadened considerably in 2013. In this series, interested parties can obtain extensive information on a wide range of topics related to securities trading and banking.

Financial intermediaries who use DAB Bank AG to conduct business on behalf of their clients represent the most important group of business customers. This group is mainly composed of independent asset managers and investment fund brokers. More than 60% of all financial portfolio managers licensed by BaFin to operate in Germany work with DAB Bank AG. Thus, DAB Bank AG is the clear market leader in Germany in the segment of independent asset managers. In addition to this group, DAB Bank AG serves institutional customers as well.

DAB Bank AG serves its business customers by handling the safe custody and administration of securities and executing their trade orders. DAB Bank AG also offers extensive IT and reporting services, as well as marketing and sales support. Personal service is a hallmark of DAB Bank AG's work in this area. Also in this segment, sales activities are mainly conducted via telecommunications media.

DAB Bank AG in person

As an online bank, DAB Bank AG places the highest importance on meeting its customers face to face. Again, the bank's staff travelled all over Germany to meet with customers and interested parties. In last year's "Trader Tour," customers in six large cities of Germany were given the chance to profit from the knowledge of our experts. Last year's Trader Tour was thematically devoted to technical analysis and turbo-certificates.

DAB Bank AG was also represented at numerous trade fairs last year. In addition to the Börsentag Fair in Dresden, Munich and Hamburg, DAB Bank AG was represented at the Invest Fair in Stuttgart (the leading industry fair for finance and investments) and at the World of Trading in Frankfurt am Main. The Investment Congress hosted by DAB Bank AG has become an established institution in the financial industry. Last year's Investment Congress, the 16th in a row, was again a tremendous success. Approximately 1,000 financial professionals attended this event in Munich, to share information and views concerning the latest developments and products in the financial services industry. Furthermore, more than 40 investment companies and financial professionals were on hand to inform visitors of the latest innovations.

Our Austrian subsidiary direktanlage.at

As a member of the DAB Bank Group, direktanlage.at is responsible for the Austrian market. Based in Salzburg, Austria's leading online broker has enabled its customers to trade securities at the best prices and with the best service since it was founded in 1995. This year's customer satisfaction survey showed once again that direktanlage.at's customers are highly satisfied with their bank's services. That explains why direktanlage.at signs up so many new customers every year. At the close of 2013, 65,850 customers conducted their banking business with direktanlage.at.

Unlike DAB Bank AG in Germany, direktanlage.at maintains physical branches, in addition to its online presence. At these branches located in eight state capitals of Austria, customers can open current accounts, savings accounts and securities accounts. They can also make deposits and withdrawals at the teller windows, sign an asset management agreement with direktanlage.at and/or obtain advice on different kinds of investments.

Best products for private individuals and business customers

As an issuer-independent vendor, direktanlage.at offers a diverse range of investment products and variants. In February of last year, direktanlage.at introduced a new, no-fee online salary/pension account for private individuals. This account comes with a debit card and a no-fee credit card. Furthermore, customers can trade securities on numerous domestic and foreign stock exchanges, with various kinds of order options. They can also conduct trades on many over-the-counter markets. In July 2013, direktanlage.at introduced a new feature, "direktanlage.at Price," which uses push notifications to keep customers informed of price movements in real time. In the new trading interface, customers can trade numerous securities easily and transparently and at a low cost, because no exchange fees are incurred. Customers can also take advantage of longer trading sessions, compared to conventional stock exchanges.

Furthermore, direktanlage.at offers manifold alternatives for implementing active trading strategies. Besides conventional products like warrants and leverage certificates, customers can utilize a wide range of margin trading products. In addition to FOREX, futures margin trading and LOGOS, direktanlage.at also offers the chance, as of April 2013, to trade CFDs on the world's biggest indexes, as well as selected shares.

To those who prefer to leave investment decisions to the experts, direktanlage.at offers the ideal product, in the form of asset management accounts. In collaboration with a very prestigious asset management firm, it offers three different portfolio strategies, depending on the investor's risk propensity. The minimum investment amounts for these products are considerably less than for personalized asset management products. In June of last year, direktanlage.at introduced the "Saving & Investing" plan, under which at least half the invested amount is deposited to the "Top Interest" account, which pays an especially attractive bonus interest rate. Because customers can access this account on a daily basis, they enjoy the advantages of an attractive return coupled with easy access to half the investment principal.

Besides private individuals, direktanlage.at also serves licensed asset managers and advisors, offering them sophisticated solutions, as well as all the services that asset managers require to serve their own customers, including securities administration, trade execution, regular reporting services, etc. In the past year, direktanlage.at added customized strategy portfolios to its already extensive product offering for business customers. With this product, direktanlage.at develops ready-made and thus highly efficient asset management solutions, in close consultation with the portfolio manager.

direktanlage.at remains in constant contact with its customers

As in prior years, customers of direktanlage.at actively utilized the extensive program of workshops and seminars of the Direktanlage.at Academy. In the past year, such courses were increasingly offered in the form of webinars. Topics ranged from general information about securities to online trading and instruction in the use of technical tools. Furthermore, direktanlage.at hosted a series of information events on the subject of “How Can I Secure my Savings?” in several cities of Austria. Moreover, many customers and other interested parties accepted the bank’s invitation to attend Information Evenings, where they could learn details about alternatives to the traditional savings account.

Again last year, direktanlage.at was represented at “Gewinn,” Austria’s leading financial industry trade fair in Vienna, where it delivered presentations and informed visitors at the bank’s information stand.

Renowned speakers and fascinating presentation topics provoked strong interest in the B2B Partners Academy last year. The B2B Partners Academy has become an established fixture, drawing steadily larger audiences. The now traditional Direktanlage.at B2B Event was held for the tenth time last year. More than a hundred licensed financial services providers attended this very successful event comprising three days of speeches and presentations.

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Group management report

Foundations of the Group

Business model

DAB Bank AG operates an independent business model as a direct bank within the UniCredit Group. At 12/31/2013, UniCredit S.p.A., Rome, Italy, indirectly held, and UniCredit Bank AG, Munich, directly held 81.39 percent of the shares in DAB Bank AG. The remaining shares are held by members of the public.

Together with direktanlage.at AG, Salzburg, and the Italian FinecoBank S.p.A., Milan, DAB Bank is part of the European Business Line Asset Gathering within the UniCredit Group. DAB Bank AG holds 100 percent of the shares in its Austrian subsidiary, direktanlage.at. The DAB Bank Group (referred to as DAB Bank in the following) is managed through the two companies, DAB Bank AG and direktanlage.at AG, as segments. Both segments serve both private and business customers.

Founded as the first direct broker in Germany, DAB Bank's traditional focus is on securities transactions. Since the end of 2012, DAB Bank has used an active market strategy, offering private customers and independent asset managers a comprehensive and modern range of banking, investment and trading products with an outstanding price/performance ratio, which is constantly being expanded and enhanced.

With its broad range of services, DAB Bank presents itself to its private customers as their first bank, which comprehensively satisfies the financial needs of its customers. Its core products are securities accounts, extensive on-line brokerage services, independent offerings of investment solutions, a free checking account, credit cards, savings, payment processing, and credit products, as well as consulting services. DAB Bank primarily addresses Internet-savvy customers who make their own investment decisions.

For its business customers, DAB Bank takes over custody and administration of securities as well as execution of securities trades. In addition, DAB Bank provides these customers with extensive services in the areas of IT and reporting and carries out marketing and sales support. Its business customers are investment advisors, asset managers, fund brokers, and institutional customers. In its business with independent asset managers, DAB Bank strives to sustainably expand its market leadership in Germany. 60 percent of all registered asset managers in Germany use DAB Bank's services. The bank is developing the market for asset management together with its customers using an outstanding focus on customer needs and excellent service. Its activities focus on maximum customer satisfaction and expanding its market position by targeted acquisition of new customers. In its banking business, the bank primarily earns interest income by reinvestment of customer deposits in the money markets and capital markets and by issuing customer loans. In its brokerage business (investment and trading), the bank primarily earns commission income from customer securities trading and related services on the one hand, and on the other hand from subsription fees and commissions accruing in the investment funds business. The Internet is by far the most important sales channel. Concentrating on this sales channel makes it possible for DAB Bank to offer its products and services at particularly attractive terms. In order to be perceived uniquely in the market, its marketing strategy aims at an emphatically casual and young image and a strong presence on the Internet.

The significant business drivers for DAB Bank's success are the development of the money market and capital market environment including interest rate developments, the competitive situation, social and technological trends, and future regulatory developments.

DAB Bank competes with other direct banks and online brokers as well as traditional branch banks, and intends to increase its profitable growth using its active marketing strategy and by achieving maximum customer satisfaction.

The direct banking model continues to be very attractive for DAB Bank as a future-oriented model. Due to its many years of experience, DAB Bank is very well positioned to orient its business model to the market situation.

Bank management

DAB Bank's Management Board manages the company by factoring in all material opportunities and risks, while working to achieve a balanced relationship between short-term profitability and long-term increases in value. Changes in external framework conditions, a high level of competition, and increasing regulatory requirements relating to risk measurement and determination of capital requirements place great demands on comprehensive management for the bank's further development, with a focus on earnings and value. When managing the bank, management focuses on key performance indicators along the dimensions of corporate profitability, growth, capitalization, and liquidity. Non-financial indicators are also factored in.

In the context of the overall bank management plan, the KPIs specified in the budget and planning process for strategic and operational management are calculated and monitored continuously. Deviations from the planning or risks that arise are detected at an early stage based on an end-of-year estimate. Analyses and reports on the course of business and the effectiveness of measures are provided to the Management Board regularly depending on relevance, either weekly, monthly, quarterly, or on an ad-hoc basis. In this way, any unforeseen developments are detected early and any necessary countermeasures and corrections are initiated.

The most significant performance indicators

The following statistics have been defined as material company-wide reference values for strategic management of the bank in the context of strategic controlling:

Profitability:	Earnings before taxes (according to IFRS) Cost-income Ratio
Growth:	Customer growth and account growth Growth in volume of securities accounts and deposits Increase in trades executed
Capital and liquidity:	Overall ratio per SolvV / CRR Risk-bearing capacity Liquidity ratio pursuant to the Liquidity Regulation (LiqV)

Additional performance indicators

In addition to the significant financial and non-financial performance indicators listed above, the bank monitors additional non-financial performance indicators, which are reviewed at least at annual intervals. These include, in particular, comprehensive determination and updating of customer and employee satisfaction as well as brand awareness and brand sympathy.

Corporate Governance Statement

A Corporate Governance Statement pursuant to Section 289a HGB of February 11, 2014, which also contains the Declaration of Conformity of December 20, 2013 with the German Corporate Governance Code (in the version of May 13, 2013) pursuant to Section 161 AktG, has been published and can be viewed on the company's website at https://www.dab-bank.de/Footer/Investor-Relations-English/Corporate-Governance/.

Compensation report

Compensation Report for the Management Board and Supervisory Board

The Compensation Report summarizes the principles applied in setting the compensation of the Management Board of DAB Bank AG, explains the structure, as well as the general and individual amounts, of the compensation granted to Management Board members, and outlines the compensation system for employees. The Compensation Report also describes the principles and amount of compensation granted to the Supervisory Board.

The Compensation Report follows the recommendations of the German Corporate Governance Code. It contains the disclosures required to be made in either the Management Report or the notes to the financial statements by virtue of the German Commercial Code (HGB) or International Financial Reporting Standards (IFRS). In accordance with the German Corporate Governance Code, the Compensation Report is presented as part of the Management Report and not the Corporate Governance Report. With regard to the presentation of itemized compensation for Management Board and Supervisory Board members, reference to the present report is made in the Corporate Governance Report and in the notes to the financial statements.

1. Compensation system for members of the Management Board in financial year 2013

At DAB Bank AG, the compensation system for the Management Board is resolved by the Supervisory Board. The Supervisory Board also sets the overall compensation of each individual member of the Management Board, based on the draft resolutions prepared by the Executive Committee for the full Supervisory Board. Already for financial year 2011, the Management Board and Supervisory Board had resolved to present the compensation system in effect at that time for Management Board members to the annual shareholders' meeting for approval. That compensation system was applied in financial year 2013 after being approved by a large majority of the shareholders present and represented at the annual shareholders' meeting of May 24, 2012.

The compensation system was again reviewed on a regular basis in the reporting period. The Supervisory Board discussed the compensation system of the Management Board at length during its meetings on March 6, 2013 and May 8, 2013. This review was based primarily on the prescriptions of the German Stock Corporations Act and the currently valid version of the German Corporate Governance Code. Thereafter, the company again conducted a self-assessment in financial year 2013 based on the Statutory Order on the Regulatory Requirements for the Compensation Systems of Financial Institutions. As in the prior year, this self-assessment yielded the result that DAB Bank AG is not a significant institution within the meaning of the above-mentioned regulations and is therefore required to implement the general requirements for the compensation systems of banks. After reviewing the current compensation policies, the Supervisory Board concluded that the changes resolved in financial year 2011, particularly including the introduction of the Incentive or Bonus Opportunity, have proved to be effective and that the compensation system continues to satisfy the legal and regulatory requirements. Because no significant changes have been made to the compensation system for the Management Board compared with the 2011 system and the underlying statutory conditions have not been amended in financial year 2013, the shareholders will not be asked to vote again on the compensation system for financial year 2013.

DAB Bank AG also reviews the level of compensation on a regular basis. To do so, a comparison is made with both external and intragroup groups, with due consideration given to the current duties and performance of the Management Board members, as well as the size and the current economic and financial situation of DAB Bank AG. Following an in-depth review, the Supervisory Board came to the conclusion that it was necessary to modify the fixed compensation paid to Dr. Dieterich and Dr. Zellner and the variable compensation paid to Mr. Huber and Dr. Zellner for the reporting period.

Specifically, the Management Board compensation for financial year 2013 consists of the following components:

Non-success-dependent compensation in the form of fixed salary

The fixed, non-success-dependent salary is paid in 12 equal monthly installments. The fixed salary is set in writing for the entire term of the respective employment contract, without prejudice to the voluntary and statutory possibilities of review and adjustment by the Supervisory Board.

The annual fixed salary of Mr. Huber remained unchanged at €350 thousand in the reporting period. The annual fixed salary of €210 thousand paid to Dr. Dieterich that has been unchanged since he was first appointed was raised to €250 thousand with effect from April 1, 2013. The annual fixed salary of €200 thousand paid to Dr. Zellner was similarly raised to €250 thousand with effect from April 1, 2013.

Variable compensation

Only one type of variable compensation, the Incentive or Bonus Opportunity, was granted to all the members of the Management Board in 2013. The Supervisory Board sets the targets for the individual bonus of a Management Board member and the weighting of those targets for each member of the Management Board at the beginning of every financial year. The targets are documented in the form of scorecards. All members of the Management Board have individually measurable sustainability targets in 2013. This covers parameters such as customer satisfaction and further improvements in the risk and control mechanisms. The operational targets include key indicators to be achieved by the company and UniCredit's Asset Gathering Business Line. Beyond this, there are additional targets relating among other things to the strategic orientation of DAB Bank AG.

The amount of the agreed variable compensation components is not guaranteed. Depending on the individual target attainment of each Management Board member, the amount of the bonus can range between 0% and a maximum of 150% (cap), depending on the level of target attainment. The target amount for 100% is agreed with each member of the Management Board individually.

The criteria for the sustainable success of the Group are adopted anew every year as an overarching factor, in the form of key indicators for profitability and sustainability (so-called "Group Gate" or profit factor). If the adopted key indicators are achieved in full or surpassed, 100% of the variable compensation budget will be made available. If they are not achieved in full, 90% or 75% of this budget will be made available, depending on the degree of target attainment. If a net loss is incurred or if the UniCredit Group can no longer fulfill its liquidity requirements, no budget will be normally made available (so-called “zero factor”).

At the end of the financial year, after the company’s profit for the year has been determined, the Supervisory Board first assesses the attainment of the targets adopted at the beginning of the financial year and the Group Gate or profit factor and then sets the level of variable compensation for each member of the Management Board on that basis. Depending on the absolute amount of the bonus so established, the bonus will be disbursed on a deferred basis over several years as agreed in the employment contract. Within this period, a separate assessment is conducted every year to determine whether the targets set for disbursement of the deferred portion of the bonus have been attained. As a general rule, the Management Board member is not entitled to such disbursements if a violation the company’s compliance policies has been identified.

The possible bonus of €250 thousand previously set for Mr. Huber for 100% target attainment was raised to €300 thousand with effect from January 1, 2013. The variable compensation payable to Dr. Dieterich was left unchanged at €150 thousand assuming 100% target attainment. With effect from January 1, 2013, the claim to variable compensation for Dr. Zellner was raised by €30 thousand to €150 thousand for 100% target attainment.

At the time when the annual financial statements were audited, the target attainment for financial year 2013 had not yet been determined, due to the non-availability of results pertaining to the Group-level targets.

The proportional amounts from prior years that were due in 2013 were paid to the members of the Management Board, after determining that the targets to be met during the deferral period were attained.

Compensation components with a long-term incentive effect (long-term incentive, LTI)

In prior years, the long-term variable compensation of Management Board members of DAB Bank AG was granted in the form of an LTI, which was set up by the UniCredit Group every year in a different form and made available to the most senior executives of the UniCredit Group. Due to the fact that the short-term variable compensation (STI) and LTI were combined in 2011, no further LTI program has been established for the members of the Management Board of DAB Bank AG since that time.

In the reporting period, Mr. Huber and Dr. Dieterich held claims under previous LTI programs of the UniCredit Group, all of which were based on commitments made prior to their current appointment to the Management Board. In addition, some of these claims are based on the previous employment of Management Board members with other companies of the UniCredit Group. In accordance with the statutory requirements, however, the corresponding earlier commitments are not to be considered current Management Board compensation, for which reason they are not presented here.

Pensions

As a general rule, pension benefits are granted to members of the Management Board exclusively on a defined-contribution basis. DAB Bank AG makes fixed, non-success-dependent contributions to a provident fund for all members of its Management Board. In addition, the Management Board member Dr. Josef Zellner makes voluntary contributions from his salary on a tax-deferred basis to the same company pension plan in which the employees of DAB Bank AG also participate. DAB Bank AG pays matching contributions to this plan. The company has not made direct pension commitments to any member of the Management Board and therefore no provisions need to be recognized in respect of pension obligations to Management Board members.

Ancillary benefits

The ancillary benefits in the form of in-kind compensation are materially less significant and are non-success-dependent in all cases. They consist in the assumption by the company of insurance premiums for a group accident insurance plan, under which coverage is extended on a 24-hour basis. Furthermore, there is the option of the respective member of the Management Board using the company car and the company's telecommunications equipment for private purposes, meaning that the member gains a non-cash benefit that is assessed accordingly. Under his employment contract, Mr. Huber is also entitled to reimbursement of travel and accommodation expenses in the amount actually incurred, up to a total of €50 thousand per year.

The members of the Management Board are also covered by D&O insurance which includes a deductible.

No advances were granted to the members of the Management Board. Furthermore, no particular contingent liabilities were assumed on behalf of Management Board members.

The Management Board members Ernst Huber and Dr. Josef Zellner have been granted the option of borrowing money from DAB Bank AG using the credit card issued on a private bank account with DAB Bank AG, up to a credit limit of €5 thousand. Beyond this, no loans were granted to any Management Board members.

Like all employees of the Bank, moreover, Management Board members are entitled to special terms and conditions, particularly for banking services, within the framework of the tax-exempt deductions.

Change of control, temporary allowances and severance awards

No employment termination or severance award rights have been agreed with individual members of the Management Board in the event of a "change of control," meaning a significant change in the ownership structure of DAB Bank AG.

The employment contracts of Management Board members do not stipulate a claim to temporary allowances in the event of non-renewal of their contracts, nor an explicit claim to severance award payments, and therefore no severance award caps either, in case of premature termination of their employment relationships with the company. A severance award payment can result from the individual termination agreement concluded in connection with the termination of an employment contract.

The compensation granted to each member of the Management Board for financial year 2013 is presented in the table below:

Itemized compensation granted to the individual Management Board members:

in k€	Fixed salary	Success-driven components	Long-term incentive components	Pensions	Value of ancillary benefit	Total
Ernst Huber	350	300	-	50	27	727
Dr. Niklas Dieterich	240	150	-	25	6	421
Dr. Josef Zellner	238	150	-	14	5	407
Total	828	600	-	89	38	1,555

2. Compensation of the Supervisory Board

The rules applicable to the compensation of Supervisory Board members are set out in Article 14 of the Articles of Incorporation of DAB Bank AG. The currently applicable rules are based on a resolution of the annual shareholders' meeting of May 19, 2011.

As recommended by Section 5.4.6 para. 1 sub-para. 2 of the German Corporate Governance Code, the roles played by Supervisory Board members on committees as chairmen and members are reflected in their compensation. Thus, their compensation is composed of a base pay, plus additional compensation payable at the end of the financial year, for the activity performed on the committees of the Supervisory Board. The base pay for every Supervisory Board member is €10 thousand. The Supervisory Board Chairman receives twice that amount, and the Vice Chairman receives one a half times that amount.

Additional compensation is granted for work performed on the committees of the Supervisory Board. The Chairman of the Audit Committee receives €10 thousand and each other member of the Audit Committee receives €5 thousand. The Chairman of the Executive Committee receives €5 thousand and each other member of the Executive Committee receives €2.5 thousand. In the event of personnel changes in the Supervisory Board and/or its committees, compensation is granted on a pro-rated basis, partial months being rounded to full months.

Supervisory Board members may be covered under any civil liability insurance for directors and officers maintained by the company in an appropriate amount, in the interest of the company. The company pays the premiums for covering the members of the company's Supervisory Board.

In addition, the company reimburses the Supervisory Board members for their expenditures and for the value-added tax payable on their Supervisory Board activity.

The compensation granted to each member of the Supervisory Board for financial year 2013 is presented in the table below:

Itemized compensation of Supervisory Board members:

in k€ (rounded)	Fixed salary	Compensation for committee work	Success-related components	Long-term incentive	Total
Dr. Theodor Weimer (Chairman)	20	10	-	-	30
Alessandro Foti (Vice Chairman)	15	7	-	-	22(*)
Peter Buschbeck	10	3	-	-	13
Dr. Marita Kraemer	10	10	-	-	20(*)
Werner Allwang (until May 16, 2013) (employee representative)	4	-	-	-	4(*)
Nikolaus Barthold (employee representative)	10	-	-	-	10(*)
Andreas Pflügel (since May 16, 2013) (employee representative)	7	-	-	-	7(*)
Total	76	30	-	-	106

(*) plus value-added tax

3. Other disclosures

The directors and officers of DAB Bank AG are co-insured under a D&O insurance policy of the UniCredit Group. The insurance covers their personal liability risk in the event that the insured persons would be sued for pecuniary damages in connection with the performance of their duties.
A deductible conformant with the legal requirements was agreed with the Management Board members.

4. Compensation of employees

The compensation of the employees of DAB Bank AG consists of a fixed salary component and a variable salary component. The fixed salary component is paid in 12 equal monthly installments. The variable salary component is paid once a year on the basis of target attainment.

The ratio of the fixed salary component to the variable salary component is governed by an internal company agreement; that ratio increases with the employee's organizational level. For all employees, the share of total compensation represented by the variable compensation is measured in such a way as to avoid a significant dependency on the variable compensation, in order not to create negative incentives on that basis.

As a general rule, the variable proportion of the annual target income is composed of two components, a "performance-oriented" component and a "results-oriented" component, which are separate and independent of each other. The maximum amount of variable compensation is set by means of a cap. No benefits based on individual employment contracts have been promised to any employee of DAB Bank AG for the event of termination of their employment relationships, which would be payable in the full amount despite negative contributions by the individual employee, nor have variable compensation payments of guaranteed amounts been promised.

Binding performance-oriented targets are agreed with the employee once a year in a special meeting with the employee. Attainment of those targets is measured only on the basis of the employee's individual performance. The results-oriented targets are adopted anew every year, based on various corporate objectives, including sustainability and long-term success parameters.

The compensation of employees performing compliance functions at DAB Bank AG, such as employees working in Internal Audit, Compliance and Risk Management, is not dependent on the business results of DAB Bank AG; their variable compensation is oriented solely to their individual performance so as not to undermine their monitoring roles.

On average, DAB Bank AG had 472 employees in financial year 2013. The total amount of all compensation paid in financial year 2013 (excluding social security contributions) was €25.58 million. The expense for fixed compensation totaled €21.97 million in the reporting period. An amount of €3.61 million was disbursed in the form of variable compensation. All employees normally receive a variable compensation component.

The compensation system for the employees is reviewed at regular intervals. The Management Board carried out its most recent such review on April 16, 2013, noting compliance with all statutory and regulatory requirements, notably including the Statutory Order on the Regulatory Requirements for the Compensation Systems of Financial Institutions.

Economic report

Overview

DAB Bank succeeded in rapidly expanding its commercial operations in the past financial year.

Within twelve months, it managed to increase its customer base by 23,769 to 620,897. Just as pleasing is the development of customer assets held in custody, where DAB Bank succeeded in expanding the volume of funds entrusted to it by €4.11 billion over the prior year to a total of €32.49 billion in 2013. Alongside market effects, this rise of 14.48% can for the most part be attributed to inflows of new customers.

Central banks continued to apply strongly expansive monetary policies in 2013. They chose to keep interest rates at historically low levels with a view to stabilizing the economy and public debt. This served to heavily reduce the margins that all banks could generate on deposit-taking operations. DAB Bank was not able to escape this effect either. Consequently, the net interest income of €38.64 million generated in 2013 failed to match the prior-year total of €49.80 million. The trading profit/loss and profit/loss from investments contributed €6.38 million to the total net profit (2012: €15.47 million).

DAB Bank succeeded in increasing its net commission income by 15.87% in the past financial year to €85.95 million. The customers of DAB Bank traded in securities with great alacrity, meaning that DAB Bank handled 4.96 million trades in 2013 – a year-on-year increase of 18.26%. Administrative expenses were reduced by 2.35% compared to the prior year thanks to the application of strict cost discipline.

Nonetheless, these successes failed to offset the low contribution to profits from net interest income. All in all, a profit before taxes of €19.22 million was generated, which is below the total of €28.03 million recorded in the prior year.

Thanks in part to the capital increase that was carried out in February 2013, DAB Bank boasts an adequate capital base. On account of its solid financial position and the successes recorded by its commercial operations in 2013, DAB Bank considers itself in good shape for the coming financial years.

Market developments

General economic developments

The year 2013 witnessed an economic upturn in the industrialized nations, accompanied by weakening economic conditions in the emerging-market and developing countries. According to estimates of the International Monetary Fund, the aggregate economic expansion of Third-World countries only came to 4.5% in 2013, after 4.9% in 2012. In China, where the economy often increased at double-digit rates in earlier years, GDP expanded by only 7.6%, the lowest rate of economic growth since 1999.

Conversely, economic activity picked up in the industrialized nations, despite the lingering after-effects of the great financial and economic crisis of the years 2007/2009, which have slowed the economic recovery. Nonetheless, the structural adjustments made in the public and private sectors of many countries yielded appreciable improvements.

The economic recovery was particularly impressive in the United States, the United Kingdom and Japan. In the United States the real gross domestic product expanded by 1.9% in 2013. This growth was mainly carried by private-sector activity. The net effect of government spending was negative, as taxes were increased and the rate of increase in government expenditures was restricted. The U.S. federal budget deficit declined. The United Kingdom benefited from increasing consumption, better conditions in the real estate market and a general improvement of the economic climate. Japan's economic performance was aided by the government's large-scale program to promote growth and combat deflation.

The recession in the euro zone came to an end, as the region's total real GDP increased slightly since the summer. This improvement was carried not only by the core nations of Europe, but also by the debtor nations of southern Europe, which was especially encouraging. Foreign trade was the most important contributor to the economic recovery of the euro zone. Thus, the current account deficits of certain countries of the monetary union were reduced significantly.

On average for the year, Germany's real economic output expanded by only 0.4%, that being the lowest growth rate since 2009. The country's economy was supported particularly by consumer spending, which is unusual for Germany. Business investment declined again, but stabilized somewhat towards the end of year. Imports increased at a faster real rate than exports. The unemployment rate ticked up a bit.

The inflation rate in Germany declined by an unexpectedly wide margin, from 2% to 1.5%, mainly as a result of the sluggish economic growth and lower energy price increases. The inflation rate was substantially less than the European Central Bank's stability target ("close to, but less than 2%"). In fact, there were temporary concerns about the possibility of deflation in Germany.

Central banks continued to pursue highly expansive monetary policies. In the United States, the U.S. Federal Reserve embarked on the first steps of monetary policy normalization. In May, it announced that it would successively reduce its bond purchases in the capital markets from the level of USD 85 billion per month. However, these plans were postponed to the end of the year. In Japan and Europe, on the other hand, central banks loosened their monetary policies further. The European Central Bank lowered its main refinancing rate in two steps from 0.75% to 0.25%. At the same time, it promised to keep key interest rates low for an extended period of time ("forward guidance"). It also emphasized its ability to take many other steps to further loosen monetary policy, if warranted.

One of the most positive developments in 2013 was the further easing of the euro crisis, as evidenced by the reduction of Target-2 balances. The resulting claims of the German Bundesbank on the ECB declined from €656 to €510 billion during the course of 2013. At the height of the euro crisis in the summer of 2012, these claims had amounted to €751 billion. The ECB's stabilization of expectations was certainly an important factor contributing to this improvement, as were the exertions undertaken by the debtor states to correct the structural problems in their countries. Both Spain and Greece succeeded in sharply reducing their unit wage costs, thereby improving their competitiveness. Furthermore, public-sector deficits were reduced. Greece reported a neutral primary balance (net government borrowing, excluding interest and principal payments) in 2013, for the first time. At the end of the year, Ireland and Spain announced that they will leave the protective shield of the European Stability Mechanism.

However, these improvements have not been sustainable enough to declare an end to the euro crisis.

Developments in the financial markets

Once again, equities registered substantial gains in 2013. Measured by the MSCI World Index, equity prices appreciated by 21% over the course of 2013. The most important factors driving this rally were the high amount of liquidity in the markets, the generally low level of interest rates and accelerating economic growth in some regions. To some extent, however, corporate earnings lagged behind expectations, leading to higher price-earnings ratios. At certain times of the year, the markets fell prey to worries concerning the further course of monetary policy, leading to temporary market declines, especially in the spring and summer months.

The development of equity markets varied from region to region. Among the industrialized nations, Japanese equities were the most successful. Mainly as a consequence of the Bank of Japan's expansive policies, the Nikkei Index shot up 57% in 2013. U.S. equity markets appreciated by 26% (measured by the Dow Jones Industrial Index), while the German DAX fared nearly as well, posting a full-year gain of 25%. In an encouraging development, the equity markets of the debtor nations in southern Europe rose sharply in the second half of the year. For the full year, Spain's equity market appreciated by 21%, Italy's by 16% and Greece's by an impressive 28%. Among emerging-market and developing countries, Venezuela's equity market rose by 480% in 2013.

Thanks to the positive performance of equity markets, the number of shareholders in Germany increased slightly again. According to surveys conducted by the association Deutsches Aktieninstitut, there were a total of 4.9 million shareholders in Germany, representing 7.5% of the population. On the other hand, the number of persons owning investment funds holding equities in their portfolios declined slightly, to 10%.

Due to the low level of interest rates, the prices of fixed-income securities did not rise at all in 2013, on aggregate. The FTSE Global Government Bonds Index declined by 11%. The yield on 10-year German government bonds rose slightly, from 1.44% at the start of the year to 1.96% at the end of 2013. Given the low yields, investors switched to shorter maturities and higher-yielding corporate bonds and sovereign bonds of emerging-market countries. The spreads between German Bunds and the sovereign bonds of other countries in the European Monetary Union narrowed in 2013.

It was a disappointing year for gold investors. In dollar terms, the price of gold fell by 28%, in euro terms by an even greater 31%. This development can be attributed in part to the lessening of crisis symptoms in the world economy. It was also influenced by expectations of rising interest rates, which increase the opportunity costs of gold investments.

Developments in the financial industry

It was another unsatisfactory year for the German banking industry. The low interest rates were a major burden. This problem was worsened further by the two interest rate reductions undertaken by the European Central Bank. The banks found it difficult to profitably invest their net fund inflows on the deposit side. Savers were dissatisfied with the low yields on their savings accounts, which were no longer enough to keep pace with inflation.

Permanently low interest rates pose a serious threat to society in general because they promote current consumption over future consumption. In effect, they punish capital accumulation, which is indispensable for securing one's financial security in retirement. Given the dearth of alternatives, investors are being pushed into riskier asset classes. In addition, low mortgage rates are conducive to the formation of asset bubbles in the real estate markets. From a macro-economic point of view, one can only hope that central banks respond to an improvement of the general economic situation by normalizing interest rates.

The lending activity of banks remained weak, due to the environment of sluggish economic growth. Only real estate construction loans registered an increase in demand. Banks fared better with respect to commission income. The number of trades conducted in the securities markets rose further in 2013. Another factor aiding the financial performance of banks was the general decrease in credit risks in 2013.

On aggregate, the balance sheet totals of all banks declined by more than €560 billion, or more than 6.5%, in 2013. This development reflects the trend of deleveraging which has been expected for some time, after years of high balance sheet totals. It reduces the risk of individual banks and lowers their capital needs. Because loan demand was still adequately served, this development did not come at the expense of borrowers.

The regulatory environment for banks became even more demanding. In addition to the stricter requirements for risk-weighted capital and liquidity enacted in connection with the Basel III regulations, proposals aimed at setting capital targets as a ratio of banks' total assets have increasingly gained traction. This is termed the leverage ratio. Banks are not fundamentally opposed to additional regulations. However, care must be taken not to overly restrict the business options of banks. Such an outcome would not only damage the banking industry overall, but it would also limit the financing possibilities of customers and restrict economic growth. The right balance must be found between regulation and preserving banks' leeway for action in the markets.

As in 2012, the implementation of the European banking union was a very important issue for banks in 2013. Progress was made in setting up the joint oversight authority within the European Central Bank. Nonetheless, the original time frame has proved to be too ambitious, so that it will take longer before the new oversight authority can commence its activity. As a first step, the ECB plans to conduct a comprehensive review of the banks subject to its jurisdiction. That will include a balance sheet analysis, an asset quality analysis and a stress test.

Late in the year, the heads of state and government agreed to implement a mechanism for liquidating ailing banks, thus accepting the proposal of their finance ministers. This institution comprises a decision-making body and a liquidation fund financed by contributions of the participating banks. The objective is to minimize the burden placed on taxpayers as a result of bank failures. It was also agreed to establish a joint statutory deposit insurance fund.

Economic environment for direct banks

Direct banks still represent the most dynamic segment of the banking market in Germany. According to a study conducted by Investors Marketing AG, they have nearly quadrupled their customer base since the year 2000 (to 15.8 million customers in 2012). This trend presumably continued in 2013, albeit at a slower rate. As in prior years, more and more people are deciding to open a current account with a direct bank to supplement their primary bank relationship. Some customers have replaced their conventional bank account with a direct bank account.

This development can be credited to the undeniable advantages offered by direct banks. Besides offering lower fees, direct banks also make it faster, simpler and more convenient to conduct banking transactions. Customers are not dependent on a physical branch location and they can conduct their business independently of fixed opening hours.

Naturally, competitors have taken notice of these advantages of direct banks, and consequently the number of direct banks operating in Germany continues to rise. In some cases, new banks from other countries are pushing into this market. Competition pressure is growing as a result of this trend. Nowadays, the sector of direct banks has become the most competitive part of the banking market.

Besides putting pressures on the banks' profit margins, increased competition also increases innovation pressure, resulting in better service for the customer and leading to more customer-friendly terms.

As customer numbers in general are not growing to the same extent as before, banks are shifting the focus of their business strategies to generating more business with their existing customers. Banks are now required to bring more attractive products to the market, to win over customers. According to the study of Investors Marketing AG, the share of the total market for securities-related services controlled by direct banks has risen from 7% to 9% in the last few years. This trend will continue in the coming years as well.

Within this generally challenging environment, DAB Bank is benefitting from its solid market position. DAB Bank's customer base grew steadily in 2013. Only few of its closest competitors administer more securities accounts for private individuals than DAB Bank. And DAB Bank is the market leader in the business of supporting independent asset managers.

Legal environment

The national and international efforts by legislators and regulators to make the banking industry and capital markets more stable and less crisis-prone continued in 2013. As in the prior year, important aspects of these efforts included the reform of capital adequacy standards (Basel III) and the related European and national legislation (including the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD) IV Implementation Act, as well as the related amendment of the Banking and Credit Regulation Act (KWG) and its regulations). The securities business will be further affected in the coming years by the revised Markets in Financial Instruments Directive ("MiFID II"). The regulation on OTC derivatives, central counterparties, and transaction registers (European Market Infrastructure Regulation – EMIR) creates a new regulatory framework for derivatives operations.

The Minimum Requirements for Risk Management ("MaRisk") and the minimum requirements for compliance with the additional behavioral, organizational, and transparency obligations under Sections 31 et seq. of the Securities Trading Act (WpHG) ("MaComp") will continue to be highly important for the banking regulatory framework. MaRisk was last amended in 2012, and MaComp was supplemented at the beginning of 2014.

Investor protection was further regulated in fiscal 2013. In addition, supervisory regulations for investor protection resulted in extensive publications from BaFin that primarily fleshed out and interpreted statutory regulations relating to investment advising from the perspective of that government agency. Implementation of the EU Consumer Rights Directive in German law will also lead to a considerable need for adjustment in the financial industry, particularly in terms of the forms used.

Business developments and key indicators

The following key indicators of trades executed, customer base and customer assets held in custody apply to both DAB Bank AG and direktanlage.at. They are central elements of the bank's internal controlling system.

Trades executed

The trading activity of our customers was boosted in 2013 by the high amount of liquidity in the markets, low interest rates throughout the world, accelerating economic growth in some regions and DAB Bank's expanded range of trading products.

The DAB Bank executed a total of 4,964,739 trade orders for its customers in 2013, representing an increase of 18.3% over the prior year (2012: 4,198,272). This positive development can be credited in large part to the expansion of the bank's Star Partner offering at the start of the year, as well as the introduction of "DAB Best Price," a particularly user-friendly and low-cost platform for trading in DAX30 stocks, which was expanded later in the year to include MDAX stocks and selected U.S. stocks. Since being introduced in July, the CFD trading platform aimed at opportunity-oriented traders has likewise been very well received by our customers.

In Germany, our customers placed orders for a total of 4,030,475 trades, that being approximately 22.6% more than in the prior year (2012: 3,288,641). In Austria, our customers placed 934,264 trade orders, or roughly 2.7% more than the prior- year figure (2012: 909,631). On a Groupwide basis, the number of trades executed per securities account per year rose from 6.79 in 2012 to 8.06 in 2013. In Germany, our customers placed 7.31 trade orders per securities account, on an annualized basis (2012: 5.93), and in Austria, they placed 14.38 trade orders per securities account, annualized (2012: 14.42).

Within the DAB Bank Group, our individual investors placed 4,137,139 trade orders, representing an increase of 17.3% over the prior year (2012: 3,527,888). Of that total, 3,353,869 trades were executed in Germany (2012: 2,769,027) and 783,270 in Austria (2012: 758,861). Our business customers placed 827,600 trade orders in 2013, representing an increase of 23.5% over the prior-year figure (2012: 670,384). Of that number, 676,606 trades were executed in Germany, representing an increase of 30.2% over the prior year (2012: 519,614), while the 150,994 trades executed in Austria were on the same level as the prior-year figure (2012: 150,770).

Securities trades

		2013	2012	Change in %
Securities trades	No.	4,964,739	4,198,272	18.3
Germany	No.	4,030,475	3,288,641	22.6
Austria	No.	934,264	909,631	2.7

Customers, securities accounts and bank accounts

As a direct bank, DAB Bank benefits from its solid market position and the desire of many banking customers to open an online account with a direct bank. We successfully implemented the goal we set for ourselves at the beginning of the year, to increasingly become the first bank of our customers. Thanks to our redesigned banking products and our completely overhauled checking account, which has garnered numerous awards, the total number of customers rose substantially in 2013.

As of year-end 2013, DAB Bank served 620,897 customers (2012: 597,128), reflecting an increase of 23,769 customers over the prior year. In Germany, we served 555,047 customers as of December 31, 2013 (2012: 533,031). In Austria, our subsidiary direktanlage.at increased its customer base by a net total of 1,753 customers, bringing the total to 65,850. At year-end 2013, the DAB Bank Group served a total of 78,788 customers, 1,671 more than in the prior year (2012: 77,117). Furthermore, we increased the number of retail customers by 22,098 to 542,109 (2012: 520,011).

On a Groupwide basis, we carried 617,070 securities accounts for our customers as of December 31, 2013, reflecting an increase of 1,782 over the prior year (2012: 615,288).

In Germany, we carried 551,220 securities accounts as of December 31, 2013 (2012: 551,191). In Austria, this figure was 65,850 (2012: 64,097).

At the end of the fourth quarter, DAB Bank carried a total of 204,721 bank accounts for its customers (2012: 155,381).

Customers, securities accounts and bank accounts

		2013	2012	Change in %
Customers	No.	620,897	597,128	4.0
Germany	No.	555,047	533,031	4.1
Austria	No.	65,850	64,097	2.7
Securities accounts	No.	617,070	615,288	0.3
Germany	No.	551,220	551,191	0.0
Austria	No.	65,850	64,097	2.7
Bank accounts	No.	204,721	155,381	31.8
Germany	No.	185,557	139,433	33.1
Austria	No.	19,164	15,948	20.2

Customer assets held in custody

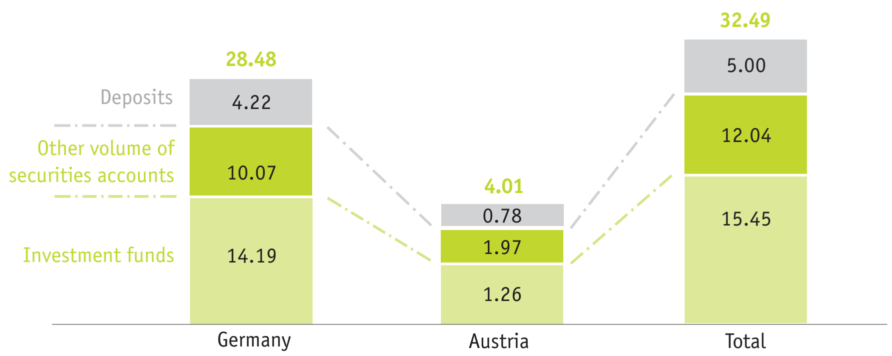
The volume of customer assets held in custody with DAB Bank rose substantially in 2013, thanks to positive market effects, the high level of net fund inflows from our customers and the positive development of the customer base.

As of December 31, 2013, customer assets held in custody rose to a new record of €32.49 billion, reflecting an increase of 14.5% or €4.11 billion over the prior year. On a Groupwide basis, the volume of customer assets held in securities accounts rose by €3.08 billion to €27.49 billion, and the volume of customer assets held in investment funds rose by €1.89 billion to €15.45 billion.

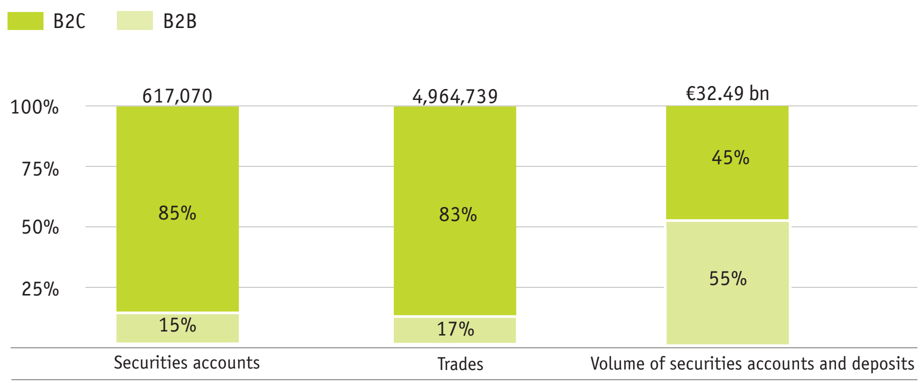
Thanks to the introduction of our no-fee checking account, which has received numerous awards, and our attractive call money account, the volume of customer deposits rose by 25.9% in 2013, from €3.97 billion to €5.00 billion. At year-end 2013, the volume of customer assets held in custody in Germany amounted to €28.48 billion, reflecting an increase of 15.3% over the prior year. Customer assets held in custody in Austria amounted to €4.01 billion.

On a Groupwide basis, we held €14.62 billion in assets for our retail customers (+14.3% over 2012), including €11.96 billion in Germany (+15.4%) and €2.66 billion in Austria (+9.5%). We also registered a substantial increase in the volume of assets held for our business customers, which rose by 14.6% to €17.87 billion. In Germany, this figure came to €16.52 billion (+15.1%) and in Austria, it was €1.35 billion (+8.9%).

Volume of securities accounts and deposits in € bn



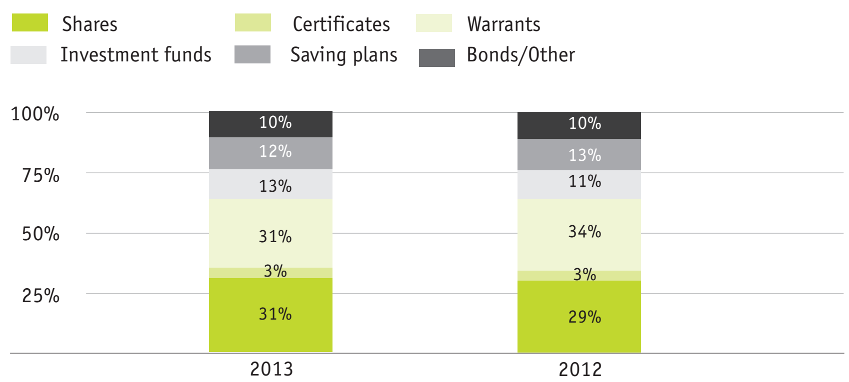
Securities accounts, trades and assets under custody, broken down by B2C and B2B



Volume of securities accounts and deposits

		2013	2012	Change in %
Volume of securities accounts and deposits	€ bn	32.49	28.38	14.5
Germany	€ bn	28.48	24.71	15.3
Austria	€ bn	4.01	3.67	9.3
Volume of securities accounts	€ bn	27.49	24.41	12.6
Germany	€ bn	24.26	21.49	12.9
Austria	€ bn	3.23	2.92	10.6
thereof in investment funds	€ bn	15.45	13.56	13.9
Germany	€ bn	14.19	12.38	14.6
Austria	€ bn	1.26	1.18	6.8
Deposits	€ bn	5.00	3.97	25.9
Germany	€ bn	4.22	3.22	31.1
Austria	€ bn	0.78	0.75	4.0

Trades by category of securities in %



B2C (business-to-consumer)

		2013	2012	Change in %
Customers	No.	542,109	520,011	4.2
Germany	No.	491,685	471,697	4.2
Austria	No.	50,424	48,314	4.4
Securities accounts	No.	527,576	527,521	0.0
Germany	No.	477,152	479,207	-0.4
Austria	No.	50,424	48,314	4.4
Bank accounts	No.	204,721	155,381	31.8
Germany	No.	185,557	139,433	33.1
Austria	No.	19,164	15,948	20.2
Trades executed	No.	4,137,139	3,527,888	17.3
Germany	No.	3,353,869	2,769,027	21.1
Austria	No.	783,270	758,861	3.2
Volume of securities accounts and deposits	€ bn	14.62	12.79	14.3
Germany	€ bn	11.96	10.36	15.4
Austria	€ bn	2.66	2.43	9.5
Volume of securities accounts	€ bn	11.38	10.22	11.4
Germany	€ bn	9.36	8.41	11.3
Austria	€ bn	2.02	1.81	11.6
thereof in investment funds	€ bn	3.35	3.17	5.7
Germany	€ bn	2.87	2.72	5.5
Austria	€ bn	0.48	0.45	6.7
Deposits	€ bn	3.24	2.57	26.1
Germany	€ bn	2.60	1.95	33.3
Austria	€ bn	0.64	0.62	3.2

B2B (business-to-business)

		2013	2012	Change in %
Financial intermediaries	No.	1,169	1,147	1.9
Germany	No.	1,028	1,007	2.1
Austria	No.	141	140	0.7
End customer	No.	78,788	77,117	2.2
Germany	No.	63,362	61,334	3.3
Austria	No.	15,426	15,783	-2.3
Securities accounts	No.	89,494	87,767	2.0
Germany	No.	74,068	71,984	2.9
Austria	No.	15,426	15,783	-2.3
Trades executed	No.	827,600	670,384	23.5
Germany	No.	676,606	519,614	30.2
Austria	No.	150,994	150,770	0.1
Volume of securities accounts and deposits	€ bn	17.87	15.59	14.6
Germany	€ bn	16.52	14.35	15.1
Austria	€ bn	1.35	1.24	8.9
Volume of securities accounts	€ bn	16.11	14.19	13.5
Germany	€ bn	14.90	13.08	13.9
Austria	€ bn	1.21	1.11	9.0
thereof in investment funds	€ bn	12.10	10.39	16.5
Germany	€ bn	11.32	9.66	17.2
Austria	€ bn	0.78	0.73	6.8
Deposits	€ bn	1.76	1.40	25.7
Germany	€ bn	1.62	1.27	27.6
Austria	€ bn	0.14	0.13	7.7

Operating results

Developments on the European capital markets reflected a clear improvement in the peripheral countries during the course of financial year 2013. Nonetheless, the economic and financial environment remained challenging, notably on account of the persistently low interest rates compared to the prior year and the associated downward pressure on margins in the deposit-taking business. This meant that the prevailing interest rate environment in the eurozone continued to be a major negative factor, as seen in net interest income in particular. At the same time, net commission income performed extremely well. The decline in net interest income was offset by an upturn in the securities and securities account business. The trading profit/loss and financial result remained at a good level, even though the outstanding prior-year total arising from the realization of capital gains in our Treasury portfolio could not be matched. We have continued to practice active and flexible cost management. This enabled us to generate a solid profit before taxes of €19,217 thousand in financial year 2013, although this does represent a decline compared to the profit before taxes of €28,032 thousand reported in the prior year against the backdrop of the macro-economic conditions.

Dividend

For financial year 2013, the Management Board and Supervisory Board will recommend to the annual shareholders' meeting to be held on May 15, 2014 that the full distributable profit according to IFRS, in the amount of €11,827 thousand (PY: €17,368 thousand), be distributed to the shareholders as a dividend. This corresponds to a tax-exempt dividend of €0.13 per share (PY: €0.21 per share) and thus a dividend yield of 3.5% at December 31, 2013 (PY: 5.8%).

Net interest income, net financial income and trading profit/loss

The aggregate total of net interest income, financial result and trading profit/loss amounted to €45,022 thousand in 2013, less than the prior-year amount of €65,265 thousand as expected. The easing on the bond markets continued throughout 2013, which was reflected in a further narrowing of credit spreads. Due to the flat yield curve and the associated downward pressure on margins in deposit-taking operations, net interest income declined to €38,640 thousand compared to the prior-year total of €49,796 thousand. Thanks to our active Treasury management and the consistent utilization of investment opportunities, the realization effects arising from available-for-sale securities contained in net financial income amounted to €5,340 thousand (PY: €14,949 thousand). The measurement changes in the available-for-sale holdings of our securities portfolio not recognized in profit or loss failed to match the prior-year total, which was heavily affected by the general narrowing of credit spreads. The realization and measurement effects contained in the trading profit/loss of our securities portfolios classified as held for trading and at fair value rose sharply, from €520 thousand in the prior year to €1,042 thousand.

Net commission income

In financial year 2013, the Group's net commission income amounted to €85,953 thousand, which clearly exceeds the total of €74,181 thousand recorded in the prior year. The forces resulting from the greater trading activity by our customers had a positive impact on the net income from the securities and securities account business, while the increase in securities account deposits served to boost the net commission income from the brokerage business. The income earned from securities lending transactions similarly boosted the positive net commission income overall. All in all, commission income increased at a slightly faster rate than commission expenses.

This shows that corresponding economies of scale can be achieved in the context of an expanding economy, which serves to the underscore the operational strengths of DAB Bank.

Administrative expenses

The administrative expenses incurred in the operating activities of the DAB Bank Group amounted to €108,733 thousand in 2013; it was possible to again reduce them by a further 2% compared to the prior year (€111,346 thousand) thanks in part to our continued practice of strict cost discipline. At €39,499 thousand, the personnel expenses in financial year 2013 were less than the €41,058 thousand recorded in the prior year. By contrast, the other administrative expenses rose by 2% in the past financial year to €57,674 thousand (PY: €56,642 thousand). This increase can be attributed mainly to higher marketing expenses, securities clearing and settlement expenses and expenses for external service providers. The depreciation and amortization of property, equipment and intangible assets amounted to €11,560 thousand, representing a year-on-year decrease (PY: €13,646 thousand). Even though we keep a constant eye on all expenses, DAB Bank invests in the enhancement of its technologies for its customers in all market phases.

Other operating income/expenses

Net other operating income and expenses amounted to a net expense of €701 thousand (PY: €659 thousand), primarily due to accommodation and compensation payments caused by the incorrect processing of securities transactions.

Appropriations to provisions

In financial year 2013, €2,430 thousand (PY: €1,059 thousand) in expenses were incurred for appropriations to provisions, primarily for claims for damages. Reversals of provisions were applied in the amount of €475 thousand (PY: €1,641 thousand). This resulted in a net addition of €1,955 thousand (PY: net reversal of €582 thousand).

Credit risk provisions

An appropriation to credit risk provisions of €895 thousand (PY: €292 thousand) was offset by a reversal of €474 thousand (PY: €186 thousand), resulting in a net increase of €421 thousand (PY: €106 thousand). Amounts recovered on charged-off receivables totaled €51 thousand (PY: €118 thousand).

Profit before taxes

Overall, we generated a profit before taxes of €19,217 thousand (PY: €28,032 thousand) in 2013. DAB Bank AG contributed €14,963 thousand (PY: €21,976 thousand) and direktanlage.at AG contributed €4,254 thousand (PY: €6,056 thousand) to the profit before taxes.

Income taxes

The higher Groupwide tax rate according to IFRS of 36% (as compared to 35% in 2012) can be attributed primarily to the higher amount of non-deductible expenses, as well as to additional taxes for prior years. In particular, the higher provision for tax audit risks on the books of DAB Bank AG led to an increase in non-deductible expenses in the reporting period.

Net profit for the year

After income taxes, we generated a consolidated net profit of €12,271 thousand (PY: €18,125 thousand). This corresponds to earnings per share of €0.13 (PY: €0.21).

Cost-income ratio

We define the cost-income ratio as the ratio of administrative expenses (including restructuring expenses and impairments of goodwill) to the sum of net interest income, net commission income, trading profit/loss, profit/loss from investments, net other operating income/expenses, additions to provisions and credit risk provisions.

In the past financial year, the cost-income ratio was at 85.0%, thus higher than the prior-year ratio of 79.9% as expected.

The revenues used to calculate the cost-income ratio amounted to a Groupwide total of €127,950 thousand (PY: €139,378 thousand), while expenses amounted to €108,733 thousand (PY: €111,346 thousand).

Statement of financial position

Total assets and development of individual balance sheet items

The total assets of DAB Bank amounted to €5,327,502 thousand at December 31, 2013 (PY: €4,389,448 thousand). This is based primarily on a significant increase in customer deposits. The total liabilities consisted largely of short-term liabilities to customers that are invested in securities – as a net borrowing position – in the context of our liquidity management. The long-term average duration of our Treasury portfolio is between one and two years. Thanks to the sufficient liquidity of the securities, DAB Bank ensures that repayment of liabilities is guaranteed at any given time, despite maturity mismatches.

Customer receivables in the amount of €279,200 thousand showed a slight decrease year-on-year (PY: €291,393 thousand). The portfolio of credit risk provisions amounted to €2,189 thousand, which thus declined slightly compared to the prior-year total of €2,216 thousand. Receivables from banks increased from €526,246 thousand in the prior year to €1,405,889 thousand. This can be attributed primarily to direct investments in the form of secured term deposits with our parent company, UniCredit Bank AG. Financial assets showed a slight increase, rising from €3,210,701 thousand at December 31, 2012 to €3,277,283 thousand at the reporting date. Thus, liabilities to customers likewise increased significantly, amounting to €4,980,118 thousand at the reporting date (PY: €3,978,609 thousand).

Given the context of strong fund inflows, increased liquidity was maintained at year-end 2013 for the purpose of taking advantage of investment opportunities, which led to an increase in the cash reserve from €218,435 thousand in the prior year to €275,730 thousand and in receivables from banks. Information on the investments made in the reporting period is provided in the Segment Report (Notes No. 61).

The item of provisions relates primarily to provisions for pension plans and claims for damages. The total for this item increased to €8,204 thousand (PY: €6,233 thousand). The provisions for current income taxes decreased from €8,176 thousand in the prior year to €5,025 thousand and contained income taxes withheld but not yet paid. The decline in deferred tax liabilities from €27,124 thousand in the prior year to €10,914 thousand is related to temporary effects reflecting the decrease in positive measurement changes in the available-for-sale securities portfolio.

Group equity at the reporting date amounted to €247,447 thousand, following €226,102 thousand in the prior year. Most of this rise can be attributed to the capital increase of €32,752 thousand that was carried out in financial year 2013. A decrease of €6,313 thousand resulted from changes in the measurement of available-for-sale securities, which are recognized in other comprehensive income (OCI). Following deduction of the planned dividend, Group equity amounted to €235,620 thousand on the last day of the financial year (PY: €208,734 thousand).

Bank regulatory ratios

In connection with the "Regulation on the Appropriate Capitalization of Banks, Banking Groups and Financial Holding Company Groups" (Solvency Regulation, SolvV), DAB Bank AG has opted to apply the Standardized Approach for determining the capital charges required to cover default risks, the Standardized Approach for determining the capital charges required to cover market risk positions and the Advanced Measurement Approach (AMA) for determining the capital charges required to cover operational risks, as of 2010.

As the parent company of DAB Bank AG and the controlling company pursuant to Section 10a (1) (1) KWG old version in conjunction with Section 1 (7a) KWG old version, UniCredit Bank AG (UCB) monitors the Total Capital Ratio on the level of the UniCredit Bank AG banking group.

At DAB Bank AG, regulatory capital is planned on the basis of available capital and the capital charges required to cover default risks and operational risks, as well as the capital charges required to cover market risk positions, in order to satisfy the minimum Total Capital Ratio of 8%.

Compliance with the Total Capital Ratio is monitored on a daily basis and was well over the minimum Total Capital Ratio at all times in financial year 2012.

As of year-end 2013, the liable capital of DAB Bank AG amounted to €151,542 thousand (PY: €114,666 thousand). The change in this figure resulted primarily from the capital increase carried out in February 2013 in the amount of €32,752 thousand.

By reason of the higher default risk positions in companies and investees, as well as default risk positions in receivables due from banks that declined less, the capital charges for default risks rose from €59,293 thousand in 2012 to €62,151 thousand in 2013. The capital charges for operational risk according to the AMA approach amount to €13,807 thousand on the reporting date (PY: €14,630 thousand), while capital charges for market risk positions amounted to €111 thousand (PY: €358 thousand).

Based on the foregoing, the Total Capital Ratio pursuant to SolvV came to 15.94% at December 31, 2013, reflecting an increase from the prior-year figure (12.35%). Thus, the Total Capital Ratio for DAB Bank was significantly higher than the minimum required ratio of 8%. At December 31, 2013, the Core Capital Ratio (Tier-1 Ratio) was 15.94%, as compared to 12.35% at the end of 2012.

The requirements of Sections 10, 10a KWG old version are satisfied by DAB Bank AG with regard to sufficient equity capital and equity base.

For banking regulation purposes, a bank's liquidity is measured above all by means of the Liquidity Ratio prescribed by the Liquidity Regulation. This ratio is calculated as the ratio of cash available within one month to payment obligations falling due within the same period. A bank's liquidity is deemed to be adequate when this ratio is at least 1.0. For DAB Bank AG, this ratio came to 4.17 at December 31, 2013 (PY: 4.66), significantly higher than the corresponding regulatory requirement.

DAB Bank AG is a member of the statutory compensation scheme of German banks and a voluntary member of the German deposit insurance fund of the German bankers' association Bundesverband deutscher Banken e.V., Cologne. The cash deposits of every customer of DAB Bank are insured up to an amount of currently €34,400 thousand per customer under the deposit insurance fund and up to €100,000 under the statutory compensation scheme.

For information on the new regulatory requirements, please see the section of this Consolidated Management Report entitled “Legal environment.”

Our employees

Our employees showed extraordinary engagement for the success of DAB Bank in 2013. The number of employees working for DAB Bank decreased from 611 in 2012 to 609 persons in 2013 and the number of positions decreased from 558 to 552. As of December 31, 2013, DAB Bank had 433 full-time employees in Germany (2012: 444) and direktanlage.at had 119 full-time employees in Austria (2012: 114). For detailed information on employee compensation, please refer to the Compensation Report and to Section 31 in the notes to the consolidated financial statements. A similar system of salary components determined on the basis of results and performance is practiced at direktanlage.at in Austria.

Employees

		2013	2012	Change in %
Employees (headcount)	No.	609	611	-0.33%
Germany	No.	471	481	-2.08%
Austria	No.	138	130	6.15%
Employees (full-time)*	No.	552	558	-1.08%
Germany	No.	433	444	-2.48%
Austria	No.	119	114	4.39%

*Employee capacity

Comparison of actual business performance with the forecasts reported in the prior period

The development of general economic conditions in 2013 was better than forecast at the beginning of last year, particularly in the industrialized nations. The expectation of a further easing of the euro crisis was confirmed. The feared setbacks in overcoming this crisis did not materialize. Furthermore, the development of financial markets was largely in line with the expectations expressed at the beginning of last year. Stock markets benefitted by the high amount of liquidity in circulation. The European Central Bank continued its expansive monetary policy; in fact, the reduction of the main refinancing rate to 0.25% actually went beyond the expectations expressed at the beginning of last year. The banking industry continued to struggle with the burdensome effects of low interest rates in 2013. Thus, the operating environment remained challenging in 2013, as expected. Furthermore, the efforts undertaken by legislators and regulators, both nationally and internationally, to make the banking sector and capital markets more stable and crisis-resistant advanced further in financial year 2013, as expected.

As in prior years, the market for direct banks proved to be dynamic in 2013. The potential for direct banks to capture additional market shares that we identified last year can be said to have materialized.

Furthermore, DAB Bank's business performance in 2013 was in line with our expectations. As predicted, we increased the number of trades executed, the customer base and the volume of customer assets held in custody. Moreover, the volume of customer assets held in deposits exhibited the kind of above-average growth rates we predicted last year. As a result of the very good acceptance of new and improved products by our customers, as described above, and their brisk trading activity, the securities-related activity of our customers picked up more than expected. Consequently, our net commission income surpassed the upper end of our forecast range. Also due to the fact that monetary policy was even more expansive than expected, the challenging interest rate environment had a much more detrimental effect than expected on our net interest income. On the other hand, the interest rate environment was instrumental in our being able to surpass the expectation of a low, but nonetheless positive trading profit and profit from investments.

Thanks to the practice of strict cost discipline, the anticipated increase in administrative expenses was thankfully avoided. As expected, the development of risk provisions in the credit business was stable.

In total, the consolidated profit before taxes generated in 2013 was below the level of the prior-year figure, as predicted. As a result of the exceptional effects described above, the tax rate for 2013 was slightly higher than for 2012, contrary to our expectations.

Thanks to stringent cost management, we managed to generate the result for the year with a slightly lower number of employees at the end of the reporting period, contrary to our original intention.

As announced, DAB Bank's capital remained well above the minimum regulatory requirements. We carried out our intention to continue investing in the further expansion of our portfolio of products and services. Furthermore, the dividend policy we pursued was consistent with our stated intentions.

Events after the reporting date

No events of particular importance that would have had a material impact on the business performance of DAB Bank occurred after the end of financial year 2013.

Report on relationships with related parties

At December 31, 2013, UniCredit S.p.A., Rome, Italy, indirectly held, through its majority interest in UniCredit Bank AG, Munich, and UniCredit Bank AG directly held 81.39% of the equity in DAB Bank AG.

By virtue of this majority holding, DAB Bank AG is a directly dependent subsidiary of UniCredit Bank AG, Munich. The voting rights connected with this investment are ascribed to UniCredit S.p.A. in accordance with Section 21 (1) and Section 22 (1) (1) (1) of the German Securities Trading Act (“WpHG”). A management control agreement does not exist. In accordance with the requirements of Section 312 of the German Stock Corporations Act (“AktG”), therefore, the Management Board of DAB Bank AG prepared a report on the relations with affiliated companies (known as the Dependency Report) for the 2013 financial year, which closes with the following declaration:

“The Management Board of DAB Bank AG declares that DAB Bank AG received appropriate consideration in respect of every transaction and was not disadvantaged by the commission or omission of any act, based on the circumstances known at the time of effecting every such transaction or committing or omitting every such act.”

Disclosures pursuant to Section 315 (4) HGB

1. As of December 31, 2013, the share capital of DAB Bank AG amounted to €90,976,275. It is divided into 90,976,275 no-par bearer shares, all of which convey the same rights. Every one of the 90,976,275 shares grants the right to cast one vote.

2. No restrictions exist that affect voting rights or the transfer of shares. Furthermore, no agreements between companies are known to the Management Board that would result in limitations regarding the transfer of voting rights and shares in the company.

3. At December 31, 2013, UniCredit S.p.A., Rome, Italy, indirectly held and UniCredit Bank AG, Munich, directly held 81.39% of the shares of DAB Bank AG. No further direct or indirect investments in capital that exceed 10% of voting rights exist, to the knowledge of the Management Board.

4. There are no holders of shares with special rights granting control authority.

5. To the extent that employees of DAB Bank AG have invested in the capital of the company, they directly exercise rights of control over voting rights.

6. The members of the Management Board are appointed and recalled by the Supervisory Board in accordance with the regulations of stock corporation law. All amendments to the Articles of Incorporation require a resolution at the annual shareholders' meeting that is passed with a simple majority of

votes cast or of the capital represented at the time of voting. The authority to amend the Articles of Incorporation, which only applies to the wording, has been transferred to the Supervisory Board pursuant to Section 12 (1) of the Articles of Incorporation, in conformity with Section 179 (1) (2).

7. The Company is authorized to acquire its own shares pursuant to Section 71 (1) (7) and (8), in accordance with the more specific provisions of the resolutions of the annual shareholders' meeting of May 20, 2010. DAB Bank AG purchased company shares in 2013 for the purpose of correcting errors and to process customer orders. Overall, transactions in the period listed above involved 463 shares; this corresponds to a share of €463 or 0.0005% of the share capital. Of this amount, 463 shares were used for correcting errors; this likewise corresponds to a share of 0.0005% of the share capital. The issuance of new shares is possible particularly within the framework of the authorizations in connection with Section 4 (2) through (4) of the Articles of Incorporation (Authorized Capital 2011/I and 2013/I and Conditional Capital I and II).

8. No material agreements between DAB Bank AG and third parties exist that become effective upon a change of control as a consequence of a takeover offer.

9. No reimbursement agreements exist that have been made by DAB Bank AG with the members of the Management Board or employees in the event of a takeover offer.

Risk report

Risk assessment summary

The risk-covering potential of DAB Bank was adequate at all times in the financial year. At the year-end, there were no limit overruns.

Implementation of the capital increase in the first quarter of 2013 made it possible to strengthen the company's capital base to cover potential losses. At the same time, additional risk factors were integrated into counterparty default and market price risk measurement, significantly increasing the risk profile. We were able to successfully counter this risk increase by implementing collateralized transactions with UniCredit Bank AG and by reducing portfolio concentrations. By year-end, we were able to reduce the risk profile by about 20% compared to the beginning of the year, with a simultaneous liquidity inflow of €1.036 billion (DAB Bank).

Information on the regulatory solvency requirements and the capital resources available to fulfill them is provided in the “Regulatory ratios” section of the Group management report.

DAB Bank 's risk management system

DAB Bank has a clearly defined risk management system and it is integrated into the risk management processes of UniCredit Bank AG. DAB Bank 's Management Board is responsible for the risk management system. Operational roles for the executive boards and units involved in the processes are defined in a corresponding organizational structure. The central unit in DAB Bank 's risk management system is DAB Bank AG's risk controlling department. Process-independent monitoring is ensured by the Internal Audit department, which audits and evaluates the effectiveness and adequacy of risk management in general and the internal control system in particular.

The risk management system constitutes the foundation for implementing business strategy and comprises the following tasks:

▸ Risk identification

In the context of a risk inventory, DAB Bank acquires an overview of risks on a regular basis or in response to circumstances. This inventory considers which risks could materially impair the financial situation (including the equity base), financial performance, or the liquidity situation.

A new product process was implemented to identify potential risks arising from the development and introduction of new product/market combinations.

Risk identification is the responsibility of all DAB Bank employees and is managed by Risk Controlling.

▸ Risk measurement

Quantitative and qualitative methods are employed to ensure the adequate determination of the risk profile of DAB Bank. Quantitative methods are applied to counterparty default risk, market price risk, business risk, operational risk, and liquidity risk. Strategic risk and reputation risk are analyzed and monitored with the aid of qualitative criteria.
In addition to the assessed risk values, a flat-rate 5% mark-up is added to the overall risk, so as to account for modeling risks.

Individual risks are aggregated to arrive at the overall bank risk, in consideration of diversification effects. The overall bank risk is subjected to a risk absorption capacity analysis through comparison with the available risk-covering potential on a quarterly basis.

The methods employed to assess risk are subject to groupwide risk standards, in order to ensure consistency and suitability within DAB Bank.

In addition to pure risk assessments, risk concentrations are determined for counterparty default risk, market risk, liquidity risk, and operational risk. For these risks (except for liquidity risk) as well as for business risk, global stress test analyses encompassing all risk types are conducted and on that basis a stress test analysis is conducted for the overall risk, the results of which are actively applied for risk management purposes. These stress tests are supplemented with inverse stress tests on the basis of the relevant risk drivers. The Risk Controlling Department is responsible for measuring risks.

Risk limitation

The limitation of risk entails the necessity of developing appropriate systems and procedures to limit risks. In the case of quantifiable risks, numerical limits are established. Steps are taken to ensure that all trading and credit transactions are charged immediately against the relevant limits and that every trader or manager responsible for a "market" department is promptly informed of the limits and the current utilization amounts that are relevant to them. In the case of non-quantifiable risks, the risk propensity is documented by means of appropriate explanations. In accordance with the Minimum Requirements for the Risk Management of Banks, all limits are determined by application of the risk absorption capacity method. The risk limits are approved by the Management Board at least once a year and may be exceeded only in exceptional cases, following approval by the Management Board.

Risk management

We understand risk management to mean implementation of the risk strategy by the risk-carrying units of the company. All activities that are capable of giving rise to relevant risks for DAB Bank are managed by means of appropriate groupwide standards and limits (counterparty default, market price, business, liquidity, and operational risks). Strict, clearly defined escalation procedures have been implemented to promptly rectify any limit overruns that arise. Strategic risk and reputation risk are analyzed and managed on the basis of qualitative criteria. Criteria, framework conditions and directives have been established for every risk category and they must be followed on the operating level. The framework conditions and directives are reviewed every year and communicated to employees in a suitable form.

Risk management is the responsibility of all affected units of DAB Bank.

Risk monitoring

Risk monitoring entails the continuous monitoring of risk limits and the qualitative monitoring of all risk categories. Risk monitoring is fundamentally the responsibility of Risk Controlling. Operational risks and reputation risks are regularly reviewed by the responsible op-risk and rep-risk managers.

Risk reporting

All relevant decision-makers, those being the members of the Management Board, affected business unit and corporate staff department heads and authority holders, as well as the members of the Supervisory Board, are promptly provided with risk-relevant information, including regular reports and ad-hoc reports when the occasion or circumstances warrant.

Besides internal reporting within DAB Bank, the risk reporting function also encompasses reporting to the external regulatory authority as well as to UniCredit Bank AG as the superior company. Risk reporting is the responsibility of Risk Controlling.

The risk management system of DAB Bank is subjected to a continuous process of further development and improvement, both to satisfy the bank's own high standards and to fulfill statutory and regulatory requirements. The following enhancements in particular were carried out during the 2013 financial year:

- Introduction of the UCG groupwide default risk model (including migration risk)
- Factoring in credit spread risks in the context of DAB Bank AG's market price risk measurement.
- Creation of a framework for management of concentration risks
- Revision of the process for aggregation of risks
- Implementation of processes for reputation risk management

For the 2014 financial year, we plan to undertake the following enhancements:

- Enhancement of the risk-bearing capacity concept
- Enhancement of integrated risk and income management
- Implementation of a liquidity transfer price system
- Enhancement and refinement of the stress tests across risk types
- Strengthening of the new product process and implementation of the standards for changes in operating processes or structures (MaRisk AT 8.2)
- Implementation of an early risk detection system and the framework for concentration analysis

Integration with the UniCredit sub-group

In order to ensure the adequacy and consistency of methods both within DAB Bank and within the UniCredit sub-group, the methods employed at DAB Bank to identify, measure, limit, monitor, and report risks are consistent with the standards of the UniCredit sub-group, insofar as those are compatible with national laws and regulations.

Risk strategy

The risk strategy for every financial year is formulated on the basis of the annually updated business strategy and budget planning and adopted by the full Management Board. The defined risk strategy applies to the entire DAB Bank (DAB Bank AG and direktanlage.at AG). It supports the attainment of the company's goals.

The risk strategy also forms the basis for the risk absorption capacity calculation and the limit structure of individual risks derived on that basis. These limits are to be understood as a maximum risk tolerance and upper limit of losses that we are prepared to commit to in order to achieve our business objectives. On an operational level, the risk strategy and related directives of the Management Board are implemented in the various departments of the bank and in the Credit Committee (full Management Board plus four additional members) and the Asset-Liability Management Board (ALM Board, consisting of the full Management Board plus two additional members). The risk strategy is reviewed and adjusted, when necessary, during the course of the financial year. The senior management and department managers are responsible for establishing organizational structures that properly reflect the prevailing factors and conditions affecting the management of risk and for initiating suitable measures to implement the strategy and the corresponding directives and policies.

Overall bank management

The conscious assumption of risk is an important element of the banking business. A critical success factor for banks is their ability to identify the opportunities and risks arising in the course of their business and to protect their long-term profitability by implementing an appropriate risk measurement system, as well as suitable monitoring and control processes. Since the end of 2012, DAB Bank has used an active market strategy, offering private customers and independent asset managers a comprehensive and modern range of products covering banking, investment and trading with an outstanding price/performance ratio. In addition, DAB Bank AG has enhanced its investment strategy and invested the liquid funds available in collateralized securities of UniCredit Bank AG or paid them out in collateralized loans.

Risk-bearing capacity

For risk management purposes, DAB Bank identifies two scenarios, the going-concern scenario covering DAB Bank AG, and the liquidation scenario factoring in the DAB Bank Group. The going-concern scenario involves the continuation of the bank's business activities, in which case enough capital must remain also after absorbing unexpected losses to continue operating the bank's business. The risks are calculated with a confidence level of 95% and a holding period of one year. Under the liquidation scenario, lenders must be satisfied. The risks are calculated with a confidence level of 99.9% and a holding period of one year.

In the context of the quarterly risk absorption capacity analysis, we compare overall bank risk to the existing risk-covering potential and report the results to the full Management Board. Risk-covering potential is understood to mean the funds available to the bank for the purpose of covering losses. The risk-covering potential is composed of profit and capital components. For the going-concern scenario, the risk-covering potential is calculated on the basis of regulatory capital (liable capital) and those additional capital components available from an economic perspective. The risk-covering potential under the liquidation scenario is calculated on the basis of capital components defined in accordance with IFRS.

The risk absorption capacity of DAB Bank was assured at all times in financial year 2013. The implementation of credit spread risks in our subsidiary direktanlage.at AG and the planned expansion of business will cause the risk indicators to rise and will therefore affect the risk absorption capacity. Measures were developed in response in order to be able to react appropriately.

in € millions	**Going-concern scenario - DAB Bank AG** (Confidence level 95%, holding period 250 days)			**Liquidation scenario - DAB Bank** (Confidence level 99,9%, holding period 250 days)		
	VaR 2013	VaR 2012	Relative Change	VaR 2013	VaR 2012	Relative Change
Default risk	1.23	11.62	-89.43%	78.99	56.45	39.92%
Market price risk	26.75	14.70	81.98%	32.75	31.01	5.60%
Business risk	13.68	11.07	23.58%	26.19	25.13	4.21%
Operational risk	4.04	4.04	0.00%	17.10	16.03	6.65%
Buffer for modeling risks	2.28	4.15	-44.94%	7.75	12.85	-39.68%
Overall bank risk (uncorrelated)	47.98	45.58	5.28%	162.77	141.47	15.06%
Overall bank risk (correlated)	43.89	37.79	16.13%	143.53	112.71	27.35%
Risk-covering potential	93.67	56.08	50.82%	192.55	126.87	51.77%
Utilization of risk-covering potential	46.85%	67.38%		74.54%	88.84%	

Individual risk types

Default risk

Definitions

Default risk refers to the risk of value losses resulting from the default or credit rating deterioration of customers or counterparties. For DAB Bank, default risk encompasses traditional credit risk, issuer and counterparty risk and country risk.

- Credit risk refers to possible value losses in securities lending, credit card, and personal credit lines business.

- Issuer risk includes the risk of value losses to securities or the non-fulfillment of obligations derived from securities due to the default or credit rating deterioration of the issuer. Issuer risks are inherent only in the bank's investment activities. Accordingly, these risks are managed by the ALM Board.

- Counterparty risk encompasses settlement risk and replacement risk. Settlement risk is inherent in the possibility that a counterparty would fail to fulfill its delivery or payment obligations after the bank has rendered its performance. Replacement risk is inherent in all transactions for which the trade date is different from the settlement date. In such cases, the bank runs the risk that it would have to replace a given position at possibly less favorable terms in the market as a result of non-fulfillment by the counterparty.

- Country risks arise from cross-border transactions denominated in foreign currencies. Country risk also encompasses the default risk of sovereign governments and central banks (sovereign risk). Country risk refers to the risk of value losses resulting from restrictions or prohibitions on currency transfers or conversions or other sovereign measures taken by the country of the borrower (transfer risk).

Risk measurement, limitation, management, monitoring, and reporting

For the monthly survey of default risks, DAB Bank employs a default risk model developed by the UCG Group, by means of which default-induced credit risks and counterparty risks can be measured and assessed on a Groupwide basis. The default risk model operates on an IT platform, which assures consistent calculation of the credit value-at-risk and the regulatory capital requirements according to Basel II and on the basis of the input parameters and data basis applied. The default risk model is updated at regular intervals to reflect any changes made to the applicable laws and regulations. The reliable determination of default probabilities is crucially important, both for making a credit decision and also for purposes of the bank's internal default risk model. The ratings of the leading rating agencies (Moody's S&P, Fitch) are used for this purpose. The various ratings are mapped to Moody's ratings. The second-best of the three ratings mapped on the basis of Moody's ratings is applied for the ratings analysis. The internal rating system is constantly monitored. The ratings are validated every year and recalibrated or completely revised when necessary. Thus, all ratings procedures are reviewed on a regular basis.

For purposes of daily risk measurement and management, counterparty risks, issuer risks and country risks are quantified with the aid of market values, notional values or flat-rate methods, depending on the risk category and product type. Likewise, every trade is immediately recorded and charged against the respective limit.

Management and limitation of credit, issuer, counterparty, and country risks is handled using a uniform limit system. A fundamental distinction is made among:

- Credit value at risk limits derived from the risk-covering potential.
- Volume limits, which are defined for issuers, counterparties and countries.

For the purpose of managing the utilization of volume limits for countries, DAB Bank AG monitors the following country ceilings.

Rating ceilings	Description
Quality ceilings	Counterparties/issuers with solid finances and a Moody's rating of Aaa to Aa3. No quantified risk limits are set for these counterparties/issuers.
Medium ceilings	Counterparties/issuers with acceptable finances, with which risks can be assumed as appropriate for the expected returns. This category encompasses counterparties/issuers with a Moody's rating of A1 to Baa3.
Risk ceilings	Counterparties/issuers with still acceptable finances, with which risks can be assumed as appropriate for the expected returns, to a limited extent. This category encompasses counterparties/issuers with a Moody's rating of Ba1 to B3.
Default ceilings	Counterparties/issuers with a Moody's rating of Caa or worse, with which no risks can actively be assumed due to their poor credit rating. An exception is made for positions taken in securities for technical clearing and settlement reasons.

Limits are set on an annual basis and approved by the full Management Board.

This risk is accounted for by means of credit risk provisions. Individual value adjustments are recognized in securities loans for unsecured receivables; the receivable amount must be in default for more than 90 days. Recognition of individual value adjustments for unsecured overdraft facilities or credit card limits is applied based on an evaluation of the customer's credit rating.

Credit risks, issuer risks, counterparty risks and country risks are monitored daily by Risk Controlling. When individual counterparty and issuer limits have possibly been exceeded, the matter is escalated immediately to the next-higher organizational level (up to the full Management Board) and the steps taken to promptly reduce the affected positions are monitored by Risk Controlling.

Utilization of the credit value at risk limits is reported daily to the full Management Board, as is utilization of the volume limits monthly.

Development of default risk in 2013

The following key risk figures for counterparty default risk result at December 31, 2013.

Default risk (in € mn)

as of 12/31		2013	2012
DAB AG	VaR (confidence level 95%, holding period one year)	1.23	11.62
da.at	VaR (confidence level 95%, holding period one year)	0.44	0.78
DAB Bank Group	VaR (confidence level 99.9%, holding period one year)	78.99	70.75
	Limit	94.36	66.62
	Utilization	83.70%	106.20%

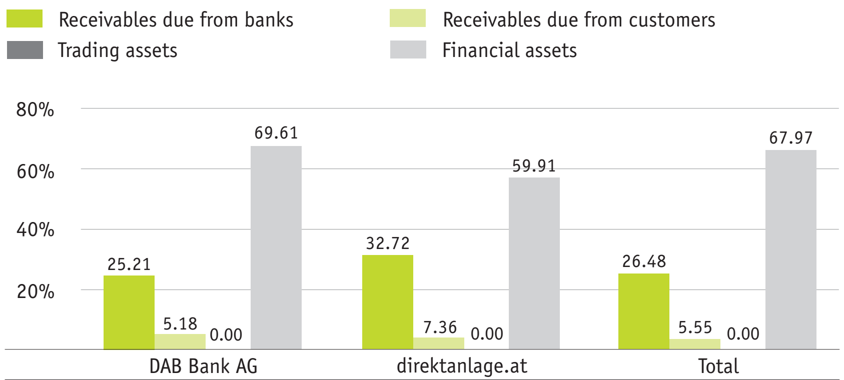
The increase in risk results primarily from factoring migration risk into counterparty default risk. We were able to counter this risk increase by implementing collateralized transactions with UniCredit Bank AG and by reducing portfolio concentrations.

As a general rule, the only securities accepted as collateral for the bank's securities loan portfolio are securities that can be sold in the market at any time. As of December 31, 2013, the customer loan portfolio of DAB Bank AG amounted to €212 million and was backed by loan collateral (expected proceeds from collateral) in the amount of €2,635 million. Thus, the loan portfolio would be secured by the furnished collateral up to a market decline of 92%. The furnished collateral, broken down by asset classes, is presented in the table below:

Loan collateral for the customer loan portfolio, broken down by asset classes (expected proceeds from collateral):

Shares	1,248,248,916.36
Bonds	284,214,659.78
Investment funds	1,007,109,535.48
Certificates	69,615,894.88
Others	25,364,816.04
Expected proceeds from collateral	2,634,553,822.54

Breakdown of total exposure by product types



The breakdown of total exposure (DAB Bank) by rating classes is as follows:

Breakdown of total exposure by rating classes (DAB Bank)

Utilization of credit rating class,	AAA	Aa1	Aa2	Aa3	A1	A2
as % of total utilization	11.89	6.84	3.71	5.13	4.95	19.04
Non-current financial assets	287,454,556.85	335,423,460.00	180,989,329.32	226,621,154.00	220,401,834.54	722,863,754.40
Receivables due from banks	295,485,919.06	0.00	864,571.84	25,000,000.00	22,216,750.25	211,117,458.76

Utilization of credit rating class,	A3	Baa1	Baa2	Baa3	Ba1	B1	Not rated
as % of total utilization	44.12	2.75	0.94	0.13	0.08	0.00	0.41
Non-current financial assets	1,158,277,420.96	134,898,240.00	46,118,786.45	5,510,000.30	4,000,000.00	0.00	14,185,491.20
Receivables due from banks	1,005,399,630.14	59,710.77	107,783.00	890,041.87	0.00	82,697.44	6,131,580.21

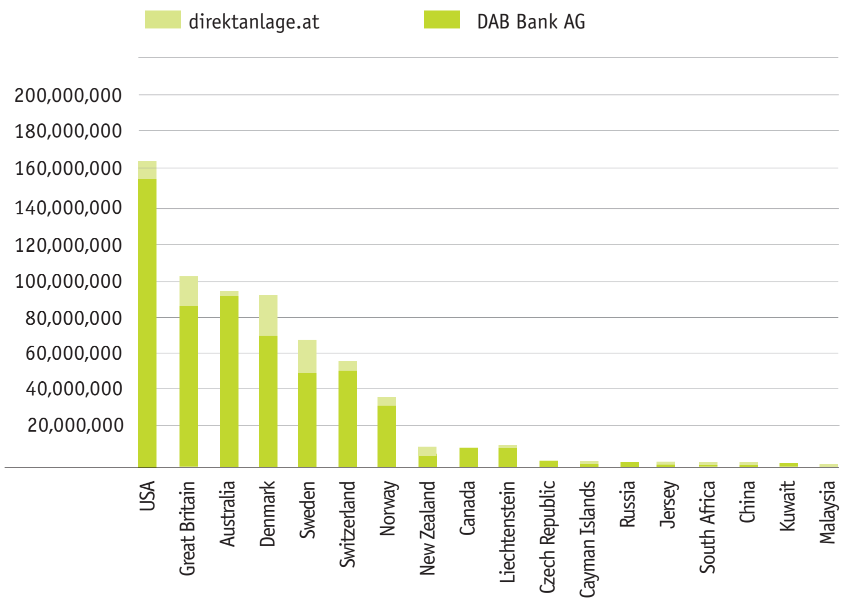
The limit utilization rates as of December 31, 2013, were as follows (without factoring in Germany). The presented drawdown against the default ceiling resulted from customer trades. Due to the product type, this involves an approved limit overrun.

DAB Bank AG

Rating ceiling	Ceiling limit, in € mn	Utilization, in € mn 12/31/2013
Quality	no limit	1,386
Medium	2,500	21
Risk	10	0
Default	0	1
Total	-	1,408

The country risks in effect at December 31, 2013, are summarized on the Group level in the table below:

Country risks (market values, in €)



The credit exposures vis-à-vis PIIGSC countries (Portugal, Italy, Ireland, Greece, Spain, Cyprus) were reduced from €70 million to €19 million in financial year 2013.

Detailed information on the notional values and market values of all derivative positions of DAB Bank AG is presented in the table below.

The currency-related transactions consist of over-the-counter transactions in derivatives that DAB Bank AG concludes with customers in the role of principal, in its own name and for its own account. Offsetting transactions were concluded with third-party banks to neutralize the risks of all such customer transactions.

Because DAB Bank AG executes all trade orders pertaining to the options and future contracts admitted for trading on the Eurex Exchange in Germany in the role of commission agent, in its own name but for account of the customer, information on these interest rate-based and stock/index-based derivative transactions is not disclosed in the consolidated financial statements at December 31, 2013.

Derivative instruments as of 12/31/2013

	Notional Amount				Market Values	
	Residual Term					
in € thousand	Up to 1 Year	1 to 5 Years	> 5 Years	Total	Positive	Negative
Currency-based derivatives						
OTC products						
Currency futures	242,569	19,647	-	262,216	5,628	5,449
Currency options						
-Purchases	-	-	-	-	-	-
-Sales	-	-	-	-	-	-
Other currency contracts	-	-	-	-	-	-
Exchange-traded instruments						
Currency futures	-	-	-	-	-	-
Currency options	-	-	-	-	-	-
Total	242,569	19,647	-	262,216	5,628	5,449

Market price risk

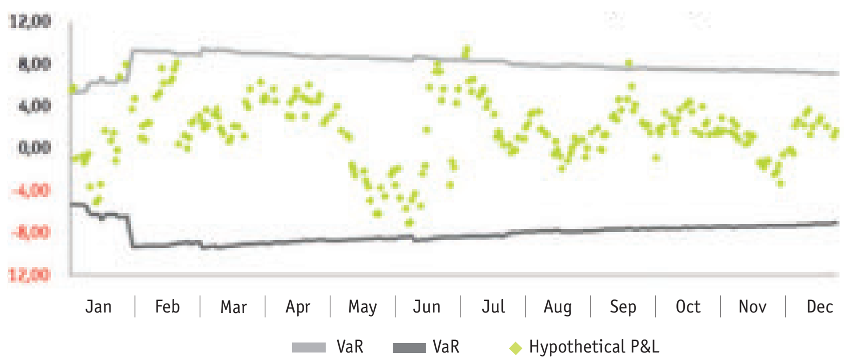
Definition

Market price risk refers to the risk of value losses resulting from changes in market prices or in the parameters that influence market prices. General market risk parameters are those factors that are influenced by macroeconomic, geopolitical and other market-related developments, independently of individual instruments or securities. They include changes in yield curves (interest rates), the level of stock and fund indexes, foreign exchange rates, energy, metal and commodity prices and the risk premium that must be paid in excess of the interest rate of a risk-free investment. In DAB Bank, market price risk encompasses interest rate, market liquidity, and credit spread risk, price risk and currency risk.

Risk measurement, limitation, management, monitoring, and reporting

DAB Bank uses the value-at-risk method with modern historical simulation to calculate market risk. For purposes of daily risk measurement and management, the bank calculates a value at-risk for the going-concern scenario (confidence level 95%) and a value at-risk for the liquidation scenario (confidence level 99.9%), with a holding period of 1 day for the trading book and a holding period of 10 days for the investment book. The adequacy of the risk measurement methodology of DAB Bank AG is verified by regular back-testing, in which the calculated value-at-risk figures are checked against the market value changes calculated on the basis of the corresponding positions. The results of back-testing confirm the high forecast quality of our risk model since no negative overrun of the forecast value was discovered at the level of DAB Bank AG.

Back-testing market price risk model 2013 (in € mn)



In the context of the quarterly risk absorption capacity calculation, the market price risk is determined for both management cases with a holding period of 250 days and compared to the limits derived from the risk absorption capacity calculation.

Risk Controlling, the ALM Board, and the trading representative in the market unit, along with Treasury, are responsible for managing market risk in accordance with the adopted strategy of DAB Bank.

The risk positions in the investment and trading books are monitored in the Risk Controlling Department of DAB Bank using a consistent limit system, by means of which the potential losses associated with market risks are identified and limited at an early stage. When the limits have possibly been exceeded on the sub-portfolio level, an escalation process is triggered immediately and the steps taken to reduce the affected positions are monitored.

Market risk

Going-concern scenario (DAB Bank AG)	in € mn
Annual limit	44.48
Trading book limit (1 day)	0.14
Investment book limit (10 days)	8.32
Liquidation scenario (DAB Bank Group)	in € mn
Annual limit	43.80

The Management Board is continually informed about the development of market price risks, limit utilization and the profit and loss situation. It is informed about the results of the risk analyses, including back-testing, on a monthly basis. The Management Board is also informed about the market risk situation as it relates to the risk-covering potential of DAB Bank as well as about the stress testing results of DAB Bank AG, on a quarterly basis.

Development of market risk in 2013

Factoring in credit spread risks and the investment of the high inflow of customer deposits led to a significant increase in market risk. We were able to compensate for this increase by executing collateralized transactions with UniCredit Bank AG.

The market risks inherent in our positions at December 31, 2013, are presented on an aggregated basis in the table below. The implementation of credit spread risks for direktanlage.at AG will cause the risk indicators to rise in 2014.

Market risk (in € mn)

Financial institution as of 12/31		2013	2012
DAB AG	VaR (confidence level 95%, holding period one year)	26.75	14.70
da.at	VaR (confidence level 95%, holding period one year)	2.26	2.42
DAB Bank Group	VaR (confidence level 99.9%, holding period one year)	32.75	24.40
	Limit	43.80	34.67
	Utilization	74.77%	70.37%

(confidence level 95.0%, holding period one year)

DAB Bank AG (12/31/2013)	Value at Risk in € mn
Interest rate risk	2.39
Price risk	3.51
Currency risk	0.08
Credit-spread risk	26.10

Operational risk

Definition

Operational risk refers to the risk of losses resulting from failures, contraventions, interruptions, damage due to internal processes, employees and systems, or caused by external events This definition includes legal risks, but not strategic risks or reputation risks.

Risk measurement, limitation, management, monitoring, and reporting

The required risk capital for operational risks is calculated using a loss distribution approach applied across the UniCredit Group. For the liquidation scenario, the required risk capital for DAB Bank AG is calculated by application of the AMA approach and for direktanlage.at AG by application of the Standard Approach (STA). The Risk Controlling Department of DAB Bank AG is responsible for ensuring that all relevant factors are promptly imported to the UniCredit system. For the going-concern scenario, DAB Bank AG calculates the risk value as the sum of the two highest losses arising from operational risks since data entry has occurred.

Managing operational risk is the responsibility of the respective operating units of DAB Bank. These activities are conducted with the aid of an op-risk management process defined by the UniCredit Group. The operational risk managers in the respective business units or group entities are responsible for the operational implementation and execution of this process, which entails the identification, analysis, evaluation and quality assurance of potential and actual risk data and the planning of appropriate measures. The work of the local op-risk managers is coordinated and centrally monitored by Op-Risk in Risk Management.

The Risk Controlling Department manages operational risks and collects and assesses incidents of loss or damage with the aid of a UCG Groupwide database (ARGO), which forms the basis for the targeted and detailed documentation of errors, the adoption of measures to prevent errors in the future and measures to reduce the losses associated with a given incident.

A limit is established for the purpose of monitoring operational risks and determining the related risk capital requirement. The limit is monitored on a quarterly basis for the liquidation scenario and monthly for the going-concern scenario.

The Risk Controlling Department keeps the operating units and the Management Board informed of significant potential and actualized operational risks by means of regular reports (monthly and quarterly).

Development of operational risk in 2013

The operational risk indicators as of December 31, 2013, are presented below. The decrease in the risk capital figure for the liquidation scenario can be attributed to the generally less risk-fraught environment.

Operational risk (in € mn)

as of 12/31		2013	2012
DAB AG	VaR (confidence level 95%, holding period one year)	4.04	4.04
da.at	VaR (confidence level 95%, holding period one year)	0.39	0.39
DAB Bank Group	VaR (confidence level 99.9%, holding period one year)	17.10	18.05
	Limit	19.35	18.73
	Utilization	88.35%	96.37%

At December 31, 2013, DAB Bank was exposed to the following significant operational risks, on an aggregated basis:

- Defective processing
- Lacking or malfunctioning building infrastructure
- System failure or performance problems
- Non-compliance with legal requirements (e.g., false advice).

The latter category also includes the risks of the former subsidiary SRQ FinanzPartner AG, which could affect the bank by way of continuing liability.

The bank employs an indicator-based warning system, in close consultation with Human Resources, to detect high levels of employee turnover in general, and specifically also among key personnel, so as to ensure the continuity of business operations and be able to respond quickly in case of negative developments.

The Legal Department recommends and Finance & Controlling performs regular risk assessments and establishes provisions to account for the risk of claims for damages asserted by customers on the basis of liability and advice. The results are reported to the central Op-Risk risk management at regular intervals of time. In 2013, lawsuits in connection with our former business partner Accessio were increasingly observed and corresponding provisions were established.

To counter the fraud caused by external phishing attacks, which is common in the financial sector, DAB Bank AG implemented countermeasures with the goal of further reducing the phishing cases.

Business risk

Definition

Business risk refers to the possibility that a company's profit for the year would differ from the expected value due to unforeseen changes in business volumes and/or profit margins. Business risks can arise in particular from substantially worsened market conditions, changes in the company's relative competitive strength or customer behavior, as well as changes in the applicable laws and regulations.

By reason of the bank's elevated dependency on income generated in the transaction business, we understand business risk specifically to mean an inability to generate the budgeted, trading-dependent income and expenses, due to worsened market and competition conditions.

Risk measurement, limitation, management, monitoring, and reporting

Business risk is measured by Risk Controlling by application of a value-at-risk approach. For that purpose, income and cost numbers are surveyed on the level of the operating units and then condensed, with consideration given to correlation and volatility effects, to arrive at a value-at-risk on the basis of the confidence level defined for the specific cases.

The operational implementation of the measures adopted by the Management Board to manage business risk is the responsibility of the budgeting managers, as part of their general responsibility for income and costs.

A limit is established to monitor business risk. Its utilization is reported to the Management Board monthly.

Development of business risk in 2013

The business risks of DAB Bank Group at December 31, 2013 are presented on an aggregated basis in the table below. The increase in business risk is based primarily on the continuous expansion of business and increased revenues. As part of the 2014 risk strategy, business risk is assigned a limit of €32.01 million, meaning that the high limit utilization can be reduced.

Business risk (in € mn)

as of 12/31		2013	2012
DAB AG	VaR (confidence level 95%, holding period one year)	13.68	11.07
da.at	VaR (confidence level 95%, holding period one year)	2.58	2.30
DAB Bank Group	VaR (confidence level 99.9%, holding period one year)	26.19	21.59
	Limit	26.24	33.54
	Utilization	99.81%	64.37%

Liquidity risk

Definitions

Liquidity refers to all cash and cash equivalents at the bank's disposal, minus its payment obligations. A company is considered to have sufficient liquidity when it can satisfy all its payment obligations and its own funding needs at all times, either by means of adequate liquidity or by free access to funding sources. Thus, liquidity risk refers to the possibility that the bank would not be able to satisfy its payment obligations and its own funding needs, or not to a satisfactory extent or not at the required times, with the result that it could possibly become insolvent or would be able to raise sufficient liquidity only at increased costs.

DAB Bank subdivides liquidity risk into corporate liquidity risk and market liquidity risk. Corporate liquidity risk comprises refinancing risk (the risk that additional refinancing funds cannot be obtained, or only at increased market interest rates, due to term discrepancies), deadline risk (which is the risk of a delay in payment), as well as call risk (liquidity risk arising from unexpected events). Market liquidity risk describes the risk that assets can only be liquidated in the market with higher discounts due to unusual financial market circumstances. Market liquidity risk is assigned to market price risk within DAB Bank.

Risk measurement, limitation, management, monitoring, and reporting

In the context of its risk measurement and management, DAB differentiates between short-term (one day up to and including twelve months) and structural liquidity, as well as regulatory liquidity (liquidity ratio).

Daily calculation of short-term liquidity is performed based on the liquidity planning statement. The determined (recognition according to final maturity) and stochastic cash flows (using a non-parametric forecast approach) on accumulated net funds are added and checked against available liquidity coverage potential, to determine whether the liquidity buffer and defined limits are adequate or whether steps are to be taken to assure the bank's solvency.

In the context of structural liquidity, terms of greater than twelve months are considered. Measurement and monitoring of structural liquidity is performed using a capital maturity ladder. The maturity intervals considered are limited using a liquidity ratio.

Along with the management and monitoring of short-term and structural liquidity, limiting and monitoring the liquidity ratio in accordance with the Liquidity Regulation (LiqV) is an additional part of DAB Bank AG's liquidity risk management.

The ALM Board is primarily responsible for liquidity management, particularly by making investment decisions for the bank's treasury portfolio. Operational execution of the investment decisions commissioned by the ALM Board is carried out by the organizational unit responsible for trading. Risk Controlling is responsible for measurement including stress testing and monitoring, as well as for reporting liquidity risk to the Management Board and ensuring compliance with regulatory and internal Group requirements. Treasury is responsible for handling cash balances.

The Management Board and the weekly meeting of the ALM Board are kept apprised of the liquidity situation of DAB Bank AG by means of regular reports. Furthermore, liquidity is also monitored by means of and in accordance with the regulatory requirements of the Liquidity Regulation (LiqV).

Development of liquidity risk in 2013

The liquidity supply of DAB Bank was more than adequate in the financial year.

It was possible to cover the accumulated net cash flows using the bank's liquidity coverage potential. The surplus cover for the short-term and additional refinancing needs amounted to €883.71 million (t+1) and €539.66 million (t+90) at DAB Bank AG. Across all maturity intervals (t+1 to 12 months), the surplus cover of DAB Bank AG averaged €995.49 million. At our subsidiary direktanlage.at AG, the surplus cover for the short-term and additional refinancing needs amounted to €210.99 million (t+1) and €125.35 million (t+90).

One limit overrun was discovered in financial year 2013 with regard to structural liquidity. It was possible to remedy this overrun in the further course of business. At year-end, the values for structural liquidity (liquidity ratios) of DAB Bank AG were above the defined value of 90%.

At year-end, the regulatory liquidity ratio was 4.17 and thus well above the regulatory minimum value of 1.0. The liquidity ratio is the ratio of the cash and cash equivalents available in Maturity Band 1 (due at call or up to one month) and the payment obligations callable during that same period.

Other risks

Other risks refer to strategic risk, reputation risk and modeling risk.

Modeling risk is the only other risk that is directly included in the calculation of the risk absorption capacity, based on a flat-rate surcharge of 5% on overall bank risk.

Strategic risk issues from the possibility that the company's management would fail to recognize or correctly assess important developments and trends in the banking sector. In such an event, the senior management could possibly make fundamental business decisions that later prove to be ill-advised, with respect to the company's ability to achieve its long-term business objectives, and may also be very difficult to reverse after the fact.

Managing the strategic risks of DAB Bank AG is part of the management responsibility of the Management Board of DAB Bank AG. At DAB Bank AG, these risks are measured primarily by means of qualitative methods. For that purpose, the national and international environment is closely monitored and the company's strategic positioning is assessed on a continual basis.

The Management Board regularly assesses the adopted strategy of DAB Bank as part of the long-term planning process. If necessary, the business model or business processes can be adjusted in response to changes in the basic operating environment. In developing such strategic initiatives, the Management Board consults closely with the Supervisory Board.

Reputation risk refers to the possibility that public confidence in the bank's integrity could be impaired as a result of negative publicity concerning the business conduct and relationships of the bank, whether accurate or not, and therefore have a negative impact on the bank's business performance.
For the first time in 2013, managing reputation risk was based on two pillars:

- Transaction-based approach ("Change the Bank"): Screening of individual transactions with regard to potential reputation risks
- Portfolio-based approach ("Run the Bank"): Regular screening of all divisions and departments with regard to potential reputation risks ("risk self-assessment").

The design of these two pillars was primarily based on the existing structures for managing operational risks. Thus defining the framework for identification, measurement, management, and monitoring of reputation risks and coordinating specification of RepRisk strategies is the responsibility of central Risk Controlling. Implementation occurs with the help of the local rep-risk managers in the corresponding divisions. The Reputational Risk Council is responsible for adoption of resolutions for all transactions or activities subject to reputation risk.

Stress testing

Stress testing is performed on the basis of a bottom-up approach and is performed on the institution level and on the Group level. For that purpose, the bank defines global scenarios encompassing all risk types and establishes risk drivers for the individual risk types. The bank then calculates both a stressed risk value (stressed VaR) and a conditional loss (additional scenario loss) for each individual risk type. The results of the individual risk types are then aggregated for each scenario to arrive at the stress test result. The following global stress test scenarios encompassing all risk types have been defined:

- Historical scenario ("financial crisis"):

The financial crisis that began in 2008 triggered massive turmoil in the capital markets and adversely affected the value of banks' securities (particularly including bonds). Due to the structure of the investment portfolio of DAB Bank AG, which is highly concentrated in the banking sector, this development is extremely relevant.

- Hypothetical scenario:

As the extreme scenario, we have defined a "widespread contagion" in the financial sector, triggered by the default of a country of the European Union, causing the sovereign debt crisis to spread to the financial sector. A default on the part of a euro zone member would have a direct impact on the banking sector in the European Union, leading to a contagion effect and widening sector spreads. Such a development would have wide-ranging effects on the operating results of DAB Bank AG.

The historical scenario is calculated on the basis of the risk drivers for the individual risk types determined on the basis of historical developments:

- Default risk: Default probability
- Business risk: Income/expenses and the corresponding volatilities and correlation
- Market price risk: Changes in value
- Operational risk: Losses and risk indicators.

For the hypothetical scenario, the calculation is conducted on the basis of defined market parameters and macroeconomic data to determine what changes can be expected under the assumed scenario. The hypothetical scenario is conducted on the basis of the following risk drivers of the individual risk types:

- Default risk: Default probability
- Business risk: Income/expenses and the corresponding volatilities and correlation (multilinear regression of risk drivers)
- Market price risk: Interest rate
- Operational risk: Losses and risk indicators.

The calculation for DAB Bank AG is based both on the stressed risk value (with the exception of market price risk) as well as the conditional loss. The stress loss on the institution level is calculated as the sum of the individual results for the given scenario encompassing all risk types. The aggregation of the stress value-at-risk is calculated by means of an intercorrelation matrix. The stress test results are monitored on a quarterly basis in connection with the risk absorption capacity analysis. These results are checked against the risk-covering potential to ensure that it is adequate to cover both the individual risks and the overall risk.

The risk-covering potential of DAB Bank AG was not adequate to cover the risks arising in the event of the stresses defined in the hypothetical scenario.

Measures were developed in response in order to be able to react appropriately.

Historical scenario (as of 12/31/2013, in € mn)

Scenarios	Overall bank risk (correlated) under stress	Risk-covering potential under stress	Utilization of risk-covering potential
Going concern scenario (DAB Bank AG)	41.36	67.39	61.38%
Liquidation scenario (DAB Bank)	146.55	160.40	91.37%

Hypothetical scenario (as of 12/31/2013, in € mn)

Scenarios	Overall bank risk (correlated) under stress	Risk-covering potential under stress	Utilization of risk-covering potential
Going concern scenario (DAB Bank AG)	42.13	66.92	62.96%
Liquidation scenario (DAB Bank)	168.39	159.98	105.26%

For the purpose of identifying those events and developments that could endanger the survival of DAB Bank as a going concern, we conducted qualitative and quantitative inverse stress tests for individual risk types and for all risk types in general. The results represent the maximum changes in the risk drivers for the individual risk types that would overwhelm the risk absorption capacity of DAB Bank. The following risk drivers have been defined for this purpose:

- Default risk: Default probability
- Business risk: Euribor
- Market price risk: Interest rate
- Operational risk: Losses.

Such inverse stress tests are conducted at least once a year, or on an ad-hoc basis. The results are reported to the Management Board.

Financial reporting-related Risk Management System (RMS) and Internal Control System (ICS)

The RMS is broadly defined. It refers primarily to the strategic management, identification and assessment of risks and the approach taken relative to the assumption or avoidance of risks. The various types of risk are described in more detail in the present Risk Report. By contrast, the ICS refers to the operational monitoring and management of risks.

The financial reporting-related ICS and RMS comprise the principles, procedures and measures taken to ensure the effectiveness and economic efficiency of the financial reporting function and to ensure compliance with all relevant laws and regulations. It is designed to ensure that assets and liabilities are correctly recognized, presented and measured in the annual financial statements. The objective of the ICS and RMS as they relate to the financial reporting process is to provide reasonable assurance, through the implementation of controls, that the separate financial statements of the parent company and the consolidated financial statements of the Group are prepared in accordance with the relevant laws and regulations, despite the identified risks.

Responsibilities in the financial reporting-related ICS and RMS

Responsibilities of the Management Board and Supervisory Board

The Management Board manages the company under its own responsibility and works together with the other governing bodies of the company in an atmosphere of trust and confidence, in the best interests of the company. Among other things, the Management Board bears overall responsibility for the preparation of the separate financial statements of the parent company and the consolidated financial statements of the Group.

The Management Board determines the scope and orientation of the ICS und RMS, which are designed specifically to meet the needs of the bank, under its own responsibility. In that regard, it also initiates measures to further develop the systems and adapt them to suit changing framework conditions. The value systems that have been practiced for years in all countries of the UniCredit Group, and therefore also in the DAB Bank Group, such as the Integrity Charter and the Code of Conduct, but also compliance-related rules, etc., also form the basis for the responsible conduct of the employees charged with performing the financial reporting function. Despite all the risk-mitigating measures instituted in connection with the ICS and RMS, appropriate and well-functioning systems and processes cannot provide an absolute assurance relative to the identification and management of risks.

Responsibility for the financial reporting process and particularly for the process of creating the separate and consolidated financial statements is assigned to the divisions that are the responsibility of the Chief Financial Officer. The IT systems necessary for the financial reporting process are made available under the responsibility of the Chief Operating Officer. In the organizational structure applicable as of the last day of the financial year, Dr. Niklas Dieterich carries out the responsibilities of both the CFO and the COO. In order to support its duties, also in connection with the financial reporting process, the Supervisory Board appoints the Audit Committee. The Audit Committee continuously evaluates the financial position, financing status and financial performance of the bank on a regular basis, especially with respect to the quarterly financial statements, the semiannual financial report and the annual financial statements. In connection with the process of preparing the separate financial statements of the parent company and the consolidated financial statements of the Group, the Supervisory Board is responsible for adopting the separate financial statements of the parent company and approving the consolidated financial statements of the Group. The financial statements and profit utilization proposal of the Management Board are submitted to the Supervisory Board, along with the report of the independent auditor, so that the Supervisory Board can fulfill the above-mentioned duties. The Audit Committee examines these documents with particular intensity, as part of the so-called preliminary review. The Chairman of the Audit Committee reports on the results of the review conducted by the Audit Committee to the full Supervisory Board. In the preparatory meeting of the Audit Committee and in the subsequent financial statements meeting of the Supervisory Board, the independent auditor reports on the results of the audit and provides detailed answers to the questions of Supervisory Board members. Also in these meetings, the Management Board provides in-depth explanations of the financial statements it prepared. The Supervisory Board reviews all of the documentation, discusses it in detail, and in case of a positive evaluation, adopts the separate financial statement and approves the consolidated financial statements as the conclusive result of its own review.

Duties and responsibility of the independent auditor

The Supervisory Board engaged the independent auditor Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft to audit the separate financial statements of the parent company, including the underlying accounting records, as well as the management report and the system put in place for the early detection of risks. In addition, the independent auditor was engaged to audit the consolidated financial statements drawn up in accordance with International Financial Reporting Standards and the management report of the Group. In accordance with Section 313 of the German Stock Corporations Act (AktG), the independent auditor also audited the report of the Management Board on the dealings with affiliated companies. The corresponding audit report was prepared in accordance with the principles of the IDW Audit Standard 450 and in compliance with the German Audit Report Regulation (PrüfbV). In accordance with Section 25a of the German Banking Act (KWG), the independent auditor is also required to verify the adequacy of the bank's business organization, which also includes an appropriate and effective risk management system. The audit also covers the management reports of the parent company and the Group. In that respect, the independent auditor is required to determine whether the separate management report of the parent company generally conveys a true and fair view of the company's situation and whether the management report of the Group generally conveys a true and fair view of the Group's situation. As part of the audit, the internal control system was also audited and evaluated, to the extent that it serves to ensure adequate financial reporting.

Position and duties of Internal Audit

DAB Bank Group takes the necessary steps within its organizational structure to ensure the presence of adequate internal controls. The internal control system consists of the process-dependent Internal Control System (ICS) and the process-independent Internal Audit Department. As an internal department working on behalf of the Management Board, Internal Audit monitors and evaluates the effectiveness and adequacy of risk management in general and the internal control system in particular, as well as the adequacy of the activities and processes of DAB Bank Group. Internal Audit also provides advice and support in projects, without compromising its independence and taking steps to avoid conflicts of interest. In accordance with the MaRisk regulations, all activities and processes of DAB Bank Group, even those that have been outsourced, are audited at appropriate intervals of time, but not less than once every three years. Any special risks are evaluated at least once a year. All the activities of Internal Audit are designed to prevent losses for the bank and its customers and to optimize the efficiency and profitability of business processes. The targets of internal audits are determined on the basis of a risk-oriented, annually updated audit plan that takes the risk content of the processes into account. In the interest of comprehensive supervision, the Internal Audit Departments of the DAB Bank Group (DAB Bank AG and direktanlage.at AG) operate under the functional coordination or leadership of the Internal Audit Department of DAB Bank AG.

Organization and components of the financial reporting-related internal control system and risk management system

Structural organization and duties of the Finance & Controlling Division

With respect to the financial reporting-related processes, the organizational responsibility of the Chief Financial Officer is concentrated mainly in the Finance & Controlling Division, in which the competent Management Board member can rely on employees possessing the requisite knowledge and experience.

In the Finance & Controlling Division, the Finance Department is responsible for accounting. It is particularly here that responsibility is assigned for group-wide unified account assignment and accounting guidelines, as well as for all tax matters appearing on the balance sheet. Regulatory topics are housed in the Finance & Controlling Division with direct reporting. In addition, the Finance Department is professionally responsible for the accounting systems implemented at DAB Bank AG, whereby compliance with the separation of functions and duties within the scope of defined access rules in all relevant IT systems is a particular focus area. Along with this, the Finance Department is responsible for policy issues relating to financial accounting under IFRS and HGB and prepares the consolidated financial statements and the monthly reporting to the Management Board and the financial reporting in the annual reports and quarterly reports of the DAB Bank Group, supported by the Controlling Department. The external accounting of DAB Bank AG is thus carried out in the Finance Department.

Documentation of processes

The consolidated financial statements of DAB Bank AG are included in the consolidated financial statements of UniCredit S.p.A., Rome, Italy (UCG) via the sub-group financial statements of UniCredit Bank AG, Munich (UCB). As a subsidiary of UniCredit Group, DAB Bank is required to comply with good business practices with regard to the establishment of an accounting system and the internal controlling system pursuant to Italian Law 262 of 2005, which must be taken into account by all affected companies since the 2007 annual financial statements. Law 262 was implemented with the goal of increasing trust in the correctness and dependability of published financial reporting. In addition, this requirement is also in force based on the German Accounting Law Modernization Act (BilMoG; Section 289(5) HGB), which is required to be applied since 2010.

In the context of Law 262, process documentation exists for all material processes of DAB Bank AG that have an effect on financial reporting. In addition, the Finance Department documents the individual department-specific processes using Prometheus software. Job-related instructions with a high level of detail were prepared for particular circumstances, which can be used to follow individual process flows step-by-step.

Measures taken to continuously update the ICS and RMS

In case of amendments of legal requirements and regulations or modified group requirements from UCG/UCB relating to accounting, such changes must be reviewed as to whether and what consequences they may have for DAB Bank AG's financial accounting process. Accordingly, it is the Finance Department's duty to ensure appropriate and timely implementation of the new requirements. In case of amendments or new provisions that have considerable effects on the procedural processing of the accounting, a corresponding project will be set up – insofar as the scope demands – which will take into account all measures such as IT adjustments, work flows, posting instructions, etc., across departments.

This may afterwards require the following adjustments, for instance:

- Opening of new accounts to which the affected business transactions must be posted according to the new rule

- Creation of posting instructions for the operating units of the bank indicating that specific business transactions must be posted or entered differently when the new regulation goes into force

- Adjustment of processing steps in the bank's accounting system in order to implement the new rules

- Adjustment/notice in the bank's annual report or an interim report indicating that the accounting methods have changed.

The following significant information channels are taken into account by the Finance Department:

- New accounting regulations from IASB (IFRS) or from the German government (HGB, tax laws, etc.) are published using corresponding information channels (e.g., newsletter, information on the websites). Furthermore, additional current information on this topic is available from the German banking association Bundesverband deutscher Banken (BdB), the German institute of certified public accountants Instituts der Wirtschaftsprüfer (IDW), the German standardization advisory council Deutscher Standardisierungsrat (DSR), etc., which take up this information and interpret it or provide more specifics,

- if changes in group requirements are involved, corresponding requirements/information come from UCG/UCB,

- participation in training courses and seminars (internal and external) ensures that employees always have up-tp-date knowledge.

All amendments to legal and/or regulatory requirements are made available in the context of a quarterly report from Internal Audit.

Process and execution of the process for preparing the financial statements of DAB Bank AG

In order to design the process flow of the individual and consolidated financial statements as well as the interim financial statements as efficiently as possible, detailed schedules are regularly drawn up in which the chronology of the individual process steps is specified. These schedules are used for on-time performance of the financial statements work and show dependencies between the individual process steps as well as between the units involved. The units are primarily UCG, UCB Investor Relations in coordination with UCB Accounting (annual report preparation), the Management Board and Supervisory Board as well as the auditor.

In order to ensure that all content necessary for the preparation of the annual financial statements is taken into account, each division and each department is notified in a timely manner by means of an annual circular with corresponding requirements, which themselves are coordinated with the schedules.

Entry of business transactions is largely standardized and automated while preserving the dual control principle in the Finance Department and the Operations Division. The information necessary for processing the individual circumstances is documented in the form of process instructions.

All items on the statement of financial position and the income statement relevant to DAB Bank AG and required pursuant to the Regulation Governing the Disclosures in the Financial Statements of Banks and Similar Financial Institutions (RechKredV) are prepared based on well-defined processes in conjunction with preparing the annual financial statements. Separate process documentation exists for the individual processes, which provide sufficient information on the preparation process. Moreover, the professional knowledge of each individual employee in the Finance Department responsible for a particular content area is indispensable. Fundamentally, the annual financial statements and their individual components must be understandable to a third party with professional knowledge.

The accounting for the trading assets and non-current financial assets is carried out in the Finance & Controlling Division. The results of securities valuation under commercial law are determined using the GEOS-NOSTRO system and provided to the Kordoba Core24 core banking system using an interface. Another interface transmits the revenues from the core banking system to the SAP accounting system daily. In addition, the system operator, HSBC Transaction Service GmbH, provides relevant reports documenting the portfolios and results and their updating. The results and portfolios and their updating under IFRS are documented by reports provided daily by HSBC Transaction Service GmbH.

In accordance with MaRisk, the Risk Controlling Department determines the profit from investments by means of a separate process. Reconciliation of the performance determined by the Market Division and the securities result under IFRS determined separately by Finance & Controlling is thus ensured.

Auditing, creating, and adjusting individual value adjustments occur in coordination between the Credit Department and the Risk Controlling Department. Determination of overall adjustments is carried out in the Finance Department.

The annual determination of provisions is carried out by each department of the bank based on job-related instructions specified by the Finance Department. The reported provisions must be justified using suitable documentation and are verified in the accounting system and audited for accounting conformity and compliance with the authority rules. Entry in the accounting system then occurs.

The financial statements preparation process is supported by the external service provider Aon Hewitt GmbH for the measurement and recognition of pension funds.

With regard to development and implementation of new products in compliance with regulations, the bank has installed what is called a “new product process” in which the individual process steps for a new product implementation are set forth in detail. In this process, each division must express its opinion as to technical and temporal feasibility. The Finance & Controlling Division is assigned to coordinate this process, while Risk Controlling and Internal Audit perform a supporting role in quality assurance.

The data and information relevant to the financial statements are collected in the Finance & Controlling Division. The data records provided by sub-ledger accounting and upstream systems are reconciled. The Finance Department collects all of the data affecting the presentation of bank operations. The financial statements are prepared from the raw data, factoring in the correction and closing entries performed by authorized individuals. The dual control principle is ensured at all times. A variance analysis between the budgeted and actual earnings is also carried out during the financial year in the context of the monthly income statement.

Preparation of the annual financial statements under commercial law is conclusively performed using the standard SAP software and the automatically integrated sub-ledger accounting and the upstream systems. Material upstream systems, on the cash side, Core24, and on the securities processing side, GEOS/GEOS-NOSTRO, are automatically connected. HR-relevant posting data is transmitted to SAP using the PAISY system. The general ledger relevant to accounting and the sub-ledger accounting are regularly reconciled.

SAP system maintenance is carried out by UniCredit Business Integrated Solutions S.C.p.A., Germany Branch (UBIS). Core24 system maintenance is carried out by the in-house IT Department. The bank backs up its databases daily. Archiving occurs independently at the bank's headquarters and in a backup computer center, and at UBIS for SAP. The necessary access protection at the work centers and compliance with functional separation are guaranteed by department-related user profiles.

Consolidated financial statements according to IFRS

As a sub-group of the UniCredit Group, the DAB Bank Group prepares consolidated financial statements according to International Financial Reporting Standards (IFRS), as a capital markets-oriented company. The financial statements according to IFRS are derived from the financial statements according to the German Commercial Code by means of an offsetting and reconciliation process.

The consolidated financial statements are prepared on the basis of the separate financial statements of DAB Bank AG and the subsidiary direktanlage.at AG, which are prepared on the basis of local financial reporting regulations. The separate financial statements are converted by the reporting companies to suit uniform Groupwide standards in accordance with the UniCredit Group Accounting Principles; as part of that process, they are transposed to the Group Chart of Accounts and/or supplemented by separate data. The financial information reported by the Group companies in connection with the consolidated financial statements is covered by the audit of the consolidated financial statements.

The data required for the consolidated financial statements is entered and reported primarily by way of the uniform Groupwide consolidation system TAGETIK CPM of the company TAGETIK Software S.R.L. After the individual Group companies have transferred or entered their data into this system, additional entries are blocked in dependence on the corresponding phase of the consolidation process. The data can then be modified only in exceptional cases, in coordination with the affected subsidiary, either directly by or in coordination with our parent company, UniCredit Bank AG.

The business dealings among the individual Group companies of the UniCredit Group (so-called intercompany dealings) are reconciled before the data is delivered. Upon completion of the intercompany reconciliation and after the data is finally delivered, the separate consolidation process of the DAB Bank Group (elimination of intercompany profits and liabilities) is conducted on a manual basis. Any necessary elimination of intermediate profits and the equity consolidation process are also performed manually.

In connection with the preparation of the consolidated financial statements, system validations are conducted on a wide range of levels for the purpose of minimizing risks; furthermore, plausibility checks of the manual processes are conducted on a regular basis.

Forecast report

General economic developments

We expect that 2014 will be a year of economic expansion for the industrialized nations. Macro-economic growth rates will accelerate significantly, particularly in the United States, the United Kingdom and the euro zone. In the United States, the slowing effects of fiscal policy will be less pronounced, and consequently the expansion of private-sector activity will have a greater impact on total economic output. In the United Kingdom, the real estate market will continue to benefit from net fund inflows. The increase in world trade will also have a positive effect.

In Japan, the boost afforded by the new economic policy of Shinzo Abe's government will presumably subside. It is anticipated that the planned structural reforms will not be far-reaching enough to sustain a permanent increase in economic growth. China's economic growth rate is expected to stabilize around 7.5%. While that is still very high compared to the industrialized nations, it is on the low end of growth rates considered salubrious for a country like China.

In the euro zone, generally subdued growth around the level of 1% can be expected. All the larger members of the EMU (with the possible exception of Greece) will emerge from recession and grow their respective economies. Unemployment will decline. Once again, Germany's economic growth will outpace that of its partner countries in 2014. We expect German GDP to expand at a real rate of 1.5% in the coming year.

The inflation rate will remain in abeyance, thanks in part to stable oil and gas prices, due to the additional supplies being produced in the United States and Iran's return to the world oil market. In Germany, however, electricity prices will increase in connection with the transition to a more sustainable energy system.

Worldwide monetary policy will be influenced by the reduction of monetary stimulus in the United States. Thus, there will be less liquidity growth in the United States. However, yields will not rise substantially on the short end of the market. Outside the United States, central banks will strive to offset any negative effects of this policy reversal.

The chances for a further easing of the euro crisis are not bad, provided that the major debtor countries do not let up in their reform and consolidation efforts. But given the serious strains which such structural reforms are placing on the populations of many countries, risks emanating from political turmoil cannot be ruled out.

Equity markets and trading activity

Further gains in the equity markets will depend on improving economic conditions and rising corporate earnings. That is the only scenario in which price-earnings ratios can decline again and the markets can absorb the negative effects of monetary policy measures. There is still abundant liquidity available to invest in stocks.

In consideration of the high level of valuations attained thus far, we anticipate greater volatility in the equity markets in 2014, compared to 2013. Such a scenario would have a positive effect on trading volumes. If the euro crisis eases further, European equity markets will become particularly attractive for international investors.

Interest rates

Short-term interest rates are already so low that a further decrease is hardly conceivable. We consider it improbable that the European Central Bank will charge negative interest rates on deposits. Conversely, we also do not believe that the economy will improve so much that the ECB will raise its key rates.

Longer-term interest rates will be influenced by two contradictory factors in 2014: low inflation rates on the one hand, and a normalization of monetary policy in the United States, on the other hand. We consider it possible that yields could rise slightly both in the United States and in Europe, while the increase will be greater in the United States. In the euro zone, the spreads with German government bonds are likely to narrow somewhat further.

Banking industry

Despite the anticipated economic recovery, the banking industry will continue to face a difficult operating environment. The gentle monetary tightening steps to be taken in the United States will at most cause a slight increase in long-term yields, especially considering that the European Central Bank will stick to its course of lax monetary policy. Therefore, the margins that can be earned by investing customer deposits will remain on a very low level. In addition, those investments on the banks' books that still generate higher returns are increasingly running out. Thus, the perpetuation of the low interest-rate environment will become an increasingly heavy drag on the earnings performance of banks. On a positive note, accelerating economic growth should stimulate a rise in demand for credit.

Banks' commission income will be supported by the expected high volatility of stock markets and the ensuing increase in trading activity. However, the intense competition in Germany will continue to put pressure on banks' commission income.

Even while the income that can be earned from interest-based transactions and other traditional sources is far less than the accustomed levels, banks are finding it difficult to tap new sources of income. This difficulty can be ascribed in large part to the extreme reluctance of customers to pay extra for commodity services in particular, but also for advisory services. Furthermore, the increasingly strict regulatory requirements are curtailing the existing and potential income-generating possibilities of banks. Finally, the considerable number of new regulations entails new, not unsubstantial cost burdens for implementation, supervision and management, which must be paid from the banks' ongoing operations.

Direct banks

Technological change is keeping society, and naturally also the banking industry, in a state of constant flux. The prominent and still growing importance of direct banks is an expression of this trend. Direct banks are gaining more and more customers and investment volumes. Modern communications technology has made it easier and more transparent for customers to conduct financial transactions. And because they do not need to maintain a cost-intensive network of physical branches, they enjoy a cost advantage over traditional branch banks, which they can pass on to their customers.

Despite the high growth rates in the past, the direct banking market is far from saturated. Not even half of all Germans use online banking on a regular basis. Considering the benefits that direct banks offer to their customers, the positive development of this market can be expected to continue.

New competitors can also be expected to enter the direct banking market. In the past, foreign European banks have pressed into the German market, acting through their local branches. Furthermore, conventional branch banks are increasingly offering special online pricing models. It can be assumed, therefore, that competition in the direct banking market will intensify further. The tough operating environment for the banking industry in general, which was described above, is equally challenging for direct banks. Although they enjoy a structural cost advantage compared to branch banks, and operate within a growing market, it will become increasingly difficult for them as well to generate sufficient income.

Regulatory environment

As a consequence of the global financial markets crisis, various kinds of new regulations aimed at creating a more transparent and stable financial system are still being developed on the international level. Many of these new regulations aimed at banks will take effect in 2014. Aside from the new regulations to be enacted in the form of national laws, other standards and guidelines entailing concrete regulatory and technical changes are also being adopted. Furthermore, a completely new framework of bank regulation and oversight in the euro zone, within which the European Central Bank (ECB) and the national regulatory authorities will work closely together in a decentrally organized system, will be established in the coming year. The new regulatory framework will be supplemented by EU-wide rules for restructuring and liquidating failing banks, and by a new, uniform deposit insurance system. This expanded regulatory framework will necessitate heightened reviews on the part of banks, to ensure the correct implementation and fulfillment of the new regulations, standards and guidelines. As a result, the regulatory burden will increase and the entrepreneurial freedom of the financial services industry will be increasingly restricted.

Development of the DAB Group

The chief factors influencing banks in 2013 were the historically low level of interest rates and the soaring stock markets worldwide. The margins that all banks can earn by investing customers' deposits and extending loans are sharply reduced by the low level of interest rates. On the other hand, many financial institutions have benefitted from the positive development of stock markets. These developments also influenced the business performance of DAB Bank last year and will presumably continue to do so in 2014.

Based on the positive operating performance in the past financial year, we are confident that we are on track to continue on a sustainable growth course and generate positive results in the years to come. As an experienced direct broker in Germany and Austria, we offer a comprehensive and modern assortment of products and services in the areas of banking, investment and trading, for both private individuals and independent asset managers. We intend to stick with this business model.

Our forecasts of DAB Bank's business performance in 2014 are based on certain assumptions concerning general economic developments. As described in the preceding sections, DAB Bank's operating environment and the forecast results for the full year 2014 are critically dependent on economic developments, fiscal policy decisions and regulatory demands.

Consolidated profit

Given the economic uncertainties and the still unresolved euro crisis, it is difficult to offer a concrete forecast for 2014. Nonetheless, we expect that the consolidated profit before taxes for the full year 2014 will be moderately higher than the prior-year figure. This positive performance will depend on the continued growth of our key performance indicators, the net commission income generated from such growth, the stabilization of net interest income that began in 2013 and should continue in 2014, and the practice of strict cost management. Specifically, we anticipate the following developments in our key performance indicators and income statement items.

1. Net commission income
Continuous customer growth represents the basis for increasing the success of our business. More customers generally mean more business with respect to trades executed and customer assets held in custody. In consideration of our comprehensive offering of products and services and the mildly positive market environment, we anticipate rising customer numbers, trades executed and assets under custody in all segments and customer groups. By the end of financial year 2014, we expect that more than 640,000 customers will be using the products and services of DAB Bank. We expect a significantly higher increase in the number of bank accounts carried for customers. We intend to build on the success we have achieved to date in the banking sector by continually expanding and improving our portfolio of products and services. By this means, we expect to carry more than 220,000 bank accounts by the end of 2014. Assuming that the environment for investing in securities remains positive, customer assets could potentially rise to more than €34 billion, on the strength of growing deposits and trading activity. Even though the number of trades executed by DAB Bank rose sharply in 2013, we expect to generate an increase of at least 10% in the number of trades executed for our customers in 2014. Generally speaking, our trading business is critically dependent on developments in the capital markets, which could lead to wide swings in the aggregate volume of securities held and trades executed. Given the anticipated developments in our retail business and in the external economic conditions, we expect that net commission income will increase more or less in proportion to the rising number of trades executed.

2. Net interest income, trading profit/loss and profit/loss from investments
The low interest-rate environment will continue to have a negative impact on our net interest income. The intense competition for customer deposits and the low level of interest rates pose great challenges for all banks, including DAB Bank. We took a first important step towards improving our competitiveness in this respect by adjusting our funding structure in financial year 2013. This step, combined with slightly rising yields in the capital market, the continued growth of customer deposits and the active management of interest expenses, should lead to a moderate increase in our net interest income. The further development of our trading profit and profit from investments is highly dependent on events in the money markets and capital markets. The anticipated moderate rise in interest rates will further limit our scope of action for generating profits on our investments. Therefore, we anticipate that the trading profit and the profit from investments will be no more than half what they were last year. The need for risk provisions in the credit business will remain moderate, on the level of the prior financial year.

3. Administrative expenses
We will continue to practice strict cost management as a means of securing our profitability. We regularly scrutinize our costs to identify efficiency enhancement measures and realize the related savings potential. Cost reduction is an important instrument for increasing the bank's profitability.

In this respect, however, we will proceed with caution, so as not to endanger our growth targets. We anticipate slightly higher administrative expenses in 2014, compared to 2013. This increase will be driven primarily by growth-dependent additional variable costs. We are currently not able to estimate the amount of costs to be incurred in connection with present and future regulations and the necessary adjustments to be made in this respect. Generally speaking, we expect the cost-income ratio to improve somewhat in 2014.

Capital expenditures

Compared to prior years, when we invested considerable resources in the modernization of our core banking system, in new products, in assuring compliance with new regulatory requirements, and in our completely redesigned website in terms of both technology and content, our capital expenditures will be somewhat less in financial year 2014. Planned capital expenditures will be targeted to the development of further product innovations in the areas of banking, investment and trading. Additional capital expenditures will be made to increase efficiency and assure compliance with statutory and regulatory requirements.

Dividend

DAB Bank AG pursues a long-term, profit-oriented dividend policy. Subject to this reservation, the amount of future dividends to be proposed by the Management Board and Supervisory Board will be based on the goal of distributing 100% of the distributable profit according to IFRS. The future dividend should be influenced by the anticipated development of our consolidated net profit. Again in 2014, the dividend will be paid without deduction of the investment income tax and solidarity surtax.

Taxes

The tax rate may be influenced by a changed mix of profit contributions by the two segments, which are taxed at different rates, or by a change in country-specific effective tax rates. The actual tax rate may vary considerably during the course of the year, but at the end of 2014 it is expected to be less than the tax rate for 2013. Based on the anticipated development of consolidated profit and the effective tax rate, we anticipate an effective tax rate of between 34.0% and 36.0%.

Anticipated development of equity

In order to be equipped for the challenges of the future, DAB Bank AG strengthened its capital base in 2013. This timely step was in response to the heightened regulatory and internal requirements for economic capital consumption and the bank's risk absorption capacity. The Capital Requirements Regulation (CRR), the Capital Requirements Directive (CRD IV) and the associated national implementation laws to take effect in 2014, as well as the new version of the Minimum Requirements for Risk Management that will come into full effect in this year, all have the effect of imposing stricter capital requirements on banks. The new requirements will also affect the equity ratio of DAB Bank by reducing it slightly. Nonetheless, we will strive to keep the equity ratio above the minimum regulatory requirement. Thus, DAB Bank will continue to have a strong capital base.

Besides raising capital requirements, the new regulations also introduce new liquidity standards and requirements applicable to the leverage ratio. DAB Bank will meet these requirements at all times. We observe the development of regulations and jurisprudence very closely, continually assess the corresponding effects on the bank and take prompt action to ensure future compliance.

Employees

We pursue a forward-looking human resources policy. We invest purposefully in individualized training and continuing education programs, in the work environment and in our management culture, in order to attract the best employees and managers, to promote them in accordance with their motivation and abilities, and to retain them for a long time. In line with our growth strategy, we will need a slightly higher number of highly motivated and qualified employees. Above all, we plan to hire new staff in customer-oriented departments, to accommodate our growth strategy, as well as new staff to assure compliance with regulatory and statutory requirements.

Summary

The forecast development of DAB Bank's key performance indicators is summarized in the table below.

	Results 2013	Forecast 2014
Customers	620,897	> 640,000
Bank accounts	204,721	> 220,000
Trades	4,964,739	Increase of at least 10%
Customer assets	32.49 € bn	> 34 € bn
Consolidated profit before taxes	19.217 € mn	Moderate increase over the prior-year figure
Tax rate	36%	34% - 36%

The excellent positions of our market segments Germany and Austria guarantee the future-proof positioning of DAB Bank. We will continue to take advantage of all growth opportunities as they arise, and we are resolved to further extend DAB Bank's strong position in the German and Austrian markets. We are confident of being able to achieve our ambitious goals and assure the successful performance of the DAB Bank Group also in the years following 2014.

Risks

With regard to future developments, we perceive the following potential risks, in particular:

If, contrary to our expectations, the general economic situation would worsen, that could have a dampening effect on the investment behavior of our customers and partners. The negative development or stagnation of stock markets and bond markets could subject the trading business of DAB Bank to fluctuations or drive it down, which would have a direct impact on the revenues generated in this business. Even though some of the lost revenues would be offset by cost savings in securities clearing and settlement and in the bank's commission expenses, such a scenario could nonetheless have a sustained negative impact on the bank's profitability. Furthermore, falling stock market indexes could lead to a decrease in the portfolio commissions earned by DAB Bank on the investment fund holdings of its customers. Also, any unexpected development of interest rates in the euro zone could have the effect of reducing the bank's income.

Please refer to the Risk Report for a detailed exposition of risks. The Risk Report is an integral part of the Group Management Report.

It cannot be ruled out that the bank's actual business performance may differ from expectations, due to unforeseeable developments in the economic and business environment of DAB Bank.

Opportunity report

Opportunity management

DAB Bank operates within a dynamic and vibrant market environment, in which new opportunities are constantly presenting themselves, in the form of both internal and external potentials. The ability to systematically identify and take advantage of such opportunities is a critical success factor underpinning the sustainable growth of our business. Our opportunity management program is closely aligned with our strategy for sustainable and profitable growth.

As part of our strategy and planning process, we continuously analyze the market, the competition and our operating environment, and use the results to refine our portfolio of products and services, cost and revenue drivers, and critical success factors. Based on such analysis, we identify concrete market opportunities and incorporate them into our business plans, in a process of intensive consultation between top executives and operational managers. We employ firm management structures to ensure that we can identify and pursue opportunities on the basis of the potential return, necessary investments and risk profile. The resources available for implementation and the complexity of the given project are other key factors taken into consideration for this purpose. As a general rule, we strive to maintain an appropriate balance between opportunities and risks. The principal opportunities we have identified are discussed in the following. Unless otherwise indicated, the opportunities described below pertain to both operating segments of DAB Bank. To the extent that opportunities are deemed to be probable, they have been incorporated into our business plans and are reflected in the forecast report. Therefore, the following sections are devoted to future trends or events that could lead to positive differences from the stated forecast.

Opportunities arising from positive economic developments

Our business activities are influenced by general economic conditions. The stated forecast for 2014 is based on the assumptions concerning the future development of general economic conditions that are described in the forecast report section of the present Management Report. If the currently difficult macroeconomic conditions improve more quickly and sustainably than anticipated in our forecast, that would have a more positive effect on the investment behavior of our customers, than assumed to date.

Considering DAB Bank's current funding structure, a sharper-than-expected rise in market interest rates could have a positive effect on the margins that can be attained in our deposit-taking and lending activities.

If macroeconomic conditions improve to an extent beyond our current expectations, that could have a positive effect on the size of our customer base and our operating results, which would then exceed the stated forecast.

Opportunities arising from market positioning

The trend toward online usage, and increasingly also mobile online usage, continues unabated and thus it still represents the business model of the future. As a result of this trend, the pace of customer growth in the direct banking market has accelerated considerably in recent years. According to "Trend Study Direct Banks 2013" (Investors Marketing, Frankfurt), the number of direct banking customers will continue to grow through 2015. About 6% of all bank customers name a direct bank as their main bank. Thus, the direct banking market is still the model of the future, despite intense competition in this segment. Given our many years of experience in this business, we are very well positioned to participate in the growth of this market.

Compared with other countries, the percentage of individual investors in Germany who utilize the services of independent asset managers is very low. Thus, Germany is a very promising market for asset managers, in particular. The monetary assets of German private households have been rising steadily, crossing the EUR 5 trillion mark for the first time in 2013. High-income, high net-worth individuals account for most of this increase. The growing volume of monetary assets held by this segment of the population means that the market potential for asset management firms is growing as well. In Germany, already more than 60% of all financial portfolio managers licensed to practice by the German Federal Financial Services Supervisory Office (BaFin) work with DAB Bank. As the market leader in the business of supporting asset managers, we are very well positioned to participate in the growth of this market.

The importance of private retirement savings is growing steadily, as evidenced by the results of the German Bundesbank study “Private Households and their Finances” (PHF). Saving for retirement is regarded as the most important reason for capital accumulation by more than 20% of households. Given the very low yields of government bonds and life insurance policies, which are very often below the rate of inflation, many investors are considering alternative investment vehicles offering the potential for higher returns. They are also focusing on stocks and stock funds offering long-term appreciation potential. Compared to other countries, moreover, the percentage of household savings invested in securities and stocks is very low in Germany. As Germany’s first direct broker, DAB Bank has traditionally focused on the business of securities-related services. Given the knowledge and expertise we have acquired over many years of operating in this segment, we are very well positioned to participate in the growth of this market.

If the market trends described above develop more quickly than expected at the present time, that could have a positive effect on the size of our customer base and our operating results, which would then exceed the stated forecast.

Opportunities arising from capital expenditures

The continued growth of our business is mainly dependent on our ability to develop innovative products and services, so as to continually generate added value for our customers and other stakeholders. We constantly strive to increase the effectiveness of our innovation activities and shorten our innovation cycles. Furthermore, we regularly solicit the opinions and expectations of our customers.

If we make better progress than planned in the implementation of new products and services, that could have a positive effect on the size of our customer base and our operating results, which would then exceed the stated forecast.

Opportunities arising from employees

Our highly motivated and highly skilled employees are the source of innovation and the basis for the sustainable growth and profitability of our enterprise. We want every one of our employees to pursue a long-term career development plan. To that end, we have established a career track system, with the goal of promoting the systematic, fair and transparent development of our employees’ potential, in a manner that is also conducive to the success of our business. We groom young talents systematically for future leadership roles and offer appealing prospects to our specialists. We offer flexible work-time models, tailored to the personal situation of every employee as much as possible. We also offer our medical check-ups and health counseling, as well as individualized healthcare benefits.

If we make better progress than expected with these activities, that could have a positive effect on the size of our customer base and our operating results, which would then exceed the stated forecast.

Opportunities arising from modern information technologies

Information technology is a very important element and critical success factor in the business model of any direct bank. Accordingly, IT is a crucially important aspect of DAB Bank’s operations.

If we make better progress than expected in the further development of our IT platforms, that could have a positive effect on the size of our customer base and our operating results, which would then exceed the stated forecast.

Statement of Comprehensive Income (IFRS)

in k€	Notes	Quarterly Report 10/01/2013-12/31/2013	Quarterly Report 10/01/2012-12/31/2012	Year to date 01/01/2013-12/31/2013	Year to date 01/01/2012-12/31/2012
Interest and similar income	20, 25	16,312	17,632	64,633	73,663
Interest expenses	20, 26	4,817	5,992	25,993	23,867
Net interest income/expenses		11,495	11,640	38,640	49,796
Commission income	21, 27	38,012	32,111	143,230	126,204
Commission expenses	21, 27	14,666	15,449	57,277	52,023
Net commission income/expenses	27	23,346	16,662	85,953	74,181
Trading profit/loss	22, 28	-41	612	1,042	520
Profit/loss from investments	23, 29	-276	6,315	5,340	14,949
Net other operating income/ expenses	30	-299	-844	-701	-659
Non-interest-dependent income		22,730	22,745	91,634	88,991
OPERATING INCOME		34,225	34,385	130,274	138,787
Personnel expenses	31	9,600	10,728	39,499	41,058
Other administrative expenses	31	15,936	12,719	57,674	56,642
Depreciation, amortization and impairments of property, plant and equipment and intangible assets	31	2,990	4,870	11,560	13,646
Administrative expenses	31	28,526	28,317	108,733	111,346
OPERATING PROFIT/LOSS		5,699	6,068	21,541	27,441
Appropriations to provisions	32	884	-422	1,955	-582
Credit risk provisions	34	388	-108	369	-9
PROFIT/LOSS BEFORE TAXES		4,427	6,598	19,217	28,032
Income taxes	35	1,497	2,810	6,946	9,907
PROFIT AFTER TAXES		2,930	3,788	12,271	18,125
Components of income and expenses recognized in other comprehensive income (OCI)					
Components to be reclassified as profit or loss in future periods					
Changes in value of AfS financial instruments	36	702	6,761	-6,313	39,082
Changes in value not recognized in profit or loss		1,950	9,479	-660	56,160
Gains / losses reclassified as operating profit or loss		-1,030	450	-8,693	1,176
Taxes on changes in value of AfS financial instruments		-218	-3,168	3,040	-18,254
Components not to be reclassified as profit or loss in future periods					
Actuarial effects of pension obligations	51	5	-	5	-
Taxes on actuarial effects		-2	-	-2	-
Other comprehensive income/ expenses (after taxes)		705	6,761	-6,310	39,082
COMPREHENSIVE INCOME		3,635	10,549	5,961	57,207
Earnings per share (basic)	38	0.03	0.04	0.13	0.22
Earnings per share (diluted)	38	0.03	0.04	0.13	0.22
Average shares outstanding (basic)		90,976,275	82,705,706	90,976,275	82,705,706
Average shares outstanding (diluted)		90,976,275	82,705,706	90,976,275	82,705,706

The audit opinion of the independent auditor refers exclusively to the cumulative period.

Statement of Financial Position (IFRS)

Assets

in k€	Notes	Annual Report 12/31/2013	Annual Report 12/31/2012
Cash reserve	39	275,730	218,435
Trading assets	10, 40	5,663	40,446
AFV financial instruments	11, 41	5,410	4,383
AfS financial instruments	11, 41, 59	3,140,551	3,035,548
HtM financial instruments	11, 41	131,322	170,770
Receivables from banks	8, 42	1,405,889	526,246
Receivables from customers	8, 43	279,200	291,393
Property, plant and equipment	12, 44	13,124	14,775
Intangible assets	14, 45	49,810	50,754
Income tax assets (current)	19, 46	1,235	3,702
Income tax assets (deferred)	19, 46	5,194	17,667
Other assets	47	14,374	15,329
Total assets		5,327,502	4,389,448

Equity and liabilities

in k€	Notes	Annual Report 12/31/2013	Annual Report 12/31/2012
Liabilities to banks	15, 48	17,579	56,223
Liabilities to customers	15, 49	4,980,118	3,978,609
Trading liabilities	16, 50	5,449	40,025
Provisions	17, 51	8,204	6,233
Income tax liabilities (current)	19, 52	5,025	8,176
Income tax liabilities (deferred)	19, 52	10,914	27,124
Other liabilities	18, 53	52,766	46,956
Liabilities		5,080,055	4,163,346
Subscribed capital	54	90,976	82,706
Additional paid-in capital	54	100,491	76,009
Retained earnings	54	25,466	25,022
Changes in measured value of financial instruments (OCI)	36, 54	18,684	24,997
Actuarial effects of pension obligations (OCI)	51	3	-
Unappropriated net profit		11,827	17,368
Equity	54	247,447	226,102
Total equity and liabilities		5,327,502	4,389,448

Statement of Changes in Equity (IFRS)

in k€	Subscribed capital	Additional paid-in capital	Retained earnings	Changes in measured value of financial instruments (OCI)	Actuarial effects of pension obligations (OCI)	Consolidated unappropriated net profit	Total shareholders' equity
As of 01/01/2012	82,706	76,009	24,265	-14,085	-	16,541	185,436
Changes in measured value of financial instruments not recognized in the income statement	-	-	-	39,082	-	-	39,082
Actuarial profit/loss	-	-	-	-	-	-	-
Change due to net profit/loss for the year	-	-	757	-	-	17,368	18,125
Distribution by DAB Bank AG	-	-	-	-	-	-16,541	-16,541
Changes resulting from capital increase	-	-	-	-	-	-	-
As of 12/31/2012	82,706	76,009	25,022	24,997	-	17,368	226,102
As of 01/01/2013	82,706	76,009	25,022	24,997	-	17,368	226,102
Changes in measured value of financial instruments not recognized in the income statement	-	-	-	-6,313	-	-	-6,313
Actuarial profit/loss	-	-	-	-	3	-	3
Change due to net profit/loss for the year	-	-	444	-	-	11,827	12,271
Distribution by DAB Bank AG	-	-	-	-	-	-17,368	-17,368
Changes resulting from capital increase	8,270	24,482	-	-	-	-	32,752
As of 12/31/2013	90,976	100,491	25,466	18,684	3	11,827	247,447

Additional information on the statement of changes in equity is provided in the Notes (No. 54).

Statement of Cash Flows (IFRS)

in k€ 01/01 - 12/31	2013	2012
Cash flow from operating activities		
Net profit/loss after taxes	12,271	18,125
Write-downs, valuation adjustments and write-ups of receivables	420	109
Depreciation and write-ups of non-current assets	11,560	13,764
Changes in other non-cash items	1,440	1,313
Profits/losses on sales of non-current assets	-6,451	-15,096
Other adjustments	-29,717	-40,124
Subtotal	-10,477	-21,909
Changes in operating assets and liabilities, adjusted for non-cash transactions		
Receivables from banks	-879,643	-82,922
Receivables from customers	11,773	-24,198
Trading assets	21,011	20,492
Other assets from operating activities	3,422	-4,352
Liabilities to banks	-38,644	31,790
Liabilities to customers	1,001,509	917,266
Trading liabilities	-20,804	-20,529
Other liabilities from operating activities	-547	28,710
Income taxes paid	-8,923	-9,672
Interest and dividends received	64,633	73,663
Interest paid	-25,993	-23,867
Cash provided by/used in operating activities	117,317	884,472
Cash flow from investing activities		
Cash receipts from sales of non-current assets	48,494	90,108
Cash payments for acquisition of non-current assets	-117,590	-881,535
Cash used in investing activities	-69,096	-791,427
Cash flow from financing activities		
Inflows from capital increases	32,752	-
Dividend payments	-17,368	-16,541
Change in cash from other financing activities	-6,310	39,082
Cash provided by/used in financing activities	9,074	22,541
Foreign exchange-induced changes in cash and cash equivalents	-	-
Increase/decrease in cash and cash equivalents	57,295	115,586
Cash and cash equivalents at January 1	218,435	102,849
Cash and cash equivalents at December 31	275,730	218,435

Additional information on the cash flow statement is provided in the Notes (No. 60).

Notes to the consolidated financial statements

Consolidated financial statements according to IFRS

The consolidated financial statements of DAB Bank at December 31, 2013, were prepared in conformity with the International Financial Reporting Standards (IFRS), insofar as they have to be applied in member countries of the European Union (IFRS/EU). In addition to the standards designated as IFRS, the International Financial Reporting Standards also encompass the International Accounting Standards (IAS) and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC).

As a capital market-oriented company, DAB Bank AG prepares consolidated financial statements in conformity with IFRS pursuant to Section 315a (1) HGB. By publishing consolidated financial statements according to IFRS, moreover, DAB bank AG fulfills the conditions imposed by Deutsche Börse AG for admission to the Prime Standard segment and the respective follow-up obligations.

The present annual financial report prepared according to IFRS also complies with the requirements for financial reporting by capital market-oriented companies arising from the Securities Trading Act (WpHG) that have been in force since financial year 2007 as a consequence of the implementation of the EU Transparency Directive (TUG).

Unlike the EU directives, the IFRS only prescribe certain minimum requirements concerning the classification scheme of the statement of financial position and the statement of comprehensive income. To achieve the required conformity with the EU directives, the items of the statement of financial position and the statement of comprehensive income prescribed by the Bank Accounting Directive were disclosed in the notes to the consolidated financial statements. Similarly, disclosures required by EU law and/or HGB were also included in the notes, unless already prescribed by IFRS.

A statement of corporate governance pursuant to Section 289a HGB of February 11, 2014 which also contains the Declaration of Conformity of December 20, 2013 with the German Corporate Governance Code (in the version of May 13, 2013) pursuant to Section 161 AktG, has been published and can be viewed on the company's website at https://www.dab-bank.de/Footer/Investor-Relations-English/Corporate-Governance/.

All existing and currently applicable IFRS regulations at December 31, 2013 were observed.

The DAB Bank Group does not plan to apply ahead of the required date the following new or amended Standards and Interpretations, application of which is mandatory only in later financial years. Unless otherwise indicated, the effects of these new and amended Standards and Interpretations on the consolidated financial statements of the DAB Bank Group are currently being assessed.

▸ Amendments to IAS 19: Employee Contributions

The amendments clarify the rules pertaining to the allocation to service periods of employee contributions or third-party contributions that are linked to the number of years of employee service.

Subject to adoption by the EU Commission, the amended version is applicable in financial years that begin on or after July 1, 2014.

▸ Amendments to IAS 27: Separate Financial Statements

In connection with the adoption of IFRS 10 Consolidated Financial Statements, the regulations applicable to the control principle and the requirements for the preparation of consolidated financial statements were moved from IAS 27 to IFRS 10 (see the comments on IFRS 10). As a result, IAS 27 will now only contain the rules applicable to the accounting treatment of subsidiaries, joint ventures and associated companies in the separate financial statements prepared in accordance with IFRS.

The amended version is applicable in financial years that begin on or after January 1, 2014.

▸ Amendments to IAS 28: Investments in Associates and Joint Ventures

In connection with the adoption of IFRS 11 Joint Arrangements, adjustments were also made to IAS 28. As before, IAS 28 will still govern the application of the equity method. However, the scope of application was considerably widened as a result of the adoption of IFRS 11, because in the future, the equity method will have to be applied not only to account for investments in associated companies, but also to joint ventures (see IFRS 11). Thus, the proportional consolidation of joint ventures will no longer be permitted.

In the future, consideration will also be given to potential voting rights and other derivative financial instruments in assessing whether a company can exercise significant influence and in measuring the investor's share of the company's assets.

Another change pertains to the accounting treatment to be applied in accordance with IFRS 5 when only part of an investment in an associated company or joint venture is held for sale. In such cases, IFRS 5 is partially applicable when only an investment or part of an investment in an associated company (or joint venture) meets the criterion of "held for sale."

The revised Standard is applicable in financial years that begin on or after January 1, 2014.

▸ Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities

This supplement to IAS 32 clarifies the conditions for offsetting financial instruments. It clarifies the meaning of the current legal right of set-off and specifies which gross settlement mechanisms can be regarded as net settlement mechanisms according to the Standard.

The amended version is applicable in financial years that begin on or after January 1, 2014.

▸ Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets

The amendments pertain to the disclosure of information about the measurement of the recoverable amount of impaired assets, if this amount is based on fair value less costs of disposal. According to these amendments, the discount factor applied in connection with current and past measurements must be disclosed if the measurement is based on fair value less costs of disposal using a present value method.

Subject to adoption by the EU Commission, the amended version is applicable for the time in financial years that begin on or after January 1, 2014.

▸ Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting

The amended version specifies that derivatives can still be designated as hedging instruments under existing hedges even after a novation, subject to the condition that the novation leads to the activation of a central counterparty (CCP) as a consequence of laws or regulations.

Subject to adoption by the EU Commission, the amended version is applicable for the first time in financial years that begin on or after January 1, 2014.

▸ IFRS 10: Consolidated Financial Statements

The revised Standard introduces a comprehensive new definition of control. If one company controls another, the former (parent company) must consolidate the latter (subsidiary). According to the new concept, control is given when the potential parent company exercises decision-making power over the potential subsidiary by virtue of voting rights or other rights, when it participates in positive or negative variable returns from its involvement with the subsidiary and when it has the ability to influence those returns through its decision-making power.

The new Standard may entail consequences for the scope of consolidation, including for special-purpose entities, for example.

The new Standard is applicable in financial years that begin on or after January 1, 2014. If an investment formerly classified in accordance with IAS 27/SIC-12 is now deemed to be a subsidiary in accordance with IFRS 10, IFRS 10 must be applied retrospectively. Earlier application is permitted only if IFRS 11 and IFRS 12 and the amendments to IAS 27 and IAS 28 that were adopted in 2011 are applied at the same time.

▸ IFRS 11: Joint Arrangements

IFRS 11 sets out new rules governing the accounting treatment of joint arrangements. The new concept distinguishes between a joint operation and a joint venture. A joint operation exists when the jointly controlling parties directly hold rights to the assets and directly bear obligations for the liabilities of the joint arrangement. In this case, the individual rights and obligations are recognized on a proportional basis in the consolidated financial statements. In a joint venture, by contrast, the jointly controlling parties hold rights to the net assets and equity. The equity method is employed to account for such rights in the consolidated financial statements. Thus, the previously allowed option of proportional recognition in the consolidated financial statements is no longer permitted.

The new Standard is applicable in financial years that begin on or after January 1, 2014. Specific transitional rules have been established to govern the transition from proportional consolidation to the equity method, for example. Earlier application is permitted only if IFRS 11 and IFRS 12 and the amendments to IAS 27 and IAS 28 that were adopted in 2011 are applied at the same time.

▸ IFRS 12: Disclosure of Interests in Other Entities

This Standard governs the disclosure obligations pertaining to interests held in other entities. The required disclosures are considerably more extensive than those that had been previously required by IAS 27, IAS 28 and IAS 31.

The new Standard is applicable in financial years that begin on or after January 1, 2014.

▸ IFRIC 21: Levies

This Interpretation clarifies the accounting treatment of levies imposed by a government authority. It specifies the government-imposed obligations that fall within the scope of the Interpretation and the timing of recognition of the corresponding obligations. IFRIC 21 is applicable to levies recognized in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and to levies for which the timing and amount are certain. It states that a liability must be recognized in respect of an obligation as soon as the obligating event, which triggers the payment obligation under the relevant legislation, occurs.

Subject to adoption by the EU Commission, IFRIC 21 is applicable for the first time in financial years that begin on or after January 1, 2014.

Recognition and measurement methods

(1) Uniform Group-wide accounting principles

The separate financial statements of the consolidated subsidiaries which were prepared in accordance with IFRS are incorporated into the consolidated financial statements of DAB Bank AG by application of uniform recognition and measurement principles. The figures are stated in thousands of euros (€ thousand).

(2) Continuity

In accordance with the IFRS Framework and the instructions contained in IAS 1 and 8, the principle of continuity is observed with respect to the recognition, measurement and presentation methods applied from year to year. If it should be necessary to change the recognition and measurement methods, the consequences of such changes are recognized in profit or loss. If it should be necessary to correct recognition and measurement errors from earlier accounting periods, the consequences of such corrections are charged or credited to retained earnings, instead of being recognized in profit or loss.

(3) Changes in recognition, measurement and presentation methods

Starting in 2013, some amended and new IFRS must be applied for the first time. The present financial statements have been affected primarily by the following IFRS amendments:

▸ Amendments to IAS 1: Presentation of Items of Other Comprehensive Income (OCI)

These amendments affect the presentation of other comprehensive income in the statement of comprehensive income. Those items of other comprehensive income that will later be reclassified (“recycled”) to the statement of comprehensive income must now be presented separately from those items that will never be reclassified. These items are presented as gross amounts, without being netted with the effects of deferred taxes, and the deferred taxes are attributed separately to the two groups of items.

- IAS 19: Employee Benefits (revised 2011)

In addition to requiring more extensive disclosures relative to employee benefits, the revised Standard also entails the following changes in particular:
In the past, fluctuations in the amount of pension obligations were always recognized within administrative expenses in the statement of comprehensive income. As of 2013, actuarial gains and losses are recognized directly in equity as Other Comprehensive Income (OCI). Furthermore, interest expenses are presented within interest expenses in the statement of comprehensive income, as of 2013. Past service costs are recognized directly in profit or loss in the year when they are incurred, and they are presented within administrative expenses.

- IFRS 13: Fair Value Measurement

This Standard provides a single framework for measuring fair value in IFRS financial statements. All fair value measurements required under other Standards must conform to the uniform requirements of IFRS 13; separate rules are defined only for IAS 17 and IFRS 2.

Under IFRS 13, fair value is defined as an exit price, meaning the price that would be received to sell an asset or paid to transfer a liability. As in the case of financial assets, it employs a fair value hierarchy divided into three levels, depending on the availability of observable market prices. Compared to the previous practice, the new fair value measurement rules have not produced different values with respect to the recognition and measurement of assets within the DAB Bank Group. The only changes pertain to the modified presentation method, which is essentially based on the new fair value hierarchy.

The new rules of IAS 27 (amended), IAS 28 (amended), IAS 32 and IFRS 7 (amended), IFRS 10, IFRS 11, IFRS 12 und IFRIC 20 have not produced any material effects on the present financial statements. Except for the pronouncements that must be applied for the first time in 2013, we have applied the same recognition and measurement methods that were applied in the consolidated financial statements for 2012.

(4) Consolidation group

The consolidation group of the DAB Bank Group at December 31, 2013 was composed of DAB Bank AG, Munich (the parent company), and the subsidiary direktanlage.at AG, Salzburg (share of equity 100%). direktanlage.at AG is included in the consolidated financial statements of DAB Bank AG by way of full consolidation. All the companies in the consolidation group prepared their separate financial statements at the same reporting date of December 31, 2013.

(5) Consolidation principles

When accounting for acquisitions, the acquisition cost of an affiliated company is set off against the Group’s share of equity in that company at the time of acquisition and the Group’s proportional share of the assets (including intangible assets previously not recognized), liabilities and contingent liabilities of the purchased company is remeasured at fair value. The difference between the higher acquisition cost and the remeasured value of equity is recognized as goodwill and subjected to an annual impairment test.

Trade receivables and payables among the companies of the consolidation group are netted as part of the debt and income consolidation process.

(6) Currency translation

Currency translation is performed in accordance with IAS 21. Upon initial recognition, transactions are translated at the spot rate at the date of the transaction. In subsequent periods, monetary assets and liabilities that are not denominated in euros, as well as spot transactions that have not yet been settled at the reporting date, are generally translated into euros (functional currency) at the market exchange rates on the reporting date. Non-monetary assets and liabilities carried at cost are measured at the exchange rate applicable on the transaction date. Non-monetary items carried at fair value are measured at the exchange rate on the measurement date.

Expenses and income resulting from the currency translation of monetary items are recognized in the corresponding items of the statement of comprehensive income.

The euro is the functional currency of all companies included in the consolidated financial statements.

(7) Financial instruments

A financial instrument is a contract that gives rise to both a financial asset on the books of one enterprise and a financial liability or equity instrument on the books of another enterprise. According to IAS 39, all financial instruments, including derivatives, must be recognized in the statement of financial position. Furthermore, they must be classified according to given measurement criteria and measured on the basis of this classification. Upon initial recognition, financial instruments are measured at fair value. In the case of financial assets or liabilities that are not measured at fair value through profit or loss, fair value also includes transaction costs. In the event of a difference between fair value upon initial recognition and the transaction price, a so-called “day-one profit or loss” must be recognized. Additional information on the fair value measurement requirements arising from IFRS 13 with respect to market values, valuation hierarchies and any sensitivity analyses of financial instruments can be found in the notes to the consolidated financial statements under No. 62 “Additional disclosures on financial instruments.”

Loans and receivables (LaR) comprise non-derivative financial instruments with fixed or determinable payments, which are not listed on an active market, which the company does not intend to sell in the short term and which are not classified as available-for-sale (AfS). Loans and receivables are carried at amortized cost and presented in the items of cash reserve, receivables due from banks, receivables due from customers and other assets. The types of financial assets are explained in Notes 39, 42, 43 and 47.

Held-for-trading financial instruments are measured at fair value through profit or loss. These items are presented in the items of trading assets and trading liabilities. These items contain derivatives from customer transactions that we settle directly with an outside counterparty.
These financial assets and liabilities are explained in Notes 40 and 50.

The amendments to IAS 39.50 and IFRS 7 Reclassification of Financial Assets issued by the IASB, as well as the corresponding adoption by the European Union in mid-October 2008 and the transposition into European law, will give companies operating in the financial sector the option, under certain conditions, to reclassify various financial instruments in the categories of held-for trading and available-for-sale financial assets. The DAB Bank Group has still not exercised this option.

Financial instruments categorized as “at fair value through profit or loss” (AFV) are likewise measured at fair value through profit or loss. Fair value changes are recognized directly in period profit or loss. No further AFV designations were made in financial year 2013.

Investments in financial assets held to maturity (HtM) are non-derivative financial assets with fixed or determinable payments and fixed terms, for which the intent and ability to hold them to maturity exists unless they are classified as AFV or AfS assets, or they satisfy the definition of loans and receivables. HtM financial instruments are measured at amortized cost; issue premium and discount amounts are factored in pro rata temporis. Impairment losses are recognized to account for decreases in value due to credit quality deterioration. If the reasons for such impairments no longer exist, the impairment loss is reversed up to the maximum amount of amortized cost. The nature of the financial assets is explained in Note 41.

All other financial assets held by the DAB Bank Group are classified as available-for-sale securities and receivables and are measured at fair value. Any value changes resulting from such measurement are recognized in other comprehensive income until such time as the asset is sold or impaired according to IAS 39. This type of financial asset is explained in Note 41.

Purchases and sales of financial instruments are recognized on the trade date. In the measurement categories of loans and receivables, HtM and AfS, issue premiums and discounts are recognized as prepaid expenses or deferred income and reversed over their respective terms and the corresponding reversals are recognized in net interest income. The fair value of financial instruments can be determined reliably. For more information on this subject, please refer to Note 62: Additional disclosures on financial instruments. Impairment losses are recognized in financial assets measured at amortized cost or classified as available-for-sale. Any necessary impairment is determined in two steps. First, we check to see if there are any objective indications of an impairment of the financial asset. In the second step, we check to see if the financial instrument is in fact impaired.

Objective indications of an impairment are facts that normally lead to an actual impairment. In the case of debt instruments, such facts can be events that could make it impossible for the debtor to fulfill its obligations in the full amount or at the agreed time. In the case of equity instruments, objective indications of an impairment can be significant or longer-lasting decreases in market value compared to the carrying amount.

Only events that have already occurred, not events expected to occur in the future, can be objective indications.

In the following, the process of determining impairments is described for each relevant category of financial instruments.

In the case of loans and receivables, an objective indication of an impairment exists as soon as a default according to the definition set out in Basel II or SolvV has occurred. Default has occurred when the debtor's payment is at least 90 days past due or when the DAB Bank Group assumes that the debtor will not be able to fulfill its payment obligations in full unless collateral execution measures are taken. Besides being 90 days past due, other criteria for an event of default include the application for or commencement of insolvency proceedings, an expectation of payment difficulties that results from the credit monitoring process or the necessity of undertaking work-out or collateral execution measures such as loan cancellation, waiver of interest or compulsory execution of collateral by the DAB Bank Group. Further details on receivables due from customers are provided in Note 9 Credit risk provisions.

In the case of HtM financial instruments, any necessary impairment loss is recognized in the amount of the difference between the carrying amount and the present value of expected future cash flows. In determining future cash flows, due consideration is given to events that have occurred (objective indications). The expected future cash flows may consist of principal and/or interest payments still expected to be received. The impairment loss is recognized in the amount of the difference between the present value of the expected future cash flows and the carrying amount.
In the case of AfS assets, a distinction is generally made between debt instruments and equity instruments.

Debt instruments are deemed to be impaired when, by reason of events that have occurred, the debtor is no longer able to fulfill its contractual obligations in the full amount or at the agreed date. Practically speaking, impairments arise in the same cases as with the loan receivables due from the same borrower (issuer).

Any necessary impairment loss is recognized in the amount of the difference between amortized cost and the current fair value. In the event of an impairment loss, any such difference that was initially recognized in the AfS reserve is recognized instead in profit or loss.

If the reason for an impairment no longer exists, the impairment loss is reversed and recognized in profit or loss in the amount of the difference between the higher market value and the carrying amount at the last reporting date, up to the amount of historical cost. If the current market value at the reporting date exceeds the historical cost, the difference between these two amounts is recognized in the AfS reserve in equity.

In the case of equity instruments measured at fair value, an impairment is deemed to exist when the current fair value is significantly less than the carrying amount, or when the fair value is less than the carrying amount consistently over a longer period of time. In this case, the difference between the current fair value and the acquisition cost is recognized in profit or loss. The impairment loss so recognized in profit or loss is applied to the acquisition cost in the future. If the fair value rises in the future, the difference between a higher fair value and the acquisition cost corrected in the manner described above is recognized in the AfS reserve in equity.

Financial assets are derecognized only when the company no longer holds or has transferred the contractual rights to the cash flows as per the definition of IAS 39.17.

All holdings designated as HfT, AFV, AfS or HtM are included in the portfolio management process conducted on the basis of our integrated risk management strategy. The same applies to the LaR category whenever profit contributions are attributable to treasury operations. The related information is provided internally to the persons in key positions according to the definition of IAS 24.
The presentation of profits and losses on financial instruments in the statement of comprehensive income is described in more detail in Note 62 under Net results by measurement categories.

Detailed information on the risk management of financial instruments is presented on pages 62 to 71 and 74 to 76 of the Risk Report, which is an integral part of the Management Report. The credit quality of specific financial assets is presented on page 68.

(8) Receivables

The receivables from banks and receivables from customers are carried at amortized cost, as a general rule. Interest income is no longer recognized when collection of the corresponding receivable can no longer be expected, regardless of legal entitlement. Interest receivables are accrued pro rata temporis and recognized in the corresponding items.

(9) Credit risk provisions

The credit risk provisions include specific provisions that have been formed to account for all apparent credit risks.

Specific provisions for receivables due from customers are formed at the amount of the anticipated losses, in consideration of the securities furnished as collateral. They are reversed to the extent that the acute default risk no longer exists or utilized when the receivable is considered to be uncollectible. Receivables are classified as uncollectible when it is considered improbable that they can be collected in the foreseeable future or if they have been fully or partially waived. Uncollectible receivables are charged off directly. To the extent that amounts are recovered on charged-off receivables, such amounts are recognized in profit or loss.

The individual value adjustments calculated for receivables from customers are posted to a value adjustment account that directly reduces the carrying amount of the receivable on the assets side.

(10) Trading assets

Trading assets include held-for-trading securities and the positive market values of derivatives traded with customers or counterparties. Trading assets are measured at market prices. Measurement and realization profits and losses from trading assets are recognized in the statement of comprehensive income under Trading profit/loss.

(11) AFV, AfS, and HtM financial instruments

Financial instruments in the category of AFV and AfS are measured at fair value. Any decrease or increase in the value of AFV financial instruments is recognized in profit or loss. In contrast, any changes in the value of AfS financial instruments are not recognized in profit or loss, as a general rule. Fair value changes in AfS financial instruments are not recognized in profit or loss until such time as the asset in question is sold or written down in accordance with IAS 39. Financial instruments in the category of HtM are carried at amortized cost. In this regard, issue premiums and discounts are factored in pro rata temporis. Impairment losses are recognized to account for decreases in value due to credit quality deterioration.

(12) Property, plant and equipment

In accordance with IAS 16.30, items of property, plant and equipment are measured at acquisition or production cost, less scheduled straight-line depreciation based on the expected useful lives of the assets in question, provided they are depreciable. In the case of leasehold improvements, the lease term, including any renewal options, is applied as the useful life if that is shorter than the customary useful life. Impairment losses are recognized in cases where items of property, plant and equipment have sustained impairments according to the definition of IAS 16.63. When the reasons for recognizing such an impairment loss no longer exist, the original value is reinstated up to no more than the amortized acquisition or production cost of the asset in question. Subsequently incurred acquisition or production costs are added to the asset's value. Gains and losses on sales of property, plant and equipment are recognized in the statement of comprehensive income under Net other operating income/expenses. Depreciation charges and impairments are presented in the statement of comprehensive income within administrative expenses. Costs incurred to preserve property, plant and equipment are recognized as expenses in the year in which they are incurred.

Property, plant and equipment	Economic life
Leasehold improvements	10 - 15 years
Facilities	06 - 15 years
Office machines	05 - 11 years
Hardware	03 - 10 years
Other plant and office equipment	02 - 25 years

(13) Leases

Lease contracts are accounted for on the basis of the economic substance of the agreements, in accordance with the provisions of IAS 17 in conjunction with IFRIC 4. For that purpose, the assessment of significant risks and rewards is conducted on the basis of the criteria set out in IAS 17.10 and 17.11.

In the case of contracts classified as operating leases, under which DAB Bank is deemed to be the lessee, we present the corresponding obligation within the item of other financial obligations. These obligations pertain to car leases and office rent. The lease payments, which also include components which do not pertain to the lease, are recognized within administrative expenses on a straight-line basis over the lease term.

(14) Intangible assets

Intangible assets consist of software and goodwill.

Software is carried at amortized cost. It is amortized on a straight-line basis over expected useful lives of 3 to 8 years. The amortization charges are presented within the sub-item of depreciation and amortization of property, plant and equipment and intangible assets, as part of administrative expenses. The useful lives are reviewed either when warranted by events or as of the reporting date. In financial year 2012, the adjustment of the useful lives of existing intangible assets resulted in additional amortization charges of €907 thousand; impairment losses were recognized in the amount of €854 thousand.

The goodwill in the total amount of €18,137 thousand is attributable in full to direktanlage.at AG. Of this total, an amount of €6,386 thousand pertains to the goodwill recognized in connection with the acquisition of vbankdirekt AG by direktanlage.at AG on November 21 2001. The remaining goodwill in the amount of €11,751 thousand resulted from the full consolidation of direktanlage.at AG. Impairments are presented within the item of amortization of goodwill in the statement of comprehensive income.

Goodwill is subjected to an impairment test according to IAS 36 at least annually. Impairment losses are recognized when impairments are found to exist. The procedure followed in conducting impairment tests is described in Note 33.

(15) Liabilities

Liabilities are carried at amortized cost, which basically corresponds to the repayment amount. A breakdown of carrying amounts by remaining terms to maturity is presented in the sections pertaining to the relevant liabilities.

(16) Trading liabilities

The trading liabilities contain the negative market values of derivatives traded with customers or counterparties. Trading liabilities are measured at market prices. Measurement and realization profits and losses from trading liabilities are recognized in the statement of comprehensive income under Trading profit/loss.

(17) Provisions

Provisions are recognized to account for current legal or constructive obligations arising from a past event, when the future outflow of economic resources is probable and the amount can be estimated reliably. Provisions have been recognized to account for all discernible risks, based on the best estimate of the amounts required to settle the corresponding obligations, in accordance with IAS 37.36 ff.

The provisions for pensions and similar obligations have been recognized on the basis of expert actuarial opinions. Actuarial gains and losses are recognized in equity as other comprehensive income (OCI). The expenses related to the pension provisions are recognized as expenses under interest expenses and personnel expenses. Detailed information on the development of pension provisions is provided in Note 51.

(18) Other liabilities

The Other liabilities include accruals, which require an explanation. Like provisions, accruals are established to account for future expenditures that are uncertain with respect to their timing or amount; but in the case of accruals, this uncertainty is less than for provisions. Accruals are formed to account for liabilities relating to goods or services received, which have neither been paid, formally agreed, nor invoiced by the supplier. This item also includes short-term liabilities due to employees, such as bonus payments and vacation benefits, as well as liabilities relating to taxes that are not dependent on income. The accruals are stated at the expected amount required to settle the corresponding obligations.

(19) Income taxes

Income taxes are recognized and measured in accordance with IAS 12. Current tax assets and current tax liabilities are netted when the company has a legal right to settle on a net basis or when the corresponding liability is to be settled concurrently with recovery of the corresponding asset. Barring the few exceptions set out in the Standard, deferred taxes are recognized in respect of all temporary differences between the carrying amounts of assets or liabilities according to IFRS and the respective tax bases (balance sheet method). Deferred tax assets are recognized when it is probable that the company will generate taxable income against which the tax loss can be applied. Deferred taxes are recognized in respect of unutilized tax loss carry-forwards to the extent that future recovery according to the definition of IAS 12 is probable.

Because this method is based on future tax assets and liabilities (liability method), deferred taxes are calculated by application of the tax rates expected to be in effect when the differences reverse.

(20) Interest and similar income and expenses (including dividend income)

Interest and similar income and interest expenses are generated primarily on the fixed-income securities held in the bank's treasury portfolio and on the deposit business with customers and banks. In addition, interest income is generated on margin loans to customers. Interest income and interest expenses are recognized pro rata temporis for all relevant financial instruments. Dividend income is recognized upon creation of a legal claim to payment.

(21) Commission income and expenses

Net commission income includes all commission and similar income and expenses arising from the service business. The service business comprises securities-related services and securities accounts, including the execution of trade orders, and the brokerage of third-party products. Since the first quarter of 2012, moreover, DAB Bank conducts securities lending operations with other banks, which are secured by hedges. The profit contributions resulting from securities lending operations are presented within commission income. Commissions are collected on services that are provided over a certain period of time and also on services conducted at a specific point in time. In this context, commission income and expenses are recognized pro rata temporis, in accordance with the matching principle.

(22) Trading profit/loss

Trading profit/loss includes all realization and measurement changes in securities holdings and derivatives that were acquired with the intent to earn short-term profits or for which there are indications that short-term profit taking occurred in the recent past (HfT financial instruments) (IAS 39.9), and that were designated as at fair value through profit or loss in order to avoid recognition or measurement discrepancies, and that are included in the portfolio management process conducted on the basis of our integrated risk management strategy (AFV financial instruments) (IAS 39.9(b)).

(23) Profit/loss from investments

The profit/loss from investments includes all realization effects attributable to financial instruments in the categories AfS and HtM.

(24) Estimates and exercise of discretionary judgment by the management

In preparing the consolidated financial statements, the management of DAB Bank AG exercises discretionary judgment and makes estimates of future developments. As a result, there is a risk that future adjustments may have to be made to the assets and liabilities presented herein.

Discretionary judgments are made particularly in respect of the following matters:

- The classification of assets according to the measurement categories of IAS 39, in observance of the formal criteria established in the IFRS Standards.

- The method and parameters for measuring financial instruments in the event that no active market exists according to the definition of IFRS 13 Appendix A. This also entails a discretionary judgment as to whether an active market exists. Additional information on this subject is presented in Note 62.

Estimates are made particularly in respect of the following matters:

- The useful lives of property, plant and equipment and intangible assets, and the associated amounts of scheduled depreciation and amortization, impairments and any adjustments of amortization periods (carrying amount: €44,797 thousand). Additional information on this subject is presented in Notes 12, 14, 44 and 45.

- The method employed and the related measurement parameters for conducting the impairment test of goodwill (carrying amount: €18,137 thousand) and generally for all assets for which there is an objective indication of an impairment, necessitating an impairment test.

- Cash flow projections for impairment tests with a time horizon of more than five years.

- The estimation of the timing and amount of future cash flows, for purposes of measuring the value of receivables due from customers (carrying amount: €2,408 thousand).

- The calculation method and the parameters applied to calculate pension provisions and the weighting to be applied with respect to the criteria for recognizing and reversing provisions and determining the terms of provisions. Additional information on this subject is presented in Notes 17 and 51.

- The calculation of temporary differences and the deferred taxes to be recognized in respect thereof. Additional information on this subject is presented in Notes 19, 35, 46 and 52.

- The substantive value and utilization of deferred taxes in respect of tax loss carry-forwards (carrying amount: €1,917 thousand).

Notes to the Statement of Comprehensive Income

(25) Interest income and similar income

in k€ 01/01 – 12/31	Stocks	Bonds	Loans and receivables	2013	2012
Receivables from banks	-	-	8,867	8,867	4,858
Receivables from customers	-	-	7,660	7,660	9,036
AFV financial assets	-	294	-	294	121
AfS financial assets	42	42,864	-	42,906	51,945
HtM financial assets	-	4,882	-	4,882	7,672
Other assets	-	-	24	24	31
Total	42	48,040	16,551	64,633	73,663

(26) Interest expenses

in k€ 01/01 – 12/31	2013	2012
Liabilities to banks	89	67
Liabilities to customers	24,449	23,441
Other liabilities	1,455	359
Total	25,993	23,867

The interest expenses for Liabilities to customers and Liabilities to banks are mainly related to the deposit business.

(27) Net commission income

in k€ 01/01 - 12/31	2013	2012
Commission income from	143,230	126,204
securities and custodial services	71,658	61,236
brokerage of third-party products	59,090	51,601
foreign trade/payments	6,711	6,239
other service operations	5,771	7,128
Commission expenses for	57,277	52,023
securities and custodial services	16,594	11,999
brokerage of third-party products	38,933	38,085
foreign trade/payments	1,059	842
other service operations	691	1,097
Total	85,953	74,181

The item of Other service operations contains the profit contributions from securities lending transactions, in the amount of €4,984 thousand (PY: €5,584 thousand).

(28) Trading profit/loss

in k€ 01/01 - 12/31	2013	2012
HfT financial instruments	-69	374
Debt securities and other fixed-income securities	10	201
Derivative financial instruments	-79	173
AFV financial instruments	1,111	146
Debt securities and other fixed-income securities	1,037	87
Equities and other non-fixed income securities	74	59
Total	1,042	520

The net gains on securities measured at fair value through profit or loss only contain the fair value changes recognized in profit or loss.

(29) Profit/loss from investments

in k€ 01/01 - 12/31	2013	2012
AfS financial instruments	5,340	14,949
Debt securities and other fixed-income securities	5,340	14,929
Shares in consolidated subsidiaries	-	20
HtM financial instruments	-	-
Total	5,340	14,949

The net profits on sales of securities classified as available-for-sale consist exclusively of realized gains and losses. The net interest earned on AfS and HtM financial instruments is presented within Net interest income, as a general rule.

(30) Net other operating income/expenses

in k€ 01/01 - 12/31	2013	2012
Other operating income	1,168	1,032
Income from product management	553	374
Other	615	658
Other operating expenses	1,869	1,691
Losses from defective handling of securities trades or accommodation payments	925	815
Other	944	876
Total	-701	-659

(31) Administrative expenses

in k€ 01/01 - 12/31	2013	2012
Personnel expenses	39,499	41,058
Wages and salaries	32,544	34,197
Social security	5,604	5,667
Pension and other benefit costs	1,351	1,194
Other administrative expenses	57,674	56,642
Marketing expenses	13,754	11,325
Communication expenses	4,583	4,211
IT expenses	11,398	16,204
Securities clearing and settlement expenses	10,448	9,761
Remaining other administrative expenses	17,491	15,141
Depreciation and amortization	11,560	13,646
of equipment	2,868	2,503
of software and other intangible assets (excluding goodwill)	8,692	11,143
Total	108,733	111,346

Personnel expenses include settlement payments for 2013 in the amount of €236 thousand (PY: €824 thousand).

The total expenses consisting of lease payments in connection with the company's obligations under operating leases and rental expenses amounted to €3,917 thousand in the reporting period (PY: €4,266 thousand). With regard to financial year 2012, the item Amortization of software and other intangible assets includes non-recurring effects in the amount of €1,761 thousand. Pursuant to IFRS 8, the software must be assigned to the DAB Bank AG segment.

(32) Appropriations to provisions

The expenses incurred in 2013 for appropriations to provisions, in the amount of €2,430 thousand (PY: €1,059 thousand), were related mainly to provisions for compensation of loss or damage. In those cases when the original reasons for recognizing the provisions were no longer in effect, provisions were reversed in the amount of €475 thousand (PY: €1,641 thousand).

(33) Impairment losses in goodwill

In accordance with IFRS 3 in conjunction with IAS 36.10 (b), goodwill is no longer subjected to systematic amortization; instead, an impairment test is conducted every year, or when circumstances warrant, to ascertain the occurrence of any impairments. At December 31, 2013, a goodwill item was recognized only in connection with direktanlage.at AG.

We apply the value-in-use as the basis for determining the substantive value of the respective goodwill. The value-in-use is determined with reference to the projected future cash flows. These cash flows are based on both quantitative and qualitative assumptions made by the management with regard to the business development of the company.

As a general rule, we extrapolate from the trends of prior years, taking seasonal and business-cycle fluctuations into account with regard to all value drivers and/or income components. In addition, external information sources are consulted to support or correct the assessment of future performance based initially on internal data. For this purpose, scenarios are developed that indicate a possible upper and lower limit to the income estimates, among other things.

Key assumptions applied for this purpose include the company's market positioning in relation to the basic operating conditions in the respective industry environment, as well as the scalability of the business model, customer and employee satisfaction and the company's financial performance in past years.

The parameters applied for the impairment test are summarized below.

in %	12/31/2013	12/31/2012
Goodwill of direktanlage.at AG		
Average initial growth rate	38	24
Final growth rate	0	0
Risk-adjusted discount factor to determine present values	11	12

The risk-adjusted discount factor serves as a measure for the opportunities and risks inherent in the investments. It reflects the estimates of the respective future returns. The risk-adjusted discount factor reduced to 11.2% in 2013 (PY: 12.0%).

Based on the foregoing, an impairment test was conducted as of December 31, 2013. Based on the results of this impairment test, the carrying amount of the goodwill of direktanlage.at AG was confirmed as in the previous year in the full amount of €18,137 thousand.

(34) Credit risk provisions

in k€ 01/01 - 12/31	2013	2012
Additions	894	292
Reversals	474	183
Amounts recovered on charged-off receivables	51	118
Total	369	-9

(35) Income taxes

The income taxes break down as follows:

in k€ 01/01 - 12/31	2013	2012
Current tax expenses	7,643	8,655
Deferred tax expenses	-697	1,252
Total	6,946	9,907

The stated current tax expenses consisted of German local trade taxes, in the amount of €4,996 thousand (PY: €5,040 thousand), and corporate income taxes in Germany and abroad, in the amount of €2,647 thousand (PY: €3,615 thousand). In calculating the German corporate income taxes, the applicable rule limiting the deduction of losses (minimum taxation) had to be observed, as in the prior year. The deferred tax expenses resulted mostly from the utilization of tax loss carry-forwards from prior years.

The current income tax expenses included effects related to corporate income taxes and local trade taxes for prior years, in the amount of €2,078 thousand (PY: €780 thousand).

The total amount of corporate income tax loss carry-forwards for which deferred taxes were recognized amounted to €12,113 thousand at the reporting date (PY: €23,603 thousand).

The differences between the calculated and actual income taxes are presented in the reconciliation statement below:

in k€ 01/01 - 12/31	2013	2012
Result before taxes	19,217	28,032
Applicable tax rate	32.98%	32.98%
Income taxes derived from applicable rate	6,337	9,244
Tax effects from		
previous years	287	800
foreign income	-339	-483
non-deductible expenses	584	185
other differences	77	161
Effective income taxes	6,946	9,907

The domestic income tax rate applied for the reconciliation statement was composed of the corporate income tax rate of 15.0%, the solidarity surtax of 5.5% and the local trade tax rate of 17.15%.

The foreign income tax effects resulted from the different tax rates in Germany and Austria.

Deferred tax assets and deferred tax liabilities were attributed to the following line items, in accordance with IAS 12.81 (g):

in k€ at 12/31	2013 Deferred tax assets	2013 Deferred tax liabilities	2012 Deferred tax assets	2012 Deferred tax liabilities
Tax loss carry-forwards	1,917	-	3,735	-
Credit risk provisions	-	10	-	76
Trading assets	-	1,856	-	13,283
Property and equipment	-	25	-	25
Intangible assets	-	263	-	242
AFV, AfS, and HtM financial instruments	58	8,758	50	13,498
Other assets	-	2	-	-
Trading liabilities	1,797	-	13,199	-
Provisions	879	-	683	-
Other liabilities	543	-	-	-
Total	5,194	10,914	17,667	27,124

The change in deferred taxes recognized in respect of temporary differences gave rise to expenses of €6,131 thousand (PY: €6,834 thousand) and income of €8,646 thousand (PY: €8,213 thousand). The application of deferred tax assets recognized in respect of tax loss carry-forwards gave rise to expenses in the amount of €1,818 thousand (PY: €2,630 thousand).

The item Credit risk provisions is a component of the balance sheet item Receivables from customers.

(36) Changes in value of AfS financial instruments

At the reporting date, the net balance of deferred taxes attributable to AfS financial instruments, which is recognized in equity, amounted to €-8,631 thousand (€0 thousand in deferred tax assets and €8,631 thousand in deferred tax liabilities). In the prior-year financial statements, the net balance was €-11,671 thousand (€0 thousand in deferred tax assets and €11,671 thousand in deferred tax liabilities).

(37) Utilization of net profit (as per HGB/AktG)

The unappropriated net profit of DAB Bank AG for financial year 2013, which is calculated in accordance with national laws, including in particular the provisions of the German Commercial Code (HGB) and the German Stock Corporations Act (AktG), amounted to €11,827 thousand. At the annual shareholders' meeting to be held on May 15, 2014, the Management Board and Supervisory Board of DAB Bank AG will propose distributing a dividend of 0.13 euros per no-par bearer share. The consolidated unappropriated net profit of the DAB Bank Group calculated in accordance with IFRS is likewise €11,827 thousand.

Dividend corresponding to the unappropriated net profit for 2012
The shareholders present and represented at the annual shareholders' meeting of DAB Bank AG on May 16, 2013 approved a dividend of €0.21 per no-par bearer share for financial year 2012. The full amount of the dividend corresponds to the unappropriated net profit of DAB Bank AG according to German commercial law and to the unappropriated profit of the Group according to IFRS. The total amount of €17,368 thousand computed on this basis was distributed to the shareholders as a dividend.

(38) Earnings per share

01/01 - 12/31	2013	2012
Consolidated net profit (attributable to shareholders of DAB Bank AG) in k€	12,271	18,125
Average number of shares outstanding*	90,976,275	82,705,706
Earnings per share (basic) in €	0.13	0.22
Consolidated net profit (attributable to shareholders of DAB Bank AG) in k€	12,271	18,125
Number of potential shares	-	-
Adjusted average number of shares outstanding*	90,976,275	82,705,706
Earnings per share (diluted) in €	0.13	0.22

* The treasury shares purchased in 2013 for the purpose of correcting improperly executed trade orders did not have an appreciable effect on the average shares outstanding.

Notes to the Statement of Financial Position

(39) Cash reserve

in k€ **at 12/31**	2013	2012
Cash on hand	2,728	2,328
Balances with central banks	273,002	216,107
Total	275,730	218,435

(40) Trading assets

in k€ **at 12/31**	2013	2012
Trading assets (HfT)		
Bonds and other fixed-income securities	35	163
Derivative financial instruments	5,628	40,283
Total	5,663	40,446

The trading assets include the securities held in connection with our offering of bonds, stocks and investment funds, as well as the positive fair values of derivatives concluded with customers or counterparties.

At the reporting date, the securities presented under Trading assets were not subject to any restrictions on disposal.

In the table below, the Bonds and other fixed-income securities are broken down by maturities:

in k€ **at 12/31**	2013	2012
Due in		
up to 3 months	-	7
more than 3 months to 1 year	-	103
more than 1 year to 5 years	27	11
more than 5 years	8	42
Total	35	163

A breakdown of derivative financial instruments by residual maturities is presented on page 69 of the Management Report (Risk Report).

(41) AFV, AfS, and HtM financial instruments

Breakdown of financial assets

in k€ at 12/31	2013	2012
AFV financial assets	5,410	4,383
Bonds and other fixed-income securities	3,706	2,673
Stocks and other variable-yield securities	1,704	1,710
thereof: long-term financial assets	-	-
AfS financial assets	3,140,551	3,035,548
Equity investments	20	20
Bonds and other fixed-income securities	3,140,204	3,035,206
Stocks and other variable-yield securities	327	322
thereof: long-term financial assets	-	-
HtM financial assets	131,322	170,770
Bonds and other fixed-income securities	131,322	170,770
Total	3,277,283	3,210,701

*Long-term financial instruments (non-current financial assets) refer to shares in affiliated non-consolidated companies and investments.

As of the reporting date, we conducted an impairment test of the securities classified as HtM financial instruments to ascertain whether there were any objective indications of an impairment. The impairment test confirmed the substantive value of the tested securities and therefore the substantive value of all these holdings in the total carrying amount of €131,322 thousand. At the reporting date, the market value of all HtM holdings amounted to €137,212 thousand.

The carrying amounts at December 31, 2013 break down as follows:

in k€	Equity investments	Bonds and other fixed-income securities	Stocks and other variable-yield securities	Total
Marketable securities	-	3,275,232	1,234	3,276,466
Listed securities	-	3,268,475	1,169	3,269,644
Unlisted securities	-	6,757	65	6,822
Unmarketable securities	20	-	797	817

The equity investments in the amount of €20 thousand are held by our subsidiary direktanlage.at AG.

The Bonds and other fixed-income securities and the Stocks and other variable-yield securities break down as follows:

in k€ at 12/31	2013	2012
Bonds and other fixed-income securities	3,275,232	3,208,649
Money market instruments	293,339	252,412
of public issuers	-	10,033
of other issuers	293,339	242,379
Bonds and debt issues	2,981,893	2,956,237
of public issuers	235,229	196,798
of other issuers	2,746,664	2,759,439
Stocks and other variable-yield securities	2,031	2,032
Stocks	-	199
Investment fund shares	2,031	1,833

In the table below, the Bonds and other fixed-income securities are broken down by maturities:

in k€ at 12/31	2013	2012
Term to maturity		
up to 3 months	451,138	504,589
3 months to 1 year	368,352	633,047
1 year to 5 years	2,383,756	1,925,483
more than 5 years	71,986	145,530
Total	3,275,232	3,208,649

Bonds by overdue status

in k€ at 12/31	2013	2012
Neither overdue nor written down	3,275,232	3,208,649
Overdue, but not yet written down	-	-
Total	3,275,232	3,208,649

(42) Receivables from banks

Receivables from banks by maturity

in k€ at 12/31	2013	2012
Due at call	211,618	259,543
Due in	1,194,271	266,703
up to 3 months	207,976	117,514
more than 3 months to 1 year	66,925	90,211
more than 1 year to 5 years	684,056	58,978
more than 5 years	235,314	-
Total	1,405,889	526,246

Receivables from banks by domestic and foreign

in k€ at 12/31	2013	2012
Domestic banks	1,239,054	285,063
Foreign banks	166,835	241,183
Total	1,405,889	526,246

Receivables to affiliated companies

in k€ at 12/31	2013	2012
Total	1,093,545	262,003

Receivables from banks by overdue status

in k€ at 12/31	2013	2012
Neither overdue nor written down	1,405,889	526,246
Overdue but not yet written down	-	-
Total	1,405,889	526,246

(43) Receivables from customers

Receivables from customers by maturity

in k€	2013	2012
at 12/31		
Due at call	279,200	291,393
Due in	-	-
up to 3 months	-	-
more than 3 months to 1 year	-	-
more than 1 year to 5 years	-	-
more than 5 years	-	-
Total	279,200	291,393
thereof, secured by mortgages	-	-

Receivables from customers by domestic and foreign

in k€	2013	2012
at 12/31		
Domestic	188,442	207,283
Foreign	90,758	84,110
Total	279,200	291,393

Receivables from customers by overdue status

in k€	2013	2012
at 12/31		
Neither overdue nor written down	279,200	291,393
Overdue but not yet written down	-	-
Total	279,200	291,393

The receivables due at call consisted mainly of margin loans.

The stated amounts of receivables from customers are net of value adjustments on receivables (credit risk provisions). They break down as follows:

Changes in provisions

	Specific risks		Latent risks		Total	
in k€	2013	2012	2013	2012	2013	2012
at 01/01	2,216	2,526	-	-	2,216	2,526
Changes recognized in profit or loss						
Additions	895	292	-	-	895	292
Releases	474	186	-	-	474	186
Changes not recognized in profit or loss						
Utilization	448	416	-	-	448	416
at 12/31	2,189	2,216	-	-	2,189	2,216

In the DAB Bank Group, receivables amounting to €79 thousand were completely charged off in 2013 (PY: €89 thousand). The amounts recovered on charged-off receivables in 2013 total €51 thousand (PY: €118 thousand).

The bank's credit business consists mainly of margin loans. The apparent risks of such loans are adequately accounted for through the recognition of specific value adjustments. The amount of value-adjusted customer receivables backed by security amounted to €219 thousand (PY: €463 thousand).

(44) Property, plant and equipment

Changes in property, plant and equipment

in k€	Hardware	Facilities	Miscellaneous
Acquisition/production cost			
Balance at 01/01/2012	9,465	4,845	12,742
Additions	3,191	506	723
Disposals	5	-	-
Balance at 12/31/2012	12,651	5,351	13,465
Depreciation and impairments			
Balance at 01/01/2012	4,080	2,312	7,797
Scheduled depreciation	1,543	417	544
Disposals	-	-	-
Balance at 12/31/2012	5,623	2,729	8,341
Carrying amounts			
Balance at 12/31/2012	7,028	2,623	5,124
Acquisition/production cost			
Balance at 01/01/2013	12,651	5,351	13,465
Additions	1,157	53	327
Disposals	4	337	8
Balance at 12/31/2013	13,804	5,067	13,784
Depreciation and impairments			
Balance at 01/01/2013	5,623	2,729	8,341
Scheduled depreciation	1,773	417	677
Disposals	4	17	8
Balance at 12/31/2013	7,392	3,129	9,010
Carrying amounts			
Balance at 12/31/2013	6,412	1,938	4,774

(45) Intangible assets

Changes in intangible assets

in k€	Software	Goodwill
Acquisition/production cost		
Balance at 01/01/2012	76,498	18,137
Additions	13,487	-
Disposals	127	-
Balance at 12/31/2012	89,858	18,137
Amortization and impairments		
Balance at 01/01/2012	46,113	-
Scheduled amortization	10,300	-
Impairments	843	-
Disposals	15	-
Balance at 12/31/2012	57,241	-
Carrying amounts		
Balance at 12/31/2012	32,617	18,137
Acquisition/production cost		
Balance at 01/01/2013	89,858	18,137
Additions	7,748	-
Disposals	15,589	-
Balance at 12/31/2013	82,017	18,137
Amortization and impairments		
Balance at 01/01/2013	57,241	-
Scheduled amortization	8,692	-
Impairments	-	-
Disposals	15,589	-
Balance at 12/31/2013	50,344	-
Carrying amounts		
Balance at 12/31/2013	31,673	18,137

The item of software included advance payments in the amount of €703 thousand (PY: €2,818 thousand) for IT projects that were not yet completed at the reporting date.

The total goodwill in the amount of €18,137 thousand is attributable to direktanlage.at AG at December 31, 2013.

(46) Income tax assets

in k€ **at 12/31**	2013	2012
Tax refund claims	1,235	3,702
Deferred tax assets from tax loss carry-forwards	1,917	3,735
Deferred tax assets from temporary differences	3,277	13,932
Total	6,429	21,369

(47) Other assets

in k€ **at 12/31**	2013	2012
Prepaid expenses	2,189	1,908
Trade receivables	1,637	3,017
Receivables due from public-sector entities	2,496	5,195
Other assets	8,052	5,209
Total	14,374	15,329

Other assets (Trade receivables) by overdue status

in k€ **at 12/31**	2013	2012
Neither overdue nor written down	1,145	1,488
Overdue, but not yet written down	492	1,529
up to 3 months	412	1,207
more than 3 months up to 6 months	62	227
more than 6 months up to 1 year	11	-
more than 1 year up to 5 years	7	95
Total	1,637	3,017

The value adjustments charged against various trade receivables at the reporting date amounted to €20 thousand (PY: €20 thousand). Value adjustments are charged against receivables when they have been effectively past-due for than one year and no further payments are expected to be collected.

The Other assets are composed entirely of assets without fixed maturities or fixed-interest periods.

(48) Liabilities to banks

Liabilities to banks by maturity

in k€ at 12/31	2013	2012
Due at call	17,579	56,223
Due in	-	-
up to 3 months	-	-
more than 3 months to 1 year	-	-
more than 1 year to 5 years	-	-
more than 5 years	-	-
Total	17,579	56,223

Liabilities to banks by domestic and foreign

in k€ at 12/31	2013	2012
Domestic banks	15,040	14,177
Foreign banks	2,539	42,046
Total	17,579	56,223

Liabilities to affiliated companies

in k€ at 12/31	2013	2012
Total	2,946	548

(49) Liabilities to customers

Liabilities to customers by maturity

in k€ at 12/31	2013	2012
Due at call	4,629,227	3,613,982
Due in	350,891	364,627
up to 3 months	162,002	141,818
more than 3 months to 1 year	145,541	174,633
more than 1 year to 5 years	17,037	16,247
more than 5 years	2,619	1,033
Savings deposits with agreed notice period of 3 months	23,692	30,896
Total	4,980,118	3,978,609

Liabilities to customers by domestic and foreign

in k€ at 12/31	2013	2012
Domestic	4,082,578	3,136,844
Foreign	897,540	841,765
Total	4,980,118	3,978,609

(50) Trading liabilities

The trading liabilities consisted of the negative fair values of derivatives traded with customers or counterparties. A breakdown by terms to maturity is presented on page 69 of the Management Report (Risk Report).

(51) Provisions

Changes in provisions

in k€	2013	2012
at 01/01	6,233	6,243
Changes recognized in profit or loss		
Additions	2,612	1,702
Reversals	475	1,641
Changes not recognized in profit or loss		
Utilizations	161	71
Actuarial effects from pension obligations (OCI)	-5	-
at 12/31	8,204	6,233

The total portfolio of provisions includes provisions for pension obligations in the amount of €2,669 thousand (PY: €2,583 thousand) as well as other provisions and accruals in the amount of €5,535 thousand (PY: €3,650 thousand).

All provisions represent current liabilities, except for the obligations owed to employees. Provisions that were no longer needed were reversed and recognized in profit or loss.

The other provisions and accruals showed the following changes:

Development of other provisions

in k€	Balance at 01/01/2013	Addition	Reversal	Utilization	Balance at 12/31/2013
Provisions for damage payments	3,474	2,357	404	56	5,371
Provisions for litigation costs	110	70	68	17	95
Provisions for long-term liabilities owed to employees	66	12	3	6	69
Total other provisions	3,650	2,439	475	79	5,535

The provisions also contain pension obligations, which break down as follows:

Changes in pension provisions

in k€	2013	2012
Present value of pension obligations at 01/01	2,583	1,942
Changes recognized in profit or loss		
Service cost	77	54
Interest expense	97	101
Actuarial gains and losses	-	588
Changes not recognized in profit or loss		
Payments affecting liquidity	-83	-102
Actuarial profits and losses (OCI)	-5	-
Present value of pension obligations at 12/31	2,669	2,583

The pension obligations include benefit payments (post-employment benefits) in the amount of €1,503 thousand (PY: €1,504 thousand) and termination benefits in the amount of €1,166 thousand (PY: €1,079 thousand).

The parameters used to determine the benefit payments are as follows:

in %	12/31/2013 - 01/01/2014	12/31/2012 - 01/01/2013
Discount factor (p.a.)	3.75	3.75
Pension adjustment (p.a.)	2.27	2.24
Income increase (p.a.)	2.46	2.32

Post-employment benefits consist entirely of defined benefit plans, which are calculated on the basis of actuarial opinions in accordance with the rules of IAS 19R. Accordingly, actuarial gains and losses must be recognized immediately and completely in the other operating profit when accrued. The actuarial gains and losses recognized in other operating profit are not permitted to be reclassified into profit or loss for the period in subsequent periods. They are carried accordingly within other operating profit as non-reclassifiable items.

The defined benefit plans relate to the employees of FSB FondsServiceBank GmbH, which was merged into DAB Bank AG in financial year 2005, and to the employees of direktanlage.at AG. The total number of entitled persons at the reporting date is 27 (PY: 27), while at the reporting date, only vested pension rights exist. No contributions or benefit payments are currently being made in connection with the existing plans. At the current time, we are not planning to expand the total volume of defined benefit plans.

DAB Bank AG accounted for €751 thousand and direktanlage.at AG accounted for €1,918 thousand of the total present value at December 2013, 31. The total expected pension expenses for 2014 are €59 thousand.

The following sensitivity analysis for the material actuarial measurement parameters shows how the pension obligation for benefit payments would be influenced by possible changes in the corresponding assumption:

- If the discount factor would have been 25 basis points higher, the pension obligation would have declined by €62 thousand, if the other assumptions are kept constant.

- If the discount factor would have been 25 basis points lower, the pension obligation would have increased by €67 thousand, if the other assumptions are kept constant.

The present sensitivity analysis does not factor in any dependencies between the actuarial assumptions. In fact, however, dependencies do exist, particularly between the discount factor and the expected salary increases, since both depend on the expected inflation rate to a certain degree.

Please see Note 69 for information on the amounts paid to defined contribution benefit plans for members of management.

(52) Income tax liabilities

in k€ at 12/31	2013	2012
Income tax provisions	5,025	8,176
Deferred tax liabilities from temporary differences	10,914	27,124
Total	15,939	35,300

(53) Other liabilities

in k€ at 12/31	2013	2012
Accruals	32,123	32,354
Trade payables	2,871	1,972
Liabilities to public-sector entities	16,972	9,818
Other liabilities	800	2,812
Total	52,766	46,956

Other liabilities to affiliated companies

in k€ at 12/31	2013	2012
Total	220	282

The accrued liabilities are mainly composed of short-term liabilities due to employees and liabilities under existing contracts. The remaining Other liabilities are exclusively composed of items without fixed maturities or fixed-interest periods.

(54) Equity

Subscribed capital
The share capital of DAB Bank AG amounts to €90,976,275.00 (PY: €82,705,706.00) and is fully paid-in. It is divided into 90,976,275 no-par bearer shares (PY: 82,705,706 no-par bearer shares). Every one of these shares grant the same rights.

The issuance of new shares is possible particularly within the framework of the authorizations granted in connection with the Authorized Capital I and II and the Conditional Capital I and II.

There are no restrictions on the voting rights or the transfer of shares. Furthermore, no agreements between companies are known that would result in restrictions on the transfer of voting rights and shares of the company. There are no holders of shares with special rights granting supervisory powers. To the extent that employees of DAB Bank AG are shareholders of the company, they exercise the supervision of their voting rights directly.

Additional paid-in capital
The additional paid-in capital reserve comprises the remaining share premium from the issuance of shares in connection with the IPO of DAB Bank AG in financial year 1999 and the premium from the cash capital increase in financial year 2011 and 2013.

Retained earnings
The retained earnings consist entirely of Other retained earnings.

Changes in measured value of financial instruments (OCI)
The accumulated other comprehensive income reflects the measurement result of the securities of financial assets classified as AfS holdings, factoring in a related effect on deferred taxes. Changes in value are not recognized in profit or loss until the asset is sold or an impairment loss is recognized.

Authorized capital
1.) Authorized Capital 2011/I:
By resolution of the annual shareholders' meeting of May 19, 2011, the Management Board was authorized to increase the company's share capital, with the consent of the Supervisory Board, by a total amount of up to €22,500,000.00, through issuing new bearer shares in exchange for cash or in-kind capital contributions on one or more occasions in the time until May 19, 2016 (Authorized Capital I).

If the new shares are issued in exchange for in-kind capital contributions, the Management Board is authorized to exclude the subscription right of shareholders, with the consent of the Supervisory Board. If the capital is increased against cash contributions, then the shareholders must in principle be granted a preemptive right. However, the Management Board is authorized to exclude fractional amounts from the preemptive rights of shareholders, with the consent of the Supervisory Board. In case of capital increases against cash contributions, moreover, the Management Board is authorized to exclude the preemptive right of the shareholders with the consent of the Supervisory Board if the issue price does not fall materially short of the market price; however, this authority only applies with the proviso that the shares issued while excluding the preemptive rights pursuant to or by analogous application of Section 186 (3)(4) AktG do not exceed a total of 10% of the capital stock either at the effective date or at the exercise of this authority. The sale of treasury shares must be applied to this limit of 10% of the capital stock insofar as it occurs based on an authority in force at the effective date of this authority or one replacing it pursuant to Section 71 (1)(8) AktG in conjunction with Section 186 (3)(4) AktG while excluding preemptive rights. Moreover, those shares that are issued or to be issued to service bonds with conversion rights and/or warrants must be applied to this limit of 10% of the capital stock, insofar as the bonds are issued based on an authority in force at the effective date of this authority or one replacing it by analogous application of Section 186 (3)(4) AktG while excluding preemptive rights. The Management Board is authorized to establish the further content of the share rights and the terms of the share issue with the consent of the Supervisory Board.

The Authorized Capital 2011/I was recorded in the Commercial Register on May 26, 2011.

At December 31, 2013, the Authorized Capital I existed still in the full amount of €22,500,000.

2.) Authorized Capital 2012/I (rescinded on May 16, 2013):
By resolution of the annual shareholders’ meeting of May 24, 2012, the Management Board was authorized to increase the company’s share capital, with the consent of the Supervisory Board, by a total amount of up to €18,500,000.00, by issuing new bearer shares in exchange for cash or in-kind capital contributions, on one or more occasions in the time until May 24, 2017 (Authorized Capital II). If the new shares are issued in exchange for inkind capital contributions, the Management Board is authorized to exclude the subscription right of shareholders, with the consent of the Supervisory Board. If the capital is increased against cash contributions, then the shareholders must in principle be granted a preemptive right. However, the Management Board is authorized to exclude fractional amounts from the preemptive rights of shareholders, with the consent of the Supervisory Board. In case of capital increases against cash contributions, moreover, the Management Board is authorized to exclude the preemptive right of the shareholders with the consent of the Supervisory Board if the issue price does not fall materially short of the market price; however, this authority only applies with the proviso that the shares issued while excluding the preemptive rights pursuant to or by analogous application of Section 186 (3)(4) AktG do not exceed a total of 10% of the capital stock either at the effective date or at the exercise of this authority. The sale of treasury shares must be applied to this limit of 10% of the capital stock insofar as it occurs based on an authority in force at the effective date of this authority or one replacing it pursuant to Section 71 (1)(8) AktG in conjunction with Section 186 (3)(4) AktG while excluding preemptive rights. Moreover, those shares that are issued or to be issued to service bonds with conversion rights and/or warrants must be applied to this limit of 10% of the capital stock, insofar as the bonds are issued based on an authority in force at the effective date of this authority or one replacing it by analogous application of Section 186 (3)(4) AktG while excluding preemptive rights. The Management Board is authorized to establish the further content of the share rights and the terms of the share issue with the consent of the Supervisory Board.

The Authorized Capital 2012/I was recorded in the Commercial Register on May 31, 2012.

The annual Shareholders' Meeting on May 16, 2013, adopted a resolution repealing the Authorized Capital 2012/I. The repeal was entered into the Commercial Register on May 22, 2013. As of May 16, 2013, the Authorized Capital 2012/I still consists of €10,229,431.00. While partially utilizing the authority in accordance with the Authorized Capital 2012/I, the Management Board adopted a resolution on February 5, 2013, with the consent of the Supervisory Board and the Executive Committee of the Supervisory Board of February 5, 2013, to increase the capital stock of the Company from €82,705,706.00 by €8,270,569.00 to €90,976,275.00 by issue of 8,270,569 new bearer no-par-value shares with a proportional share of the capital stock in the amount of €1.00 per share (“new shares”) against cash contributions while excluding the preemptive rights of the shareholders.

The new shares qualify for dividends starting January 01, 2013. UniCredit Bank AG, with registered offices in Munich, Kardinal-Faulhaber-Strasse 1, 80333 Munich, which is registered in the Commercial Register of the Munich Local Court under No. HRB 42148, is permitted to subscribe and transfer the new shares against cash contribution. The implementation of the capital increase was recorded in the Commercial Register on February 12, 2013.

3.) Authorized Capital 2013/I:
By resolution of the annual shareholders’ meeting of May 16, 2013, the Management Board was authorized to increase the share capital by an amount of up to €22,500,000.00 by issuing new bearer shares in exchange for cash or in-kind contributions, on one or more occasions in the time until May 16,

2018, with the consent of the Supervisory Board (Authorized Capital 2013/I). When shares are issued against in-kind contributions, the Management Board is authorized to exclude the subscription right of existing shareholders with the consent of the Supervisory Board. If the capital is increased against cash contributions, then the shareholders must in principle be granted a preemptive right. However, the Management Board is authorized to exclude fractional amounts from the preemptive rights of shareholders, with the consent of the Supervisory Board. In case of capital increases against cash contributions, moreover, the Management Board is authorized to exclude the preemptive right of the shareholders with the consent of the Supervisory Board if the issue price does not fall materially short of the market price; however, this authority only applies with the proviso that the shares issued while excluding the preemptive rights pursuant to or by analogous application of Section 186 (3)(4) AktG do not exceed a total of 10% of the capital stock either at the effective date or at the exercise of this authority. The sale of treasury shares must be applied to this limit of 10% of the capital stock insofar as it occurs based on an authority in force at the effective date of this authority or one replacing it pursuant to Section 71 (1)(8) AktG in conjunction with Section 186 (3)(4) AktG while excluding preemptive rights. Moreover, those shares that are issued or to be issued to service bonds with conversion rights and/or warrants must be applied to this limit of 10% of the capital stock, insofar as the bonds are issued based on an authority in force at the effective date of this authority or one replacing it by analogous application of Section 186 (3)(4) AktG while excluding preemptive rights The Management Board is authorized to establish the further content of the share rights and the terms of the share issue with the consent of the Supervisory Board.

The Authorized Capital 2013/I was recorded in the Commercial Register on May 22, 2013.

At December 31, 2013, the Authorized Capital 2013/I still existed in the full amount of €22,500,000.

Conditional Capital/Stock Option Plan

1.) By resolution of the annual shareholders' meeting of September 2, 1999 (recorded in the Commercial Register on October 12, 1999), the share capital was conditionally increased by an amount of up to €3,500,000 through the issuance of up to 3,500,000 bearer shares (Conditional Capital I). The conditional capital increase will only be conducted for the purpose of redeeming stock options in connection with the Stock Option Plan, and only to the extent that the beneficiaries of the stock options exercise their options and shares are issued for that purpose from the Conditional Capital. The subscription shares will qualify for dividends from the beginning of the financial year when they are issued.

At the reporting date of December 31, 2013, no stock options existed in connection with the Stock Option Plan 1999 of DAB Bank AG for the members of the Management Board and the employees of DAB Bank AG. No stock options were granted in 2013.

2.) The annual shareholders' meeting of May 17, 2001 adopted a resolution (recorded in the Commercial Register on May 23, 2001) to increase the share capital by up to €3,300,000 by issuing up to 3,300,000 bearer shares (Conditional Capital II).

The conditional capital increase will only be conducted for the purpose of redeeming stock options in connection with the International Stock Option Plan and only to the extent that the beneficiaries of the stock options exercise their options and shares are issued for that purpose from the Conditional Capital. The subscription shares will qualify for dividends from the beginning of the financial year when they are issued.

At December 31, 2013, no further stock options issued in connection with the International Stock Option Plan 2001 of DAB Bank AG for employees of the Group were still in effect. No further stock options were granted in 2013.

Development of subscribed Authorized and Conditional Capital of DAB Bank AG

	Subscribed capital k€	Authorized capital k€	thereof: exclusive of subscription rights* k€	Conditional capital k€
Balance at January 1, 2013	82,706	41,000	41,000	6,800
Partial utilization of authorized capital, resolution year 2012	8,271	-8,271	-8,271	-
Authorized Capital resolved in 2012 (rescinded by resolution of 5/16/2013)	-	-10,229	-10,229	-
Authorized Capital resolved in 2013	-	22,500	22,500	-
Balance at December 31, 2013	90,976	45,000	45,000	6,800

*The specified values are understood as maximum values in relation to capital increases against contributions in kind. The authority to exclude the preemptive right in case of capital increases against cash contributions, however, particularly applies only with the proviso that the shares issued while excluding the preemptive right pursuant to Section 186 (3)(4) AktG are not permitted to exceed a total of 10% of the capital stock. The details are derived from Article 4 (2) and (4) of the Company's Articles of Incorporation.

Authorized capital

Decision year	Original amount k€	Still available k€	Limited in time until
2011	22,500	22,500	05/19/2016
2013	22,500	22,500	05/16/2018
at 12/31/2013	45,000	45,000	

Conditional capital

Decision year	Original amount k€	Still available k€	Limited in time until
1999	3,500	3,500	-
2001	3,300	3,300	-
at 12/31/2013	6,800	6,800	

(55) Treasury shares

In accordance with Section 71 (1) (7) AktG, the company is authorized to buy and sell its own shares for trading purposes until May 19, 2015, by resolution of the annual shareholders' meeting of May 20, 2010. The shares acquired for this purpose may not exceed 5% of the company's share capital at the close of any day. The price at which treasury shares are purchased may not be more than 10% higher or lower than the average of the closing prices of the DAB Bank AG share in the XETRA trading system (or comparable successor system) on the three stock exchange days preceding the purchase. The total shares held by the company, including the shares purchased for the purpose indicated above, and any other treasury shares held by the company or attributable to the company by virtue of Sections 71 ff. AktG, may not exceed 10% of the company's share capital at any time.

DAB Bank AG purchased treasury shares in 2013 for the purpose of correcting errors and to process customer orders. Overall, transactions in the period listed above involved 463 shares; this corresponds to a share of €463 or 0.0005% of the capital stock. Of this amount, 463 shares were used for correcting errors; this likewise corresponds to a share of 0.0005% of the capital stock. At an average purchase price/sale price of €3.73 / €3.69 per share, a loss of €16.45 was incurred on these transactions.

No treasury shares were held by DAB Bank Group at December 31, 2013.

(56) Trust transactions

The trust assets in the amount of €173,351 thousand consist of securities held in trust in connection with the partial retirement plans known in Germany as Altersteilzeit plans. These assets are offset by trust liabilities in the same amount. The securities held in trust for this purpose consist entirely of shares and other variable-yield securities measured at fair value.

In accordance with IFRS, the trust assets and trust liabilities of the DAB Bank Group are not presented on the face of the consolidated statement of financial position. If included in the statement of financial position, the trust transactions would correspond to the line items of Financial assets and Liabilities to customers.

(57) Assets and liabilities in foreign currency

The euro equivalent of assets denominated in a foreign currency at the reporting date amounted to €213,449 thousand (PY: €183,705 thousand), and that of liabilities denominated in a foreign currency €183,320 thousand (PY: €177,868 thousand). Foreign currency transactions were effected primarily in U.S. dollars.

(58) Pledge of securities for own liabilities

Securities valued at €10,000 thousand were pledged to Clearstream Banking AG, Frankfurt a.M. and Luxembourg, and securities valued at €10,000 thousand were pledged to HSBC Trinkhaus & Burkhardt AG, Düsseldorf, as collateral for the clearing and settlement of securities trades. The agreements regulating the transfer of collateral are based on standardized contracts and do not contain special clauses.

(59) Securities lending and posted collateral

In financial year 2013, the DAB Bank Group conducted securities lending transactions with other banks, for which collateral was furnished in every case. In accordance with IAS 39.20 (b), neither the transactions related to the loaned securities, nor those related to the collateral received in the form of securities and loan receivables have been presented in the financial statements. At the reporting date, the fair value (= carrying amount) of the loaned securities amounted to €755,700 thousand (PY: €1,163,526 thousand). The fair value of the posted collateral amounted to €848,722 thousand (PY: €1,266,349 thousand).

The posted collateral can be sold or rehypothecated under fair market conditions at any time, also when the collateral issuer is not in default of its payment obligations. In this respect, there is a retransfer obligation of the same type, quantity and quality. At the reporting date, collateral received by the DAB Bank Group in the amount of €69,622 thousand had been reverse-pledged to the collateral issuer. No collateral was sold or rehypothecated in financial year 2013.

Notes to the Statement of Cash Flows

(60) Statement of Cash Flows

The Statement of Cash Flows shows changes in the net cash holdings of the company. Cash flows are assigned to the categories of operating activities, investing activities and financing activities.

The stated amount of cash and cash equivalents is equal to the cash reserve item of the statement of financial position. This item contains cash on hand and balances with central banks.

The item Changes in other non-cash items contains the net reversal of deferred taxes and the changes in provisions.

The effects from interest income, dividend income, interest expense, and income taxes paid are included in the item Other adjustments.

Notes to the segment report

(61) Segment report

The DAB Bank Group is managed by way of the companies comprised within the DAB Bank Group. DAB Bank AG and direktanlage.at AG represent the operating segments according to IFRS 8.2 ff.

The operating segments are defined in accordance with the management approach, according to which a segment is determined on the basis of internal reports that are regularly reviewed by chief operating decision makers (CODMs) in order to allocate resources to the individual segments and measure their performance. In the DAB Bank Group, the Management Board exercises the CODM function. The internal organizational and management structure of the Group and the internal financial reporting system form the basis for segment reporting.

All units of DAB Bank AG submit a monthly report fulfilling the purposes outlined above to the Management Board. The planning and budgeting process, in which the Management Board specifies performance targets for the business units and allocates available resources to the segments in a targeted manner, is conducted on the level of the companies included in the consolidated financial statements. The same applies to the criteria on the basis of which the compensation of the Management Board is determined.

The segments identified on the basis of the criteria set out in IFRS 8.12 are the countries of Germany and Austria, in which the DAB Bank Group operates. Values are assigned to the geographical regions on the basis of the respective company’s registered head office. DAB Bank AG is assigned to the Germany segment and direktanlage.at AG is assigned to the Austria segment.

The accounting principles applied by the operating segments are identical to those described in the section entitled Recognition and measurement methods.

Cross-segment consolidation processes are presented in the consolidation column. The effects of the consolidation processes are mainly composed of internal Group revenues from interest-similar income (dividends) in the amount of €4,400 thousand (PY: €2,300 thousand) and commission income and expenses in the amount of €305 thousand (PY: €106 thousand).

- The interest-similar income arises from the phase-shifted collection of dividends by the parent company from the subsidiary of DAB Bank AG. The net interest income of DAB Bank AG has already been reduced by this amount in the segment presentation. Thus, the amounts presented in Net interest income consist of revenues external to the Group.

- The net commission income of the companies included in the segment report contains part of internal Group revenues, in the amount of €305 thousand, which do appear in the Consolidation column due to the net presentation. Subtracting these effects yields the revenues external to the Group.

In the opinion of the DAB Bank Group, there is no significant degree of dependency on customers that make a major contribution to the company’s results.

The segment assets of DAB Bank AG include a non-current asset in the amount of €1,667 thousand, which is not a financial instrument according to the definition of IFRS 7.

Segment Report according to IFRS

Income Statement by Segments:

in k€	DAB Bank AG	direktanlage.at AG	Consolidation	Group
Net interest income				
01/01/2013-12/31/2013	30,257	8,383	-	38,640
01/01/2012-12/31/2012	42,159	7,637	-	49,796
Net commission income				
01/01/2013-12/31/2013	69,695	16,258	-	85,953
01/01/2012-12/31/2012	59,412	14,769	-	74,181
Trading profit/loss				
01/01/2013-12/31/2013	1,055	-13	-	1,042
01/01/2012-12/31/2012	559	-39	-	520
Profit/loss from investments				
01/01/2013-12/31/2013	5,181	159	-	5,340
01/01/2012-12/31/2012	12,388	2,561	-	14,949
Net other operating income/expenses				
01/01/2013-12/31/2013	-653	-48	-	-701
01/01/2012-12/31/2012	-587	-72	-	-659
Non-interest-dependent income				
01/01/2013-12/31/2013	75,278	16,356	-	91,634
01/01/2012-12/31/2012	71,772	17,219	-	88,991
OPERATING INCOME				
01/01/2013-12/31/2013	105,535	24,739	-	130,274
01/01/2012-12/31/2012	113,931	24,856	-	138,787
Personnel expenses				
01/01/2013-12/31/2013	31,527	7,972	-	39,499
01/01/2012-12/31/2012	32,897	8,161	-	41,058
Other administrative expenses				
01/01/2013-12/31/2013	46,351	11,323	-	57,674
01/01/2012-12/31/2012	47,053	9,589	-	56,642
Depreciation, amortization and impairments of property, plant and equipment and intangible assets	10,491	1,069	-	11,560
01/01/2013-12/31/2013	12,620	1,026	-	13,646
01/01/2012-12/31/2012				
Administrative expenses	88,369	20,364	-	108,733
01/01/2013-12/31/2013	92,570	18,776	-	111,346
01/01/2012-12/31/2012				
OPERATING PROFIT/LOSS				
01/01/2013-12/31/2013	17,166	4,375	-	21,541
01/01/2012-12/31/2012	21,361	6,080	-	27,441

Income Statement by Segments:

in k€	DAB Bank AG	direktanlage.at AG	Consolidation	Group
Appropriations to provisions				
01/01/2013-12/31/2013	1,878	77	-	1,955
01/01/2012-12/31/2012	-597	15	-	-582
Impairment of goodwill				
01/01/2013-12/31/2013	-	-	-	-
01/01/2012-12/31/2012	-	-	-	-
Credit risk provisions				
01/01/2013-12/31/2013	325	44	-	369
01/01/2012-12/31/2012	-18	9	-	-9
PROFIT/LOSS BEFORE TAXES				
01/01/2013-12/31/2013	14,963	4,254	-	19,217
01/01/2012-12/31/2012	21,976	6,056	-	28,032
Income taxes				
01/01/2013-12/31/2013	5,850	1,096	-	6,946
01/01/2012-12/31/2012	8,337	1,570	-	9,907
Net profit/loss after taxes				
01/01/2013-12/31/2013	9,113	3,158	-	12,271
01/01/2012-12/31/2012	13,639	4,486	-	18,125

Additional information by segments

	DAB Bank AG	direktanlage.at AG	Consolidation	Group
Cost-income ratio (in %)				
01/01/2013-12/31/2013	85.5	82.7	-	85.0
01/01/2012-12/31/2012	80.8	75.6	-	79.9
Investments in property and equipment and intangible assets (in k€)				
01/01/2013-12/31/2013	8,552	732	-	9,284
01/01/2012-12/31/2012	16,793	1,115	-	17,907
Total carrying amount of segment assets (in k€)				
12/31/2013	4,558,226	847,032	-59,443	5,345,815
12/31/2012	3,617,232	795,673	-23,457	4,389,448
Total carrying amount of segment liabilities (in k€)				
12/31/2013	4,327,344	789,183	-18,159	5,098,368
12/31/2012	3,409,331	759,188	-5,173	4,163,346
Cash flow from operating activities (in k€)				
01/01/2013-12/31/2013	110,422	6,895	-	117,317
01/01/2012-12/31/2012	830,335	54,137	-	884,472
Cash flow from investing activities (in k€)				
01/01/2013-12/31/2013	-28,420	-40,676	-	-69,096
01/01/2012-12/31/2012	-748,905	-42,522	-	-791,427
Cash flow from financing activities (in k€)				
01/01/2013-12/31/2013	-9,132	18,206	-	9,074
01/01/2012-12/31/2012	18,706	3,835	-	22,541
Employees (headcount)				
12/31/2013	471	138	-	609
12/31/2012	481	130	-	611
Trades executed (number)				
01/01/2013-12/31/2013	4,030,475	934,264	-	4,964,739
01/01/2012-12/31/2012	3,288,641	909,631	-	4,198,272
Securities accounts (number)				
12/31/2013	551,220	65,850	-	617,070
12/31/2012	551,191	64,097	-	615,288

Other disclosures

(62) Additional disclosures on financial instruments

Carrying amounts and fair values by financial instruments

The specified fair values of the financial instruments within the meaning of IFRS 13 correspond to the amounts that would be received for the sale of assets or paid for the transfer of liabilities in orderly transactions between market participants on the measurement date.

The financial instruments held by DAB Bank are presented either at fair value or at amortized cost on the reporting date, depending on the category to which they are assigned. The fair values were calculated on the basis of the market intelligence available.

The fair values of certain financial instruments carried at amortized cost are nearly identical to their carrying amounts. Such cases include the cash reserve and those receivables and liabilities without a clear due date or interest obligation. For the other receivables and liabilities, for determining the fair values the future expected cash flows are discounted to the present value using current interest rates by application of the individually applicable yield curve.

In principle, we use quoted market prices for financial instruments traded on exchanges (Level 1).

Where input factors are used for financial instruments traded on exchanges that can be directly/indirectly observed or are used based on a model, classification is made to Level 2. In order to determine the fair values of financial instruments carried at amortized costs, the cash flows to be expected in the future are discounted to the cash value using current interest rates and applying the currently applicable yield curve.

If the determination of fair values is also based on including input factors not exclusively based on observable market data, then classification is made in the fair value hierarchy under Level 3.

The difference between the fair values and carrying amounts of assets was €19,061 thousand (PY: €13,554 thousand) and the same difference in the case of liabilities was €2,495 thousand (PY: €5,164 thousand). The net balance of these values, to be understood as undisclosed reserves or undisclosed liabilities, was €16,566 thousand (PY: €8,389 thousand).

in k€ at 12/31	Valuation category per IAS 39	2013 Fair value	2013 Carrying amount	2012 Fair value	2012 Carrying amount
Cash reserve	LaR	275,730	275,730	218,435	218,435
Trading assets	HfT	5,663	5,663	40,446	40,446
AFV financial instruments	AFV	5,410	5,410	4,383	4,383
AfS financial instruments	AfS	3,140,551	3,140,551	3,035,548	3,035,548
HtM financial instruments	HtM	137,212	131,322	180,489	170,770
Receivables from banks	LaR	1,419,060	1,405,889	530,080	526,246
Receivables from customers	LaR	281,389	281,389	293,254	293,254
Other assets*	LaR	1,637	1,637	3,017	3,017
Assets (total)		5,266,652	5,247,591	4,305,652	4,292,099
Liabilities to banks	AC	17,579	17,579	56,223	56,223
Liabilities to customers	AC	4,982,613	4,980,118	3,983,773	3,978,609
Trading liabilities	HfT	5,449	5,449	40,025	40,025
Other liabilities*	AC	2,871	2,871	1,972	1,972
Liabilities (total)		5,008,512	5,006,017	4,081,993	4,076,829

* Trade receivables or payables

The fair values of all financial instruments classified as held for trading, at fair value through profit or loss, held to maturity and available for sale are presented below:

in k€	12/31/2013				12/31/2012			
	Listed market prices (Level 1)	Valuation procedure based on market data (Level 2)	Valuation procedure not based on market data (Level 3)	Fair value (Total)	Listed market prices (Level 1)	Valuation procedure based on market data (Level 2)	Valuation procedure not based on market data (Level 3)	Fair value (Total)
Trading assets	35	5,627		5,663	37,274	3,172	-	40,446
AFV financial instruments	1,704	3,705	-	5,410	1,733	-	2,650	4,383
AfS financial instruments	2,171,410	966,459	2,682	3,140,551	3,035,528	-	20	3,035,548
Trading liabilities	-	5,449	-	5,449	37,110	2,915	-	40,025

The equity investments presented under Level 3 in the amount of €20 thousand, which are classified as available for sale, are attributable to our subsidiary direktanlage.at AG and are presented at amortized cost.

In a context of very low trading volumes and accompanying illiquidity, the fair value of one security in the AfS financial instruments category could not be reliably determined from the quoted market prices. The measurement was provided by an outside service provider using a measurement model and resulted in a carrying amount/current market value of €2,662 thousand.
It is carried in measurement class Level 3.

The decline in Level 1 assets that occurred in the reporting year resulted particularly from reclassifications to Level 2 due to the required implementation of IFRS 13 Fair Value Measurement. In the course of initial application of IFRS 13, Management carried out a systematic remeasurement of the methodological approach to classification of financial instruments within the fair value hierarchy. Reclassification may result particularly from changes in market liquidity and thus in price transparency occurring over time. We chose not to adjust the prior year values (retrospective application) for reasons of presentation consistency.

Sensitivity analysis
Insofar as the value of a financial instrument is measured using measurement procedures whose input factors are not based on market data (Level 3), the measurement can be carried out using a range of possible appropriate alternatives. In the context of preparing the consolidated financial statements, an explanatory description of the sensitivity to adequate parameter values corresponding to the existing market environment is provided.

The AfS financial instruments held in the portfolio are measured by an outside service provider. DAB Bank only has limited access to the specific input factors used by the provider, meaning that a sensitivity analysis is correspondingly not applied in this case.

The investments in associates belonging to the AfS category in the amount of €20 thousand carried under Level 3 are attributable to our subsidiary direktanlage.at AG and are carried at amortized cost. Due to the measurement method used, no determination of sensitivity can be applied in this case.

Net results by valuation categories

in k€	2013 Net results	2012 Net results	Notes
Loans and receivables (LaR)	16,182	13,934	25, 34
Financial assets and financial liabilities measured at fair value, recognized in profit or loss (HfT)	-69	374	28
Financial assets measured at fair value recognized in profit or loss (AFV)	1,405	267	25, 28
Investments in financial assets held to maturity (HtM)	4,882	7,672	25, 29
Assets available for sale (AfS)	48,246	66,894	25, 29
Financial liabilities measured at amortized cost (AC)	-25,993	-23,867	26

(63) Key regulatory ratios (based on German Commercial Code, HGB)

As the parent company of DAB Bank AG and the controlling company pursuant to Section 10a (1) (1) KWG old version in conjunction with Section 1 (7a) KWG old version, UniCredit Bank AG (UCB) monitors the Total Capital Ratio on the level of the UniCredit Bank AG banking group.

As of year-end 2013, the liable capital of DAB Bank AG amounted to €151,542 thousand (PY: €114,666 thousand). The change in this figure resulted primarily from the capital increase carried out in February 2013 in the amount of €32,752 thousand.

By reason of the higher default risk positions in companies and investees, as well as default risk positions in receivables due from banks that declined less, the capital charges for default risks rose from €59,293 thousand in 2012 to €62,151 thousand in 2013. The capital charges for operating risk according to the AMA approach amount to €13,807 thousand on the reporting date (PY: €14,630 thousand), while capital charges for market risk positions amounted to €111 thousand (PY: €358 thousand).

Based on the foregoing, the Total Capital Ratio pursuant to SolvV came to 15.94% at December 31, 2013, reflecting an increase from the prior-year figure (12.35%). Thus, the Total Capital Ratio for DAB Bank was significantly higher than the minimum required ratio of 8%. At December 31, 2013, the Core Capital Ratio (Tier-1 Ratio) was 15.94%, as compared to 12.35% at the end of 2012.

The requirements of Sections 10, 10a KWG old version are satisfied by DAB Bank AG with regard to adequate capital and capitalization.

in k€ at 12/31	2013	2012
Core capital	151,542	114,666
Supplementary capital	-	-
Eligible capital	151,542	114,666
Capital charges for default risk	62,151	59,293
Capital charges for market risk positions	111	358
Capital charges for operational risk	13,807	14,630
Surplus capital	75,473	40,385
Total Capital Ratio per SolvV	15.9%	12.4%

For banking regulation purposes, the bank's liquidity is measured especially by means of the Liquidity Ratio prescribed by the Liquidity Regulation. This ratio is calculated as the ratio of cash available within one month to the payment obligations payable within the same period. A bank's liquidity is deemed to be adequate when this ratio is at least 1.0. For DAB Bank AG, this ratio came to 4.17 at December 31, 2013 (PY: 4.66) and therefore this regulatory requirement was significantly over-fulfilled again in 2013.

DAB Bank AG fulfills the requirements of Sections 10, 10a KWG with respect to adequate capitalization. DAB Bank AG does not hold unrealized reserves attributable to liable capital according to Section 10 (2b) (1) (6) or 7 KWG.

(64) Significant concentrations of assets and liabilities

With respect to maturity matching, the duration of our securities portfolios is between one and two years, as a long-term average. By virtue of the sufficient liquidity of the securities, DAB Bank assures that the liabilities can be repaid at all times, despite the maturity mismatch. Additional information on risks arising from concentrations can be found on pages 66 ff. of the Risk Report, for the following financial instruments: receivables due from customers and banks, financial instruments classified as at fair value, available-for-sale and held-to-maturity, and derivative positions of the trading book (held for trading). Sector risks and country risks are described on pages 66 to 69.

(65) Contingent liabilities and other financial obligations

in k€ at 12/31	2013	2012
Contingent liabilities		
from guarantees and warranty agreements	2,866	796
Other financial obligations		
from rental agreements	14,207	17,581
from lease agreements	213	301
Total	17,286	18,678

The stated loan guarantees are fully secured by suitable cash deposits or securities, except for an amount of €23 thousand (PY: €23 thousand). In consideration of available security and suitable credit ratings, the overall default probability is 0.4% (PY: 1.4%).

The terms of rental and lease agreements are customary for the market and no burdens have been shifted to future financial years.

Minimum lease payments of €3,917 thousand (PY: €4,266 thousand) were recognized as expenses (see Note 31).

The residual terms of the significant future minimum lease payments due to non-cancellable operating leases break down as follows:

in k€ at 12/31	2013	2012
Maturity		
up to 1 year	3,979	3,892
more than one year to 5 years	10,244	13,990
more than 5 years	197	-
Total	14,420	17,882

(66) Group affiliation

At December 31, 2013, UniCredit S.p.A., Via Alessandro Specchi 16, 00186 Rome, Italy, indirectly held and UniCredit Bank AG, Kardinal-Faulhaber-Straße 1, 80333 Munich, Germany, directly held 81.39% (PY: 79.53%) of the shares of DAB Bank AG, Landsberger Str. 300, 80687 Munich, Germany. No further direct or indirect investments in capital that exceed 10% of voting rights exist, to the knowledge of the Management Board.

Pursuant to Section 315a (1) HGB, the consolidated financial statements of DAB Bank AG at December 31, 2013 are prepared according to the International Financial Reporting Standards (IFRS) and included in the consolidated financial statements of UniCredit S.p.A., Rome, Italy, through the sub-group consolidated financial statements of UniCredit Bank AG, Munich, Germany.

(67) Letter of comfort

Political risks excluded, DAB Bank AG, Munich, has undertaken to ensure that direktanlage.at AG, Salzburg, can meet its contractual obligations.

(68) Events after the reporting date

Since 12/31/2013, no material events have occurred with regard to the financial and operational development of the DAB Bank Group.

(69) Related party disclosures

Compensation paid to members of the Supervisory Board and the Management Board of DAB Bank AG

	Fixed component		Performance-related components		Components with a long-term incentive effect		Pensions		Value of fringe benefits		Severance awards		Total	
in k€	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Management Board	828	739	600	557	-	31	89	103	38	61	-	533	1,555	2,024
Supervisory Board	106	106	-	-	-	-	-	-	-	-	-	-	106	106
Total	934	845	600	557	-	31	89	103	38	61	-	533	1,661	2,130

The compensation paid to the individual members of the Supervisory Board and the Management Board in 2013 is presented in the table below:

Compensation paid to the individual members of the Supervisory Board and the Management Board of DAB Bank AG

in k€	Fixed component	Performance - related components	Components with a long-term incentive effect	Pensions	Value of fringe benefits	Total
Members of the Management Board			-			
Dr. Niklas Dieterich	240	150	-	25	6	421
Ernst Huber	350	300	-	50	27	727
Dr. Josef Zellner	238	150		14	5	407
Members of the Supervisory Board			-			
Werner Allwang (*)	4	-	-	-	-	4
Nikolaus Barthold	10	-	-	-	-	10
Peter Buschbeck	13	-	-	-	-	13
Alessandro Foti	22	-	-	-	-	22
Dr. Marita Kraemer	20	-	-	-	-	20
Andreas Pflügel (**)	7		-			7
Dr. Theodor Weimer	30	-	-	-	-	30
Total	934	600	-	89	38	1,661

(*) The term of Mr. Werner Allwang ended at the end of the regular annual shareholders' meeting on 5/16/2013.
(**) Member of the Management Board since May 16, 2013

The compensation granted to individual members of the Management Board and Supervisory Board in 2012 is presented in the table below:

Compensation paid to the individual members of the Supervisory Board and the Management Board of DAB Bank AG

in k€	Fixed component	Performance - related components	Components with a long-term incentive effect	Pensions	Value of fringe benefits	Severance awards	Total
Members of the Management Board							
Dr. Niklas Dieterich	210	150	-	25	6	-	391
Markus Gunter (*)	300	253	31	52	9	533	1,178
Ernst Huber (**) (since 08/01/12)	146	104	-	21	46	-	317
Dr. Josef Zellner (**) (since 08/01/12)	83	50	-	5	-	-	138
Members of the Supervisory Board							
Werner Allwang	10	-	-	-	-	-	10
Nikolaus Barthold	10	-	-	-	-	-	10
Peter Buschbeck	13	-	-	-	-	-	13
Alessandro Foti	23	-	-	-	-	-	23
Dr. Marita Kraemer	20	-	-	-	-	-	20
Dr. Theodor Weimer	30	-	-	-	-	-	30
Total	845	557	31	103	61	533	2,130

(*) The information cited for Markus Gunter generally refers to the full calendar year 2012, because his employment contract expired only at the close of December 31, 2012 and he continued to receive his compensation until that time. However, his term as a Management Board member ended already on July 31, 2012.
(**) Member of the Management Board since August 1, 2012.

The compensation granted in financial year 2013 consisted mainly of a fixed component, in the form of a regular monthly salary, and a success-based component of variable compensation. The compensation also included company pension and other fringe benefits. The success-based components are composed of common shares of UniCredit S.p.A. Rome, as well as cash components. No further benefits according to the definition of IAS 24.16 were granted.

Please refer to Note 70 for details on other long-term incentive components of compensation.

Receivables from members of the Supervisory Board and the Management Board

in k€ at 12/31	2013	2012
Management Board members	10	5
Supervisory Board members	3	-
Total	13	5

At the reporting date, no receivables were due from members of the Supervisory Board or the Management Board in connection with margin loans granted. The receivables due from Management Board members consisted of a credit card limit. Aside from that, no further loans or advances or contingent liabilities were granted.

UniCredit S.p.A., Rome, Italy, indirectly holds, and UniCredit Bank AG, Munich, directly holds 81.39% (PY: 79.53%) of the shares of DAB Bank AG. Information on Group affiliation is presented in Note 66.

Business relationships were maintained with the following companies, which are included in the consolidated financial statements of our highest-level parent company, UniCredit S.p.A.:

- Bankhaus Neelmeyer AG, Bremen
- FinecoBank S.p.A., Rome
- Food & More GmbH, Munich
- GELDILUX-TS-2011 S.A., Luxembourg
- HVB Secur GmbH, Munich
- Mobility Concept GmbH, Unterhaching
- Pioneer Investments Austria GmbH, Vienna
- Pioneer Investments Kapitalanlagegesellschaft mbH, Unterföhring
- PlanetHome AG, Unterföhring
- Schoellerbank Aktiengesellschaft, Vienna
- Schoellerbank Invest AG, Salzburg
- Structured Invest S.A., Luxembourg
- UniCredit Bank AG, Munich
- UniCredit Bank Austria AG, Vienna
- UniCredit Business Integrated Solutions S.C.p.A., Milan
- UniCredit S.p.A., Rome

The total income generated on these business relationships in financial year 2013 amounted to €21,557 thousand (PY: €14,351 thousand) and the total expenses amounted to €3,071 thousand (PY: €1,886 thousand). At the reporting date, receivables in the amount of €1,093,545 thousand (PY: €261,048 thousand) were due from and payables in the amount of €2,946 thousand (PY: €543 thousand) were due to the above-mentioned companies.

Significant business relationships with affiliated companies are presented in the table below:

	Expenses		Income	
in k€	2013	2012	2013	2012
Parent company included in the Group of UniCredit S.p.A.:				
UniCredit Bank AG	2,224	985	16,800	8,518
Other companies included in the Group of UniCredit S.p.A.:				
FinecoBank S.p.A.	57	13	905	187
Food & More GmbH	13	-	-	-
GELDILUX-TS-2011 S.A.	-	-	383	557
HVB Secur GmbH	203	196	-	-
Mobility Concept GmbH	92	-	-	-
Pioneer Investment Austria GmbH	-	-	316	337
Pioneer Investments Kapitalanlagegesellschaft mbH	-	-	238	1,070
Planethome AG	-	-	12	-
Schöllerbank AG	145	-	1,758	-
Schoellerbank Invest AG	-	158	484	2.419
Structured Invest S.A.	-	-	19	-
UniCredit Bank Austria AG	20	7	642	959
UniCredit Business Integrated Solutions S.C.p.A	317	283	-	-
UniCredit Direct Services GmbH	-	177	-	-

	Receivables		Payables	
in k€	2013	2012	2013	2012
Parent company included in the Group of UniCredit S.p.A.:				
UniCredit Bank AG	1,028,744	171,906	2,196	167
Other companies included in the Group of UniCredit S.p.A.:				
Bankhaus Neelmeyer AG	-	-	255	-
FinecoBank S.p.A.	4,932	4,629	36	-
Food & More GmbH	-	-	2	-
HVB Secur GmbH	-	-	32	-
Pioneer Investments Kapitalanlagegesellschaft mbH	50	-	-	-
Schöllerbank AG	59,434	-	159	-
Schoellerbank Invest AG	-	84,382	-	121
Structured Invest S.A.	5	-	-	-
UniCredit Bank Austria AG	380	131	-	-

All transactions were conducted at terms that were not disadvantageous for the company; they include banking services and non-banking services, as well as the utilization of IT and outsourcing services.

The income statement consolidation within the DAB Bank Group gave rise to a total effect of €4,705 thousand in financial year 2013 (PY: €2,413 thousand). At the reporting date, the consolidation of liabilities gave rise to a total effect of €18,159 thousand (PY: €5,173 thousand).

(70) Information on stock options, performance shares and cash-based plans

Information on stock options

No stock options were granted in the reporting year.

In prior years, there was a remuneration component in the form of stock options that allowed the acquisition of one share of UniCredit S.p.A., Rome, Italy.

In the prior year, the fair value of options on the date of granting was recorded as an expense based on the expected number of exercised options over the term. For financial year 2013, no further expenses were incurred in this context (PY: €12 thousand).

Information on performance shares

No performance shares were granted in the reporting year.

The transfer of a fixed number of shares (performance shares) of UniCredit S.p.A., Rome, Italy, at no charge occurs when the individually relevant goals are achieved after the passage of three years.

For financial year 2013, no further expenses were incurred in this context (PY: €52 thousand).

Information on cash-based plans

No cash-based plans were granted in the reporting year.

This program from financial year 2009 with a long-term incentive effect was linked to specified criteria that were decisive in the amount of remuneration. When the relevant goals were achieved, a corresponding cash payment was made. For financial year 2013, no further expenses were incurred in this context (PY: €48 thousand).

Further details on the compensation of the Management Board are provided in the Compensation Report, which is part of the Management Report.

(71) Employees

Average number of employees (headcount)

	2013	2012
Managing Directors	5	5
Holders of commercial power of attorney	10	10
Other salaried employees	559	563
Parental leave/military service	19	18
Employees (total)	593	596
Vocational trainees (at year-end)	15	16

(72) Members of the Supervisory Board, the Management Board

Members of the Supervisory Board of DAB Bank AG:

Dr. Theodor Weimer (Chairman)

Speaker of the Management Board of UniCredit Bank AG, Munich, and member of the Business Executive Management Committee and Management Committee of UniCredit S.p.A., Rome, Italy *)

At December 31, 2013, Dr. Theodor Weimer also served on the following other, legally prescribed Supervisory Boards of German companies:

- ERGO Versicherungsgruppe AG, Düsseldorf, member of the Supervisory Board
- Bayerische Börse AG, Munich, member of the Supervisory Board

At December 31, 2013, Dr. Theodor Weimer served on the following comparable oversight boards of German and foreign companies:

- UniCredit Luxembourg S.A., Luxembourg, Chairman of the Supervisory Board *)

Alessandro Foti (Vice Chairman)

Head of Business Line Asset Gathering of UniCredit S.p.A., Rome, Italy, and Chief Executive Officer of FinecoBank S.p.A., Milan, Italy *)

As of December 31, 2013, Mr. Alessandro Foti did not serve on any other, legally prescribed Supervisory Boards of German companies and also did not serve on comparable oversight boards of German or foreign companies.

Peter Buschbeck

Member of the Management Board of UniCredit Bank AG, Munich, and member of the Management Committee of UniCredit S.p.A., Rome, Italy *)

At December 31, 2013, Mr. Peter Buschbeck served on the following other, legally prescribed Supervisory Boards of German companies:

- Bankhaus Neelmeyer AG, Bremen, Chairman of the Supervisory Board *)
- PlanetHome AG, Unterföhring, Chairman of the Supervisory Board *)
- UniCredit Direct Services GmbH, Munich, Chairman of the Supervisory Board *)

At December 31, 2013, Mr. Peter Buschbeck served on the following comparable oversight boards of German and foreign companies:

- UniCredit Global Business Services GmbH, Munich, member of the Supervisory Board *)
- Wealth Management Capital Holding GmbH, Munich, member of the Board of Directors *)

Dr. Marita Kraemer (until December 31, 2013)

Member of the Management Board of Zürich Beteiligungs-Aktiengesellschaft (Deutschland), Frankfurt am Main, and Managing Director of Zurich Service GmbH, Bonn

At December 31, 2013, Dr. Marita Kraemer did not serve on any other, legally prescribed Supervisory Boards of German companies and also did not serve on any comparable oversight boards of German or foreign companies.

Werner Allwang (employee representative) (until May 16, 2013)

Manager, B2B Own-Account Trading, DAB Bank AG, Munich

Nikolaus Barthold (employee representative)

Senior Manager, Operations (OSM), DAB Bank AG, Munich

At December 31, 2013, Mr. Nikolaus Barthold did not serve on any other, legally prescribed Supervisory Boards of German companies and also did not serve on any comparable oversight boards of German or foreign companies.

Andreas Pflügel (employee representative) (since May 16, 2013)

Department head for Securities Backoffice, Operations, DAB Bank AG, Munich

At December 31, 2013, Mr. Andreas Pflügel did not serve on any legally prescribed Supervisory Boards of German companies nor any other, comparable oversight boards of German and foreign companies.

*) Group mandates of UniCredit S.p.A., Rome, Italy

Members of the Management Board of DAB Bank AG:

Ernst Huber (Speaker of the Management Board)

Responsible for the divisions Business to Customer (B2C) and Products & Services and the departments Marketing, Human Resources, and Corporate Center, as well as the corporate staff office of Corporate Communications and the wholly-owned subsidiary direktanlage.at AG, Salzburg, Austria.

In addition, he held the following other offices at December 31, 2013:

- direktanlage.at AG, Salzburg, Austria, Chairman of the Supervisory Board *)
- Schoellerbank Invest AG, Salzburg, Austria, Member of the Supervisory Board *)

Dr. Niklas Dieterich

Responsible for the divisions Finance & Controlling, IT and Operations, and for the departments Internal Audit and Risk Controlling & Compliance, and for the corporate staff offices Legal and Investor Relations.

Dr. Josef Zellner

Responsible for the departments B2B Sales Trading/Agent Trading, B2B Consulting & Sales Development and B2B Sales Support, and for the corporate staff offices B2B Sales and B2B Strategy & Development.

*) Group mandates of UniCredit S.p.A., Rome, Italy

(73) Changes in the Management Board and Supervisory Board

There were personnel changes on the Management Board. In the election for employee representation in April 2013, Mr. Andreas Pflügel was elected as the new employee representative. At the end of the regular annual shareholders' meeting on May 16, 2013, he assumed the position of Mr. Werner Allwang, whose term of office ended at that time.

(74) Shareholdings of members of the Management Board and the Supervisory Board

at 12/31/2013	Shares	Options
Members of the Management Board		
Dr. Niklas Dieterich	-	-
Ernst Huber	-	-
Dr. Josef Zellner		
Members of the Supervisory Board	-	-
Nikolaus Barthold	-	-
Peter Buschbeck	-	-
Alessandro Foti	-	-
Dr. Marita Kraemer	-	-
Andreas Pflügel	1,297	-
Dr. Theodor Weimer	-	-
Treasury shares	-	-

(75) Share purchases and sales

in k€	Members of the Management Board of DAB Bank AG	Members of the Supervisory Board of DAB Bank AG
Share purchases, DAB Bank AG	-	135
Share sales, DAB Bank AG	-	-
Derivatives on shares	-	-

(76) Relationships between the independent auditor and DAB Bank AG

in k€ 01/01 - 12/31	2013	2012
Fees paid for		
The audit	245	295
Other certification services	186	204
Other services (including valuation services)	29	29
Total	460	528

plus 19% VAT

(77) Timing of release for publication

The present consolidated financial statements will be submitted to the Supervisory Board for adoption and approval on February 27, 2014.

Munich, February 20, 2014

Ernst Huber
Spokesman of the
Management Board

Dr. Niklas Dieterich
Member of the
Management Board

Dr. Josef Zellner
Member of the
Management Board

Affirmation by the legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles,the consolidated financial statements present a true and fair view of the financial position, financing status and financial performance 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 principal rewards and risks associated with the expected development of the Group.

Munich, February 20, 2014

DAB Bank AG

Ernst Huber
Spokesman of the
Management Board

Dr. Niklas Dieterich
Member of the
Management Board

Dr. Josef Zellner
Member of the
Management Board

Independent Auditors' Report*

We have audited the consolidated financial statements prepared by the DAB Bank AG, Munich, – comprising the balance sheet, the statement of comprehensive income, the cash flow statement, the statement of changes in equity and the notes to the consolidated financial statements – and the group management report for the business year from 1 January 2013 to 31 December 2013. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as adopted by the European Union (EU), and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB („German Commercial Code") are the responsibility of the parent Company's management. 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. 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 entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, 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 of the DAB Bank AG, Munich, comply with IFRS, as adopted by the EU, 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.

Munich, 21 February 2014

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Knop	Greißl
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

* Courtesy translation of the Group management report and the consolidated financial statements published in the original language of German.

Quarterly Summary Statement of Comprehensive Income (IFRS)

in k€	4th quarter 2012	1st quarter 2013	2nd quarter 2013	3rd quarter 2013	4th quarter 2013
Interest and similar income	17,632	15,608	15,859	16,854	16,312
Interest expenses	5,992	6,862	7,637	6,677	4,817
Net interest income/expenses	11,640	8,746	8,222	10,177	11,495
Commission income	32,111	34,823	36,420	33,975	38,012
Commission expenses	15,449	13,980	14,483	14,148	14,666
Net commission income/expenses	16,662	20,843	21,937	19,827	23,346
Trading profit/loss	612	58	270	755	-41
Profit/loss from investments	6,315	1,865	2,454	1,297	-276
Net other operating income/ expenses	-844	-46	-201	-155	-299
Non-interest-dependent income	22,745	22,720	24,460	21,724	22,730
OPERATING INCOME	34,385	31,466	32,682	31,901	34,225
Personnel expenses	10,728	10,054	10,142	9,703	9,600
Other administrative expenses	12,719	13,323	14,910	13,505	15,936
Depreciation, amortization and impairments of property, plant and equipment and intangible assets	4,870	3,114	2,690	2,766	2,990
Administrative expenses	28,317	26,491	27,742	25,974	28,526
OPERATING PROFIT/LOSS	6,068	4,975	4,940	5,927	5,699
Appropriations to provisions	-422	227	66	778	884
Credit risk provisions	-108	33	88	-140	388
PROFIT/LOSS BEFORE TAXES	6,598	4,715	4,786	5,289	4,427
Income taxes	2,810	1,472	1,546	2,431	1,497
PROFIT AFTER TAXES	3,788	3,243	3,240	2,858	2,930
Changes in value of AfS financial instruments recognized in equity (OCI)	6,761	-493	-7,561	1,039	702
Actuarial effects of pension obligations (OCI)	-	-	-	-	3
Other comprehensive income/ expenses (after taxes)	6,761	-493	-7,561	1,039	705
COMPREHENSIVE INCOME	10,549	2,750	-4,321	3,897	3,635

Five-year Summary Statement of Comprehensive Income (IFRS)

01/01 - 12/31

in k€	2009	2010	2011	2012	2013
Interest and similar income	101,375	70,211	74,854	73,663	64,633
Interest expenses	36,643	14,523	21,631	23,867	25,993
Net interest income/expenses	64,732	55,688	53,223	49,796	38,640
Commission income	152,154	141,218	136,872	126,204	143,230
Commission expenses	69,242	58,326	51,266	52,023	57,277
Net commission income/expenses	82,912	82,892	85,606	74,181	85,953
Trading profit/loss	9,009	13,723	631	520	1,042
Profit/loss from investments	2,645	195	-555	14,949	5,340
Net other operating income/ expenses	12,942	-2,841	-853	-659	-701
Non-interest-dependent income	107,508	93,969	84,829	88,991	91,634
OPERATING INCOME	172,240	149,657	138,052	138,787	130,274
Personnel expenses	40,169	36,515	38,268	41,058	39,499
Other administrative expenses	69,958	66,111	64,670	56,642	57,674
Depreciation, amortization and impairments of property, plant and equipment and intangible assets	9,713	12,652	10,150	13,646	11,560
Administrative expenses	119,840	115,278	113,088	111,346	108,733
OPERATING PROFIT/LOSS	52,400	34,379	24,964	27,441	21,541
Appropriations to provisions	3,091	1,671	-1,550	-582	1,955
Impairment of goodwill	-	3,410	741	-	-
Credit risk provisions	572	596	45	-9	369
PROFIT/LOSS BEFORE TAXES	33,575	28,702	25,728	28,032	19,217
Income taxes	10,265	12,196	7,956	9,907	6,946
NET PROFIT (DAB Bank Group)	23,310	16,506	17,772	18,125	12,271
Operating profit/loss of SRQ	-	-70	-501	-	-
NET PROFIT (DAB Bank Group incl. SRQ)	23,310	16,436	17,271	18,125	12,271
Changes in value of AfS financial instruments recognized in equity (OCI)	1,849	-6,634	-8,042	39,082	-6,313
Actuarial effects of pension obligations (OCI)	-	-	-	-	3
Other comprehensive income/ expenses (after taxes)	1,849	-6,634	-8,042	39,082	-6,310
COMPREHENSIVE INCOME	25,159	9,802	9,229	57,207	5,961
Attributable to shareholders of DAB Bank AG	23,299	16,448	17,325	18,125	12,271
Attributable to non-controlling interests	11	-12	-54	-	-
Net profit/loss	23,310	16,436	17,271	18,125	12,271
Attributable to shareholders of DAB Bank AG	25,148	9,814	9,283	57,207	5,961
Attributable to non-controlling interests	11	-12	-54	-	-
Comprehensive income	25,159	9,802	9,229	57,207	5,961

In the figures for the financial years 2010 and 2011, the operating profit/loss of SRQ FinanzPartner AG is presented separately, by reason of the fact that DAB Bank sold its entire investment in this company; therefore, SRQ was removed from the consolidation group of the DAB Bank Group effective December 31, 2011. The sale and deconsolidation effects associated with SRQ are described in the Annual Report 2011. The non-controlling interests refer to the discontinued operations of SRQ.

Five-year Summary of key figures of the DAB Bank Group per IFRS

		2009	2010	2011	2012	2013
Results						
Net interest income	k€	64,732	55,688	53,223	49,796	38,640
Net commission income	k€	82,912	82,892	85,606	74,181	85,953
Trading profit/loss and profit/loss from investments	k€	11,654	13,918	76	15,469	6,382
Administrative expenses	k€	119,840	115,278	113,088	111,346	108,733
Result before taxes	k€	33,575	28,702	25,728	28,032	19,217
Net profit	k€	23,310	16,436	17,271	18,125	12,271
Cost-income ratio	in %	80.1	80.5	81.6	79.9	85.0
Return on equity before taxes	in %	19.4	16.4	14.6	13.6	8.1
Statement of financial position						
Total assets	€ mn	3,120.6	3,237.3	3,406.2	4,389.4	5,327.5
Shareholders' equity	€ mn	181.2	168.2	185.4	226.1	247.5
Total Capital Ratio per SolvV	in %	14.5	13.1	15.2	12.4	15.9
Share						
Earnings per share	€	0.31	0.22	0.23	0.22	0.13
Dividend per share	€	0.30	0.20	0.22	0.21	0.13
Year-end closing price (Xetra)	€	4.24	4.27	3.32	3.65	3.72
Book value per share	€	2.10	1.98	2.23	2.51	2.52
Dividend yield	in %	7.1	4.7	6.6	5.8	3.5
Total shareholder return	in %	71.3	5.4	-17.7	16.6	7.4
Market capitalization	€ mn	318.8	321.0	274.6	301.9	338.4
Key operational indicators						
Securities accounts	number	623,753	616,044	620,922	615,288	617,070
Volume of securities accounts and deposits	€ bn	23.30	26.03	24.26	28.38	32.49
Trades executed	number	4,110,814	4,506,466	5,081,041	4,198,272	4,964,739
Trades executed per securities account per year	number	6.65	7.29	8.22	6.79	8.06
Employees						
Employees (headcount)	number	663	606	607	611	609
Employees (full-time equivalents)	number	595	654	549	558	552

The Total Capital Ratio as per SolvV pertains only to DAB Bank AG.

The definition of the number of employees was changed in 2012. The figure now includes all employees excluding working students and student employees.

Asset management:
(Fiduciary) management of assets for clients.

Assets:
Assets refer to all items on the assets side of the statement of financial position.

Available-for-sale:
Financial instruments classified as being "available for sale" in accordance with IAS 39.

Back-testing:
Retrospective method for monitoring the quality of value-at-risk models by means of checking, over a longer period of time, whether the potential losses estimated by application of the value-at-risk model have not been exceeded significantly more frequently than would be expected, based on the confidence level applied.

BaFin (Bundesanstalt für Finanzdienstleistungsaufsicht):
The German Federal Financial Supervisory Authority.

Basel III:
New capital adequacy requirements of the Basel Committee of the Bank for International Settlements (BIS) in Basel, to supplement the existing capital adequacy requirements for banks. It is based on the experiences made with the Basel II Accord from the year 2007 and on the knowledge and experiences gained from the worldwide financial and economic crisis that began in 2007.

Bond:
General term for all debt instruments with definite (fixed or variable) rates of interest and generally having a fixed (typically longer-term) maturity and a contractually specified repayment schedule. Companies issue bonds to raise long-term debt financing.

Bond fund:
A bond fund is an investment fund that invests exclusively or predominantly in fixed-income securities.

Cash flow:
Cash flow is an indicator that provides insight into the financing capacity of a company.

Cash flow statement:
The cash flow statement shows the composition of and changes in a company's cash and cash equivalents during a financial year. It is divided into cash flows from operating activities, cash flows from investing activities and cash flows from financing activities.

Certificate:
A certificate can refer to an investment certificate (also known as fund share), evidencing ownership of shares of an investment fund, or to an index certificate, evidencing ownership of a share in a portfolio or index. The value of the certificate is based on the value of the securities which are held by the investment fund or which represent the underlying instrument for the portfolio or index.

Core capital:
Sum of subscribed capital and disclosed reserves, minus intangible assets according to the German Commercial Code.

Corporate governance:
The term corporate governance refers to the legal and factual framework of rules and standards applicable to the management and supervision of commercial enterprises. By enhancing transparency, corporate governance rules serve to strengthen trust and confidence that a given company is being managed responsibly, in a manner likely to preserve and create value over time.

Cost-income ratio:
We define the cost-income ratio as the ratio of administrative expenses (including restructuring expenses and impairments of goodwill) to the sum of net interest income, net commission income, trading profit/loss, profit/loss from investments, net other operating income/expenses, additions to provisions and credit risk provisions.

Credit spread:
Measure of the premium or discount relative to a reference interest rate, the level of which is determined on the basis of the credit rating and market position of a given debtor.

Credit value-at-risk (C-VaR):
Unexpected, presumed maximum loss that can result from default risks, calculated by application of the value-at-risk concept.

DAB Sekunden-Handel:
This is the name of DAB Bank's OTC trading platform, on which customers can buy and sell securities directly from or to the issuers.

Default risk:
Possible losses in value resulting from the default or credit quality deterioration of customers.

Deferred taxes:
Income taxes to be paid or received in the future, which result generally from the different tax bases applied in the balance sheet drawn up for tax purposes and the commercial balance sheet according to the German Commercial Code. Deferred taxes do not yet represent current tax receivables due from or current tax liabilities due to the tax authorities.

Deposit business:
Administration of customer deposit accounts, including giro accounts, call money accounts, term deposits and term accounts.

Deposit insurance fund:
Deposit Insurance Fund of the National Association of German Banks.

Derivative:
A derivative is a financial product, the price of which is tied to the price of an underlying financial instrument (shares, bonds, currencies, indexes). Certificates and warrants are examples of derivatives.

Discount:
Difference between the repayment amount and the lower issue price or between the listed stock exchange price and the face value of a given security. German law forbids issuing equity shares at a discount to par value, but this practice is common for fixed-income securities.

Dividend:
The distribution of a stock corporation's profit to its shareholders on the basis of the shares held. The total dividend payout is not necessarily equal to the company's profit for the year, because that profit may first be reduced by appropriations to various capital reserves (legally mandated in some cases). The shareholders present and represented at the annual meeting vote on the amount of the dividend and the mode of distribution.

Dividend yield:
The percentage ratio of the dividend amount to the share price at a given date. It expresses the rate of return per share on the money invested in a given company.

Due diligence:
A process of intensive examination of the financial and economic situation and business plan of a company by outside experts (usually banks, lawyers, public accountants). The conduct of a due diligence review is a prerequisite for the preparation of an issuing prospectus for an initial public offering or capital increase.

Effective yield:
The actual return on an investment, after deduction of incidental expenses such as fees, etc. The effective yield is also determined also by the purchase price, the interest income and the issue premium or discount.

Equity ratio:
The ratio of a company's equity to its total assets.

ETC (Exchange-Traded Commodities):
Openly structured securities that enable investors to invest in commodities. ETCs are traded on the stock exchange like shares and offer a high degree of liquidity.

ETF (Exchange-Traded Funds):
Investment funds traded on the stock exchange that track a given index.

Eurex:
One of the world's biggest futures exchanges and a leading clearing house in Europe; it offers access to the European derivatives market for futures and options.

Fair value:
Amount at which a financial instrument can be traded between knowledgeable, willing partners in an arm's-length transaction.

Financial intermediaries:
This term especially refers to asset managers licensed to operate as such by the German Federal Financial Supervisory Authority (BaFin) and investment fund brokers.

Financial instruments:
This term refers both to financial assets such as loans and receivables, fixed-income securities, equities and equity investments, and to financial liabilities such as, for example, deposits of banks and customers, bond issues and even derivatives.

Flat Fee:
Products are available at a flat fee.

FRA (Forward Rate Agreement):
Contractual agreement between two business partners for the purpose of hedging interest rate risks. At the end of the agreed term, only the difference between the interest owed on a specified notional amount based on a predetermined interest rate, as compared to the actual interest rate, is paid.

Free float:
The percentage of a company's stock that is traded freely on the stock exchange, as opposed to being held by large-block shareholders.

German Accounting Law Modernization Act (BilMoG):
Reform of the accounting regulations of German commercial law, enacted in 2009 for the purpose of harmonizing German accounting laws with International Financial Reporting Standards.

German Minimum Requirements for Risk Management (MaRisk):
These requirements include, among other things, the installation of an adequate business organization and the implementation of appropriate internal controls in the business areas of trading and lending.

German One-Third Employee Representation Act (DrittelbG):
German law related to the co-determination of employees on the Supervisory Board of German companies. One third of Supervisory Board members must consist of employee representatives. It applies to companies organized under the German legal forms of AG (stock corporation), KgaA (publicly traded partnership), GmbH (limited liability company), VVaG (cooperative mutual insurance company) and Erwerbs- und Wirtschaftsgenossenschaft (commercial cooperative), that have more than 500 employees.

Goodwill:
Company value

Hedging:
Hedging refers to the purchase or sale of derivative financial instruments (futures, options, swaps) for the purpose of protecting the value of existing securities or currency positions against negative market price developments by taking on a second, compensatory risk.

Initial Public Offering (IPO):
This term refers to the administrative process by which a company offers its stock for sale to the public in the primary market for the first time. An IPO typically entails the necessity of attaining a listing on an organized stock exchange.

International Financial Reporting Standards (IFRS):
These standards are published by the International Accounting Standards Board (IASB), an international organization supported by national accountancy associations. The purpose of this organization is to promote transparent, comparable financial reporting on an international basis.

Investment fund:
The assets of an investment fund are managed by an investment company. The investors receive share certificates in evidence of their part ownership of the fund assets. In most cases, the income of an investment fund, deriving from capital gains, dividends, interest, etc., is distributed to the shareholders. Some investment funds reinvest their income, leading to an increase in the value of the fund's shares.

Investor Relations (IR):
The purpose of investor relations is to disseminate information to interested persons in the capital markets, including shareholders and stock analysts, on the subject of a company's business strategy, financial performance and key value drivers.

Issue premium:
The amount by which the issue price exceeds the nominal value of securities being issued for the first time; or the amount by which the stock market price exceeds the intrinsic value. Also, the sales load that investors pay to purchase shares in most investment funds is sometimes called the issue premium.

Letter of comfort:
Customary undertaking by a parent company of a corporate group to third parties, under which the parent company vouches for the adequate management and the settlement of the liabilities of its subsidiary.

Mark-to-market:
This term refers to the practice of writing down the carrying amount of financial instruments to their lower market value.

Market capitalization:
This indicator is calculated as the number of common shares outstanding multiplied by the market price of each share.

MiFID:
This acronym stands for the European Union Directive "Markets in Financial Instruments Directive," which took effect in 2007. The goals for the European Union "Markets in Financial Instruments Directive," are to improve investor protection, promote greater competition and harmonize the European financial markets.

Net financial income:
At DAB Bank, the net financial income is defined as the sum of the net interest income , the trading profit or loss and the profit or loss from investments.

Operational risk:
Qualification or quantification of potential losses resulting from defective internal processes, human error, technological failure or external events.

Portfolio:
In connection with securities, the term portfolio refers to the entirety of securities held by a company or individual.

Portfolio commission:
The remuneration (typically annual) paid by the investment company to the fund broker.

Price-earnings ratio (PER):
This indicator, which is used in the evaluation of stocks, is calculated as the share price divided by the earnings per share, which are derived in turn from the company's profit for the year. The higher the PER, the more expensive a stock is.

Prime Standard:
Segment of the Frankfurt Stock Exchange established on January 1, 2003. The Prime Standard segment is geared to companies that wish to sell their securities to international investors. Such companies must satisfy stringent, international standards of corporate transparency that go beyond the requirements of the General Standard segment. DAB Bank fulfills the standards of the Prime Standard segment.

Rating:
Evaluation of the credit quality of a financial instrument (issue rating) or debtor (issuer rating) by independent rating agencies.

Restatement reserve:
The changes in value of certain assets are recognized directly in equity, as opposed to be being recognized in profit or loss.

Return on equity:
The ratio of earnings before taxes to the average equity during a given period. It expresses the rate of return on the capital provided by the company or its shareholders.

Risk controlling:
Ongoing measurement and monitoring of risks, including the development of suitable methods, as well as risk analysis and reporting, by a neutral, process-independent organizational unit.

Risk management:
This term refers to the operational management of specific portfolios, based on risk-return considerations.

Sales load:
Difference between the issue price and the value of an investment fund share, paid by the investor. Expressed as a percentage of the share value, the sales load is charged either on the redemption (back-end load) or purchase (front-end load) of shares in the investment fund. The amount of the sales load depends primarily on the type of investment fund and the focus of its investment activity.

Savings plan:
Investors make regular, fixed contributions to a savings plan, which are used to purchase shares in an investment instrument. The amount and periodicity of contributions can be arranged on a flexible basis.

Securities issue:
Securities are issued either directly by the issuing company or through a bank. Companies issue securities in order to raise capital.

Share capital:
The share capital is the capital stock of a stock corporation, issued in the form of certificated shares.

Shareholder value:
The value of a company for its shareholders. Shareholders participate in value creation through share price appreciation, dividend payments, stock buy-backs, etc.

Solvency Regulation (SolvV):
German regulation (in effect since January 1, 2007) aimed at ensuring the adequate capitalization of banks, banking groups and financial holding company groups.

Star Partner:
Thanks to its cooperation agreements with the prestigious investment firms named as its Star Partners, DAB Bank can offer its customers special products under special terms.

Stock index:
A stock index is an indicator of the performance of all the stocks in a given stock market and/or group of stocks (example: DAX30). Stock indexes are a useful indicator of the general stock market trends.

Stock option program:
Issuance of non-transferrable subscription rights to selected employees, members of the senior management and other managers, which entitle the holder to purchase the same number of shares in the company within a specified exercise period, contingent upon the achievement of pre-defined success targets.

Stress test:
A stress test simulates the effects of critical capital market situations on the risk status and financial performance of a bank or other financial institution.

Sustainability:
Sustainability refers to long-term business practices geared to assuring quality of life in both the present and the future. The main guiding objectives are responsibility for the environment and balanced social relationships.

Time deposit:
Bank deposit with a fixed term and interest rate.

Treasury:
Corporate division charged with managing liquidity and market price risks.

Unappropriated net profit:
The unappropriated net profit of a stock corporation is the final line of the profit utilization statement according to German commercial law. It begins with the net profit, to which is added or from which is deducted any profit or loss carried over from the previous year, profit withdrawals or appropriations to reserves, and/or dividend distributions.

Value-at-risk (VaR) model:
VaR refers to a methodology for quantifying risks. To be conclusive, the holding period (e.g., one day) and the confidence level (e.g., 99%) must always be indicated as well. The VaR value refers to the maximum loss limit that will not be exceeded within the given holding period, with a probability corresponding to the confidence level.

Value driver:
Business unit and parameter that makes a particularly strong contribution to creating value for the company.

Volatility:
Range of fluctuation of security prices, foreign exchange rates, commodity prices, interest rates or even investment fund shares over a certain period of time.

Warrants:
Warrants are a type of derivative financial instrument. They entitle the holder to buy (call warrant) or sell (put warrant) securities or currency amounts at predetermined prices and terms, or to receive a cash settlement instead.

Watchlist:
The watchlist is used to maintain an overview and follow the development of interesting values, enabling investments to be made when conditions are favorable.

Wertpapierhandelsgesetz (WpHG):
German Securities Trading Act.

Withholding tax:
A withholding tax on investment income introduced as part of the 2008 corporate tax reform. This tax is assessed using an established tax rate that is independent from the personal income tax rate. It essentially covers tax on investment income.

Xetra (Exchange Electronic Trading):
The electronic trading system of Deutsche Börse AG. The prices are not set by floor traders, but are calculated automatically through the matching of purchase and sale orders.

Management Board

Ernst Huber
(Spokesman of the
Management Board)
Dr. Niklas Dieterich
Dr. Josef Zellner

Supervisory Board

Dr. Theodor Weimer
(Chairman)
Alessandro Foti
(Vice Chairman)
Nikolaus Barthold
Peter Buschbeck
Dr. Marita Kraemer
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Financial Calendar	Provisional Date
Annual Press Conference, Frankfurt	02/26/2014
Annual Report 2013	03/20/2014
1st quarter report 2014	04/30/2014
Annual shareholders' meeting 2014	05/15/2014
2nd quarter report 2014	07/28/2014
3rd quarter report 2014	10/30/2014

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