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Direkt Anlage Bank

Key Figures of DAB Bank Group (IFRS)

		2014	2013	Change	Page
Results					
Net interest income/expenses	k€	69,411	38,640	79.6%	50, 88, 109
Net commission income/expenses	k€	85,705	85,953	-0.3%	51, 88, 110
Trading profit/loss and profit/loss from investments	k€	5,873	6,382	-8.0%	50, 88, 110
Administrative expenses	k€	110,835	108,733	1.9%	51, 88, 111
Result before taxes	k€	48,333	19,217	151.5%	51, 88
Net profit	k€	32,019	12,271	160.9%	52, 88
Cost-income ratio	in %	69.6	85.0	-18.1%	52, 150
Return on equity before taxes	in %	18.7	8.1	130.9%	-
Balance sheet					
Total assets	€ mn	5,526.9	5,327.5	3.7%	52, 53, 89
Shareholders' equity	€ mn	270.0	247.5	9.1%	53, 89, 90, 124
Total Capital Ratio per CRR	in %	12.2	15.9	-	53, 136, 137
Share					
Earnings per share	€	0.35	0.13	169.2%	52, 88, 114
Dividend per share	€	-	0.13	-	52, 90, 114
End-of-year share price (Xetra)	€	4.84	3.72	30.1%	20
Book value per share	€	2.77	2.52	9.9%	20
Dividend yield	in %	-	3.5	-	20
Total shareholder return	in %	30.8	7.4	316.2%	20
Market capitalization	€ mn	440.3	338.4	30.1%	20
Key operating figures					
Customers	number	650,549	620,897	4.8%	45 ff.
Securities accounts	number	625,769	617,070	1.4%	45 ff.
Bank accounts	number	252,892	204,721	23.5%	45 ff.
Volume of securities accounts and deposits	€ bn	36.37	32.49	11.9%	45 ff.
Trades executed	number	5,517,396	4,964,739	11.1%	45 ff.
Trades per securities account per year	number	8.88	8.06	10.2%	45 ff.
Employees					
Employees (headcount)	number	606	609	-0.5%	54
Employees (full-time basis)	number	549	552	-0.5%	54

The Total Capital Ratio as per CRR pertains only to DAB Bank AG. The prior-year figures are based on SolvV.

Ernst Huber
Management Board Spokesman

Dr. Niklas Dieterich
Member of the Management Board

Dr. Josef Zellner
Member of the Management Board

Dear shareholders, customers and business partners,

2014 was a very eventful year for DAB Bank. In May, we celebrated the 20th anniversary of the founding of Germany's first online broker. In late July, the first reports of the sale of DAB Bank crossed the news ticker. Afterwards, a takeover offer was presented to the shareholders of DAB Bank. In December, it was reported that our new majority shareholder, BNP Paribas Group, plans to buy out the remaining shareholders next year, in connection with the merger.

Ernst Huber

Despite these events, DAB Bank never lost sight of its core tenets: To meet the highest standards and attain the highest level of customer satisfaction with our banking and brokerage services.

As Germany's first direct broker, we wanted to be different from, and above all, more innovative than conventional banks already 20 years ago. Now as then, we seek to satisfy the needs and wishes of our customers and support their capital accumulation efforts. For that purpose, we offer a full range of innovative products and services related to investment, trading, and banking. For example, the new Fund Finder we introduced in the first quarter of 2014 makes it easy for investors to filter out their personal favorites from the universe of the 100 most popular investment funds of our customers, and define the characteristics which they especially appreciate in an investment fund. The chief characteristics for each fund are capital appreciation, popularity among investors, and risk in the form of volatility over the last five years. In the second quarter, we connected the Tradegate Exchange to our platform, thereby augmenting the list of available exchanges and giving our customers even more options for placing their trade orders. Another very popular tool is the DAB Personal Finance Manager, an online tool that makes it easy to organize one's personal finances. DAB Bank customers only need to press a button to obtain an overview of how and where they spend their money, and how much money they can save on average every month. This new tool, which was developed exclusively for DAB Bank customers, can motivate users to tackle the unloved task of household financial management. Whereas DAB Bank's previous offering of equity-based savings plans included 80 stocks listed in the DAX and MDAX, since the third quarter of 2014 our customers can now also enter into savings plans based on five popular U.S. stocks: Apple, Coca-Cola, eBay, Facebook, and Microsoft.

As in prior years, DAB Bank received numerous awards in 2014

We are convinced that DAB Bank is one of the best online banks in the German market. It pleases us all the more that many media organizations, independent institutions, and customers feel the same way, as evidenced by the numerous awards given in recognition of our products and services. Focus Money magazine named DAB Bank “Best Online Broker” of 21 branch banks and online banks, in recognition of its attractive price-performance mix. In the direct bank analysis conducted by Euro am Sonntag in the first quarter, DAB Bank won first place in the category of “Funds and Savings Plans.” In this year’s Broker Elections on brokerwahl.de, DAB Bank won first place in the categories of “Certificate Broker” and “Fund and ETF Broker.” Readers of Börse am Sonntag gave DAB Bank first place in the category of “FOREX Brokers” and second place in the category of “Online Brokers,” in addition to a special award for “Best Customer Communication.” News channel n-tv and FMH-Finanzberatung found that DAB Bank offers the best checking account in Germany, and Guter Rat magazine found that DAB Bank offers the “Best Terms” in the categories of banking and brokerage. Furthermore, Euro am Sonntag examined DAB Bank as part of its survey of brokerage services offered by online banks. Based on various test cases, DAB Bank was found to offer the best price-performance ratio in this area, and was pronounced the survey winner. DAB Bank is one of only few banks in Germany to have offered equity-based savings plans for many years already. For this reason among others, the investor magazine Focus Money named DAB Bank the “Best Securities-Based Savings Bank.” In the fourth quarter, n-tv awarded DAB Bank the distinction of “Best Bank for Certificate-Based Savings Plans.”

Customer satisfaction is our highest goal

The outstanding services we provide to our independent asset managers also redound to the benefit of their clients. The annual surveys conducted by DAB Bank prove that the clients of our financial professionals are confident that the advice provided to them is genuinely independent. DAB Bank commissioned a market research institute to survey more than 1,500 clients of non-bank-affiliated asset managers. The findings of the most recent survey could not be more clear: 92 percent of all surveyed persons stated that they are generally satisfied, very satisfied, or completely satisfied with their asset manager. And based on the results of the latest customer survey, DAB Bank’s retail customers are also extremely satisfied, even more than last year.

Given these results, it should come as no surprise that DAB Bank increased its customer base substantially in 2014, by 30 thousand to 651 thousand customers. The development of customer assets held in custody was just as impressive. The volume of customer assets held in custody with DAB Bank rose by more than €3.88 billion to reach €36.37 billion at the end of 2014. Besides market effects, this 11.9% increase can be attributed in large part to net inflows of new customer assets. In these uncertain times, we consider this to be a special vote of confidence in DAB Bank.

DAB Bank has a new majority owner

After UniCredit Bank AG (UCB) sold its majority interest in DAB Bank to the BNP Paribas Group in late July, BNP Paribas Beteiligungsholding AG notified the Management Board of DAB Bank AG in mid-December that it held a total of 83,417,013 shares, representing about 91.69% of the share capital and the shares of DAB Bank AG. UCB had previously transferred its shares in DAB Bank AG to BNP Paribas Beteiligungsholding AG in connection with the purchase agreement that had already been signed. BNP Paribas Beteiligungsholding AG had also acquired the shares of the shareholders who accepted the public takeover offer. BNP Paribas Beteiligungsholding AG informed the Management Board that it holds DAB Bank AG shares representing more than nine tenths of the share capital (principal shareholder), and that it intends in this capacity to conduct a merger of DAB Bank AG (transferring entity) into BNP Beteiligungsholding AG (absorbing entity), for the purpose of simplifying the corporate structure. In connection with this merger, BNP Beteiligungsholding AG intends to conduct a so-called squeeze-out of the remaining shareholders against payment of an appropriate cash indemnity, in accordance with the law of mergers. This plan will be presented to the shareholders for their approval at the next annual meeting of DAB Bank on May 29, 2015.

In connection with these events, the composition of the Supervisory Board of DAB Bank AG has changed as well. Effective December 18, 2014, former members Dr. Theodor Weimer, Alessandro Foti, and Dr. Karin Labitzke resigned from the Supervisory Board. Effective January 18, 2015, Kai Friedrich, Camille Fohl, and Franciska Decuypere were appointed to the new Supervisory Board of DAB Bank AG by virtue of a judicial order dated January 5, 2015.

Full-year target attained even without exceptional effects

Because the transfer of shares in DAB Bank AG by UniCredit Bank AG to BNP Paribas Beteiligungsholding AG automatically entailed the discontinuation of corporate group privileges under regulatory law, the investments of DAB Bank Group with UniCredit Bank would have exceeded the limits defined in the Regulation on Large Loan Exposures and Million Loans. In consideration of this fact, UCB and BNP Paribas agreed as part of the purchase agreement for DAB Bank shares that UCB's intragroup liabilities to the DAB Bank Group may be repaid at fair market terms. Due to the fact that interest rates have fallen since the inception of this investment, DAB Bank realized extraordinary income of €25.59 million on the repayment of these liabilities. While this had a positive effect on DAB Bank's profit for 2014, the adjusted figure of about €23 million also fulfilled the full-year forecast for the profit before taxes, representing a 20% increase over the prior-year figure.

Financial markets were influenced by the continuation of very expansive central bank policies in 2014. To stabilize the economy and the situation of public-sector debt, interest rates are being kept at historically low levels. This policy sharply reduces the margins that can be earned by investing customer deposits. Although the prevailing interest rate environment in the Eurozone posed a significant challenge, the net interest income of €69.41 million was significantly higher than the corresponding figure for 2013 (€38.64 million). The trading profit and profit from investments amounted to €5.87 million (2013: €6.38 million).

The Groupwide net commission income of €85.71 million was little changed from the prior-year figure of €85.95 million. Our customers were very active in 2014, executing 5.52 million trades through DAB Bank in 2014. Thanks to stringent cost discipline, administrative expenses were largely unchanged from the prior-year figure. The profit before taxes came to €48.33 million (2013: €19.22 million). Thus, we met the forecast announced halfway through 2014 of a 20% increase in the profit before taxes in an impressive manner.

Ernst Huber
(Management Board Spokesman)

Kai Friedrich

Dear shareholders,

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 2014, the Supervisory Board of DAB Bank AG held a total of four regular meetings and two constitutive meetings. When necessary, the Supervisory Board also convened special meetings or adopted resolutions by way of written circulation. In 2014, the Supervisory Board held two special meetings and adopted resolutions by written circulation on seven 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 and Nominating Committee (formerly Executive Committee) and a Risk and Audit Committee (formerly Audit Committee). In accordance with the new provisions of Section 25d (7) – (11) of the German Banking Act (KWG), the company's Supervisory Board reordered the division of duties among its committees, with effect as of January 1, 2014. In accordance with Section 25d (12) KWG, the Supervisory Board also formed a new Compensation Control Committee, effective April 1, 2014. The duties of this new committee had previously been performed mainly by the Executive and Nominating Committee (formerly Executive Committee).

The Supervisory Board committees prepare draft resolutions and other topics to be voted on by the full Supervisory Board. Furthermore, certain decision-making authorities of the Supervisory Board have been 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 and Nominating Committee held four regular meetings and adopted resolutions by way of written circulation in one instance. The Risk and Audit Committee held four regular meetings and two constitutive meetings. No resolutions were adopted by way of written circulation. The newly formed Compensation Committee held one constitutive meeting and three regular meetings. No resolutions were adopted by way of written circulation.

The regular deliberations of the full Supervisory Board were devoted to the operating results and cash flow position of DAB Bank AG, as well as to significant projects in the B2C and B2B segments and in the IT, Operations and Personnel departments. 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 of May 24, 2012. The annual shareholders' meeting approved the compensation system for the Management Board. Since no significant 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 2014, in the opinion of DAB Bank AG.

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 as of June 24, 2014. In the Supervisory Board meeting of November 24, 2014, 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 16, 2014, and made it permanently available to the shareholders on the company's website.

Additional information on corporate governance, the Declarations of Conformity, 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 32 to 38 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 2014, including the accounting records, were audited by the independent auditor Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, which issued an unqualified audit opinion in 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 above-mentioned financial statements were submitted to the Supervisory Board along with the report of the independent auditor in a timely manner. The Risk and Audit Committee examined these documents intensively as part of its preliminary review. The independent auditor attended the meeting of the Risk and Audit Committee of March 17, 2015 and informed the members of the Risk and Audit Committee about the results of the audit of the annual financial statements. The independent auditor also reported on the results of the audit at the Supervisory Board meeting of March 17, 2015. 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. In addition, the Chairwoman of the Risk and Audit Committee informed the Supervisory Board about the results of the preliminary review conducted by this committee. Acting on the recommendation of the Risk and Audit Committee, we concurred with the findings of the independent auditor after examining and intensively discussing all documents, which we found to be orderly, plausible, and complete. Based on the final results of the review conducted by the Risk and 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; the separate financial statements were thus adopted in accordance with Section 172 (1) of the German Stock Corporations Act (AktG).

We approved the Management Board's proposal for the utilization of distributable profit.

UniCredit Bank AG held a majority stake in DAB Bank AG until December 17, 2014. As of December 17, 2014, BNP Paribas Beteiligungsholding holds the majority of the share capital of DAB Bank AG. In accordance with Section 312 AktG, the Management Board prepared a report on DAB Bank AG's dealings with affiliated companies also for financial year 2014. The independent auditors reviewed this report and issued an unqualified audit opinion. The Management Board's report on dealings with affiliated companies and the corresponding report of the independent auditor were also presented to us. As part of the preliminary review, first the Risk and Audit Committee and then the full Supervisory Board examined these documents intensively on March 17, 2015. The independent auditors reported on the principal findings of their audit at the meetings of the Risk and Audit Committee and the Supervisory Board. We reviewed the statements made in the report to verify their plausibility and consistency. The Chairwoman of the Risk and Audit Committee also reported on the findings of the review conducted by her committee to the full Supervisory Board. We concurred with the results of the audit of the independent auditor. Based on the final results of our own review of the Management Board's report pursuant to Section 312 AktG on DAB Bank AG's dealings with affiliated companies in financial year 2014, in which no objections were noted, it is our opinion that no objections are to be raised against the final declaration of the Management Board in this report.

The Supervisory Board wishes to thank the members of the Management Board and all employees for their dedication and hard work in the past year. Thanks to their efforts, DAB Bank AG turned in a solid performance in financial year 2014, operating within a persistently difficult market environment.

Munich, March 17, 2015

For the Supervisory Board:

Kai Friedrich
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. Information on this subject can be found in the Report of the Supervisory Board on pages 8 to 11 of the present 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 due consideration of 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 16, 2014

Declaration of Conformity 2014 with the German Corporate Governance Code pursuant to Section 161 AktG

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, 2013 (date of the most recent Declaration of Conformity), the declaration is based on the German Corporate Governance Code in the version of May 13, 2013. Since September 30, 2014 (publication in the Federal Gazette of the German Corporate Governance Code in the version of June 24, 2014), the declaration concerning the company's corporate governance practices is based on the recommendations of the German Corporate Governance Code in the version of June 24, 2014.

- 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.

▸ Consideration of 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 consider the ratio of Management Board compensation to the compensation of senior management and the staff as a whole, including the development over time, in accordance with 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 Corporations Act (AktG), which were concluded prior to announcement of this recommendation, the Supervisory Board ensured that the overall compensation was reasonably proportionate to the duties and performance of each Management Board member. The amount of compensation has been set with reference to the scope of business, the economic and financial situation, and the salaries at comparable companies, in accordance with the customary method of determination. Furthermore, due consideration is given to the individual duties and responsibilities of each Management Board Member. When setting the compensation, the Supervisory Board also reviewed the vertical reasonableness of Management Board compensation. As a precaution, however, an exception is declared, in that the Supervisory Board did not differentiate between the comparison groups in the Code recommendation when reviewing vertical reasonableness, and also did not carry out a survey of the development of the system of wages and salaries over time. However, the Supervisory Board intends to review the vertical reasonableness of the Management Board compensation when amending any Management Board contract in the future, in accordance with 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 has 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 when amending any Management Board contract in the future.

▸ 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. Therefore, 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 was agreed when concluding Management Board contracts. The Management Board contracts are concluded for a term of three years, as a general rule. In the event of premature termination of the Management Board contract on grounds other than serious cause, compensation amounting to no more than the remaining term of the employment contract will be paid. In consideration of this limited term, therefore, the Supervisory Board does not consider it necessary to additionally stipulate a severance award cap of two years' compensation when concluding Management Board contracts.

▸ Presentation of Management Board compensation (4.2.5 (3) and (4) 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 certain precisely defined information that exceeds what was previously disclosed, particularly including the disbursement of variable compensation. Based on the Bank's self-assessment, DAB Bank AG's compensation system satisfies the requirements of Section 87 (1) AktG, as well as the other statutory and regulatory requirements. However, the system does not include any differentiation between short-term and long-term variable compensation, so that a corresponding presentation as proposed by the Code would be very difficult. Moreover, the recommended changes would cause disproportionately high expenses without providing an additional information benefit to the shareholders of DAB Bank AG. Therefore, an exception is declared in this respect.

Munich, December 16, 2014

For the Supervisory Board:

Dr. Theodor Weimer
Chairman of the Supervisory Board

For the Management Board

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

Management and supervision structure

Supervisory Board
DAB Bank AG is governed by 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 pages 16 to 17. 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 and Nominating 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. There are currently three committees: The Executive and Nominating Committee (formerly Executive Committee), the Risk and Audit Committee (formerly Audit Committee), and the Compensation 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. In accordance with the new provisions of Section 25d (7) – (11) of the German Banking Act (KWG), the company's Supervisory Board reordered the division of duties among its committees, with effect as of January 1, 2014. In accordance with Section 25d (12) KWG, the Supervisory Board also formed a new Compensation Control Committee, effective April 1, 2014. The duties of this new committee had previously been performed mainly by the Executive and Nominating Committee (formerly Executive Committee).

The Executive and Nominating Committee is composed of the Chairman, the Vice Chairman and a Supervisory Board member elected by the Supervisory Board. In particular, the Executive and Nominating 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 and Nominating Committee 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. Moreover, the Executive and Nominating Committee adopts resolutions concerning the approval of transactions and actions that require the consent of the Supervisory Board. Until March 31, 2014, the Executive and Nominating Committee also exercised the duties of a Compensation Committee, insofar as German law did not require that such duties be exercised by the full Supervisory Board.

The Risk and 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 held less than two years ago. In accordance with German law, the Risk and 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 Risk and Audit Committee, Ms. Sabine Schaedle, fulfills these legal requirements. The Risk and 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 Risk and 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 Risk and Audit Committee supervises the financial accounting process. Together with the independent auditor, the Risk and Audit Committee discusses the 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 Risk and 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 to the effectiveness of the risk management system and internal audit system. The Internal Audit Department reports to the Risk and Audit Committee on a regular basis. Furthermore, the Risk and 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 Control Committee, which was constituted on April 1, 2014, consists of three members of the Supervisory Board: the Chairman of the Supervisory Board, the Vice Chairman, and a third member elected by the Supervisory Board. In accordance with Section 25d (12) KWG, the Chairman of the Compensation Control Committee must possess knowledge and professional experience in the area of risk management and risk controlling, and at least one member of this committee must be an employee representative. The Compensation Control Committee performs the tasks described in Section 25d (12) KWG, particularly including the assistance to be provided to the Supervisory Board in the appropriate configuration of the compensation systems for the Management Board, particularly the preparation of Supervisory Board resolutions setting the total compensation of Management Board members and the monitoring of the appropriateness of the compensation systems for the Management Board. In addition, the committee assists the Supervisory Board in the monitoring of the appropriate configuration of the compensation systems of employees. It assists the Supervisory Board in the monitoring of the adequate involvement of internal controls and all other determining functions in the configuration of compensation systems. In addition, the Compensation Control Committee is charged with performing the tasks prescribed in the Financial Institutions Compensation Regulation of December 16, 2013.

The compensation of Supervisory Board members is presented in the Compensation Report on pages 36 to 37.

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 supervision 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 by virtue of 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, work ethic 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 to preserve the currently existing proportion of Supervisory Board members with an international background.

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 a vacant Supervisory Board seat, 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 holding a seat on the governing body of a significant competitor of the company or performing consulting work for such a 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 will 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

Theodor Weimer

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 2014. 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. 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. The goal that at least one third of Supervisory Board members will be women by the year 2015 was achieved already in 2014. Following the appointment of Dr. Labitzke to the Supervisory Board of DAB Bank AG, together with the previous appointment of Sabine Schaedle, two Supervisory Board members representing one third of the Supervisory Board were women as of December 31, 2014. The Supervisory Board also considers the other goals it adopted as having been 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 pages 32 to 36.

Composition of the Supervisory Board and its committees as of December 31, 2014
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 Ms. Sabine Schaedle 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 Risk and Audit Committee of the Supervisory Board.

Members of the Supervisory Board:
- Dr. Theodor Weimer (Chairman)
- Alessandro Foti (Vice Chairman)
- Sabine Schaedle (since February 20, 2014)
- Dr. Karin Labitzke (since May 15, 2014)
- Peter Buschbeck (until May 15, 2014)
- Nikolaus Barthold (employee representative)
- Andreas Pfügel (employee representative)

Members of the Executive and Nominating Committee:
- Dr. Theodor Weimer (Chairman)
- Alessandro Foti (Vice Chairman)
- Dr. Karin Labitzke (since May 15, 2014)
- Peter Buschbeck (until May 15, 2014)

Members of the Risk and Audit Committee:
- Sabine Schaedle (Chairwoman, since February 27, 2014)
- Dr. Theodor Weimer (Vice Chairman)
- Alessandro Foti

Members of the Compensation Control Committee (since April 1, 2014):
- Dr. Theodor Weimer (Chairman)
- Alessandro Foti (Vice Chairman)
- Andreas Pflügel (employee representative)

By reason of the change of majority shareholder of DAB Bank AG by date of December 17, 2014, the Supervisory Board members Dr. Theodor Weimer, Dr. Karin Labitzke and Alessandro Foti, who held senior managerial positions at UniCredit Bank AG (or affiliated companies), resigned their Supervisory Board seats with effect as of the close of January 17, 2015. Effective January 18, 2015, Kai Friedrich, Franciska Decuypere and Camille Fohl were appointed as Supervisory Board members by resolution of the Munich Local Court. These newly appointed shareholder representatives on the Supervisory Board hold positions with BNP Paribas Beteiligungsholding AG, Frankfurt am Main, and/or the BNP Paribas Group, S.A., Paris, France, as the new majority shareholder since December 17, 2014.

Composition of the Management Board
There were no personnel changes on the Management Board.

Members of the Management Board:
- Ernst Huber (Spokesman 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 2014.

The shareholdings of the individual members of the Supervisory Board and Management Board are presented in No. 74 of the Notes (page 144) of the present Annual Report.

Relations with shareholders and annual shareholders' meeting
The company reports to its shareholders on business developments and on the company's cash flow position and financial performance four times every financial year. The regular 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 published.

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 company's development. 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

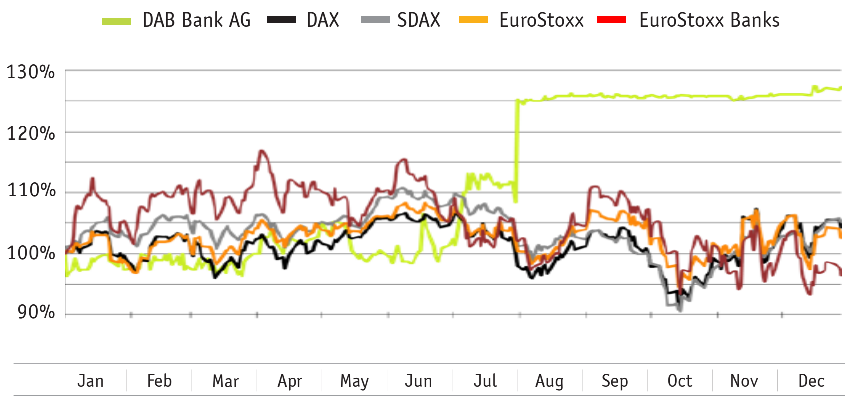
The rally that has lifted international stock markets in recent years faltered in 2014. While share prices did in fact rise further, on aggregate, the increase was smaller and was punctuated by considerable volatility. Among the stock markets of industrialized nations, the Dow Jones Industrial Index in the United States experienced the biggest gain of 7.5%. The Japanese Nikkei Index gained 7.1%, the DAX 2.1%.

The price of the DAB Bank AG share appeared to be unaffected by the general market developments in the first quarter of 2014. Having started the year at €3.80, it trended mainly sideways around the level of €3.75 in the first quarter. As a reaction to the sale rumors circulating in the media, the price of the DAB Bank share jumped at the start of the second quarter, reaching highs of up to €4. By mid-May, the share had risen by as much as 6% over its price at the beginning of 2014. However, the dividend payment prompted a correction, and the share fell back to €3.77. The share price entered a phase of volatility in June, as rumors about the sale of DAB Bank circulated again. It closed the second quarter with a gain of 2% on the year to date. After starting the third quarter at €3.78, the share price rose steadily in the following days, particularly as a result of persistent sale rumors. On July 31, when the sale of UniCredit Bank AG's 81.4% stake to BNP Paribas for a price of €4.78 per share was announced, the price of the DAB Bank share soared by 17%. Since this time, the share price has settled in around €4.78, which is the price of the voluntary public takeover offer that BNP Paribas presented to DAB Bank shareholders. The acceptance period ran from September 15 to October 30, 2014. In accordance with the relevant provisions of law, the Management Board and Supervisory Board issued a joint opinion and a supplementary joint opinion of the takeover offer.

Key figures on the DAB Bank AG share

Opening price, Xetra (01/02/2014)	3.80 €
Highest price, Xetra (12/17/2014)	4.92 €
Lowest price, Xetra (01/03/2014)	3.66 €
Closing price, Xetra (12/30/2014)	4.84 €
Market capitalization (12/30/2014)	440 bn €
Earnings per share	**0.35 €**
Dividend yield	-
Book value per share	2.77 €
Total shareholder return	30.8%
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
Designated Sponsor	HSBC Trinkaus & Burkhardt AG Lang & Schwarz Wertpapierhandels AG

Chart indexes, comparison of DAB Bank AG, DAX, SDAX, EuroStoxx, EuroStoxx Banks 2014



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 2014, in support of a trustful dialog with our shareholders, investors and other interested parties.

We communicated our 2013 results to the financial community and our stakeholders at the financial statements press conference and analyst conference in February. The Annual Report 2013 was published on March 20. In April, June and October, we explained our quarterly results to analysts, shareholders and journalists in lengthy conference calls. We also held another telephone conference with analysts in October.

In addition, we informed our shareholders about the bank's successes in 2013 and its 2014 goals at the annual shareholders' meeting of May 15, 2014. For the tenth 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 13 cents per share.

Again in 2014, we held many one-on-one discussions with institutional investors, to keep them apprised of the strategy, performance and goals of DAB Bank AG.

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 2014.

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 concluded.

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 December 17, BNP Paribas Beteiligungsholding AG informed the Management Board of DAB Bank AG that it held a total of 83,417,013 shares, representing about 91.69% of the share capital and the shares of DAB Bank AG. UCB had previously transferred its shares in DAB Bank AG to BNP Paribas Beteiligungsholding AG as part of the purchase agreement that had already been signed. BNP Paribas Beteiligungsholding AG had also acquired the shares of the shareholders who accepted the public takeover offer. The Management Board of DAB Bank AG received the appropriate voting rights notifications from BNP Paribas Beteiligungsholding AG and BNP Paribas S. A., and fulfilled its disclosure obligations under securities law.

BNP Paribas Beteiligungsholding AG informed the Management Board that it holds DAB Bank AG shares representing more than nine tenths of the share capital (principal shareholder), and that it intends in this capacity to conduct a merger of DAB Bank AG (transferring entity) into BNP Beteiligungsholding AG (absorbing entity), for the purpose of simplifying the corporate structure. In connection with this merger, BNP Beteiligungsholding AG intends to conduct a so-called squeeze-out of the remaining shareholders (minority shareholders) of DAB Bank AG against payment of an appropriate cash indemnity, in accordance with Section 62 (1) and (5) of the German Reorganization Act in conjunction with Sections 327a ff. of the German Stock Corporations Act.

In accordance with Section 62 (1) and (5) German Reorganization Act in conjunction with Section 327a (1) (1) German Stock Corporations Act, BNP Paribas Beteiligungsholding AG concurrently asked the Management Board of DAB Bank AG to take all necessary steps to ensure that the annual shareholders' meeting of DAB Bank AG to be held within three months of the merger agreement between DAB Bank AG and BNP Paribas Beteiligungsholding AG can resolve to transfer the shares of the minority shareholders of DAB Bank AG to BNP Paribas Beteiligungsholding AG as the principal shareholder, against payment of an appropriate cash indemnity.

As of year-end 2014, 8.31% of the shares of DAB Bank AG were widely held. The 91.69% majority interest held by BNP Beteiligungsholding AG, Frankfurt, is attributed to the corporate group of BNP Paribas S.A, Paris, France.

We will continue our policy of open, active communication in 2015. As in prior years, we are planning further corporate presentations, and we are always available for one-on-one discussions.

Shareholder structure at 12/31/2014

Corporate social responsibility at DAB Bank

Helping others, working for the welfare of society is one of the core themes of DAB Bank's commitment to social responsibility. Our conception of corporate social responsibility (CSR) is not limited to providing financial support to charitable organizations; we also put an emphasis on personal commitment. Again in 2014, many of our employees rolled up their sleeves to help those in need as part of our "Social Days" program.

In August, for example, colleagues from the Personalized Support Department exchanged their phones and computers for rags and wipers and spent the day washing windows at the "AtemReich Kinderhaus," a medical facility located not far from Munich's Botanical Garden that takes care of children who require intensive care or artificial respiration, or are at risk of respiratory failure. Furthermore, numerous helpers from various departments of DAB Bank contributed to the successful execution of the "Electric Wheelchair Hockey World Championship" that was held in Munich in 2014. In addition, we donated working notebooks and monitors from the bank's inventories to the schools Ernst-Barlach-Realschule and Fachoberschule der Stiftung Pfennigparade, where physically disabled children and adolescents learn side by side with non-disabled peers. As part of a blood typing campaign, numerous colleagues signed up for the bone marrow donor register.

Furthermore, DAB Bank chooses a new project every month, based on the suggestions of customers and especially employees, to support with a donation of €2,000. In 2014, the following organizations received a donation: Stiftung Aktion Knochenmarkspende in Bayern, which organizes a register of bone marrow donors; the "MalTa" home for dementia patients; the "Cool Strong Kids" association for the prevention of violence in schools; the "Hilfe von Mensch zu Mensch e.V." association for the treatment of a gravely ill infant from Serbia and for the victims of the flooding catastrophe in the Balkans; the "Kunterbunt" association based on Murnau, which arranges vacation travel for disabled children; the "DEIN MÜNCHEN" initiative for disadvantaged children; the food bank "Schortenser Tafel"; the association "Weitblick Jugendhilfe e.V."; the "AtemReich" medical facility for children; the association "Förderverein der Schwindschule München", which works to integrate refugee children into society; and the cystic fibrosis association "Mukoviszidose Förderverein Oberland". DAB Bank continued to support the following organizations in 2014: Ambulantes Kinderhospiz München; Verein Horizont, which takes care of homeless mothers and their children; and the ADAC Foundation "Gelber Engel", which promotes traffic safety for young people.

Social responsibility also means caring for the welfare and success of our customers and employees. Business success, customer satisfaction, and employee satisfaction are mutually interdependent. To this end, we conduct regular surveys to measure the satisfaction of our customers with the products and services of DAB Bank. A portion of our employees' variable compensation is dependent on customer satisfaction ratings. DAB Bank supports its employees with numerous fringe benefits, continuing education programs, a health management program, and support services for child care and elderly care.

DAB Bank is housed in the building known as Laimer Würfel, a modern and highly energy-efficient building that minimizes energy consumption and greenhouse gas emissions. Again in 2014, DAB Bank published transparent environmental performance data as part of the Carbon Disclosure Project.

DAB Bank

B2C, our retail customers division

In the B2C division of retail customers, the DAB Bank Group (both DAB Bank AG and direktanlage.at AG) primarily targets Internet-savvy individuals who make their own investment decisions. The core products are securities accounts, extensive online brokerage services, an independent offering of investment solutions, the no-fee checking account, credit cards, savings account products, money transfer products and credit products, as well as consulting services. In short, we offer a wide range of highly competitive products and services.

Founded in 1994 as an online broker, one that specialized in securities-related services for many years, since the end of 2012 DAB Bank has continuously expanded its offering of banking products and services built around the no-fee checking account. DAB Bank expanded this business further in 2014, and as a result it has become the first bank for more and more of its customers.

DAB Bank continued to broaden its line-up of products and services in 2014. A special highlight was the introduction of the Personal Finance Manager (PFM). Using this tool, DAB Bank customers only need to press a button to obtain an overview of how and where they spend their money, and how much they can save on average every month. This tool can motivate users to tackle the unloved task of household financial management. It is highly automated, logically organized, user-friendly and optically appealing.

DAB Bank expanded its range of banking services further in 2014. For example, we introduced installment loans in April. Customers can choose the loan amount and term on a flexible basis. DAB installment loans are administered by the experienced cooperation partner SWK Bank.

DAB Bank acquires many of its new customers today through its banking products, including the checking account, above all, and the call money savings account. The importance of brokerage services is all the more evident in the current, protracted phase of low interest rates. This environment presents opportunities for DAB Bank to offer additional products to its customers. In this respect, DAB Bank took steps to further optimize its customer service in 2014, with the goal of offering the right products and services to the respective target groups in an even more focused manner.

The quality of support provided to individual customers is systematically optimized in DAB Bank's customer service units. Even better accessibility and an efficient sales strategy are being pursued as a means of ensuring customer satisfaction and customer retention. The goal is to foster the development of retail customers from savers to investors or traders in securities, and to cultivate a high level of customer satisfaction with the aim of creating new loyal customers.

Again in 2014, in its advertising activities, DAB Bank continued to employ the slogan "Die Anders Bank" ("The Other Kind of Bank") and the hamster figure as a mascot. Since being introduced in 2013, this fresh and unconventional brand image has taken hold in the market and contributed to the high level of brand recognition among retail customers in Germany.

B2B, our business customers division

In its B2B division, the DAB Bank Group serves business customers in both Germany, through DAB Bank AG, and in Austria through direktanlage.at AG.

DAB Bank strives to sustainably extend its market leadership position in the business of serving independent asset managers. More than 60% of licensed asset managers in Germany work with DAB Bank. Other groups include investment advisors, fund brokers and institutional investors.

For its business customers, the DAB Bank Group handles the safekeeping and administration of securities and the execution of trades. It also offers extensive IT and reporting services to these customers, and provides marketing and sales support. Also in this business, DAB Bank strives for the highest level of customer satisfaction and seeks to extend its dominant market position through the targeted acquisition of asset managers. Key success factors are independence, objectivity and tailored solutions, as well as reliability, trustworthiness and a portfolio of products and services to satisfy all the needs of its target groups.

In its B2B activities, DAB Bank perceives itself not only as a provider of clearing and settlement services, but mainly as a promoter and partner that supports its customers in all market and development phases, beginning with the first step towards becoming an independent asset manager. Under the program known as "DAB Start," DAB Bank lays out all the necessary steps that bankers must take to become independent asset managers. Through the "DAB Academy", DAB Bank offers continuing education courses on topics of current interest to its B2B partners. We also support the efforts of independent asset managers to generate leads and acquire new clients with IT tools, as well as press work and public relations activities, including the Portfolio Contest, which is regularly publicized by media partners.

Furthermore, we completely renovated the website vermoegensverwalter-finden.de ("find asset manager") in 2014. This website connects interested investors with an appropriate financial professional. It outlines the business model of independent asset managers and presents useful profiles of around 50 asset management firms located throughout Germany. Using the newly designed search tool, investors only need to enter their postal code and the amount of funds they have to invest, to find and directly contact an appropriate asset manager in their vicinity.

The DAB Bank Investment Congress that was held in September 2014 featured a completely revised concept and an even more extensive and interesting selection of events than in prior years. For the first time ever, this well established forum for independent financial services providers and institutional investors, which has been held every year since 1998, was held on two days instead of one. Given the positive feedback received from participants, the DAB Investment Congress to be held in 2015 will have a similar framework.

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Group management report

Foundations of the Group

Business model

DAB Bank AG is an exchange-listed company that operates independently under the business model of a direct bank. Since December 17, 2014, it is a member of BNP Paribas Group, which holds, through BNP Paribas Beteiligungsholding AG, a total of 83,417,013 shares representing about 91.69% of the share capital and shares of DAB Bank AG as of December 31, 2014.

In December 2014, BNP Paribas Beteiligungsholding AG purchased the shares held by the former majority shareholder UniCredit Bank AG in accordance with the purchase agreement that had already been signed, and acquired additional shares from those shareholders who accepted the public takeover offer. In connection with the planned merger of DAB Bank AG into BNP Beteiligungsholding AG, BNP Paribas Beteiligungsholding AG intends next to acquire all the capital and shares of DAB Bank AG by way of a squeeze-out procedure according to Section 62 (1) and (5) of the German Reorganization Act (UmwG) in conjunction with Sections 327a ff. of the German Stock Corporations Act (AktG), against payment of an appropriate cash indemnity to the remaining shareholders (minority shareholders).

DAB Bank AG holds 100% of the shares of its Austrian subsidiary direktanlage.at AG. The DAB Bank Group (referred to as DAB Bank in the following) is managed on the level of two operating segments, DAB Bank AG and direktanlage.at AG. Both these companies serve private individuals and business customers.

Founded as the first direct broker in Germany, DAB Bank's traditional focus is on securities-related services. Since the end of 2012, DAB Bank has pursued an active, growth-oriented market strategy, offering private individuals and independent asset managers a comprehensive and modern range of banking, investment and trading products for an excellent price-performance ratio. This product range is continually expanded and optimized.

With its broad range of services, DAB Bank presents itself to retail customers as their first bank, one that can satisfy all their financial needs. Its core products are securities accounts, online brokerage services, impartial investment solutions, no-fee checking account, credit cards, savings plans, money transfer and credit products, as well as consulting services. In the brokerage business (investment and trading), DAB Bank primarily targets Internet-savvy customers who make their own investment decisions.

For its business customers, DAB Bank performs the safekeeping and administration of securities and the execution of trades. It also offers extensive IT and reporting services to these customers, and provides marketing and sales support. Its business customers are investment advisors, asset managers, investment fund brokers and institutional investors. More than 60% of all licensed asset managers in Germany utilize the services of DAB Bank. Working together with its business customers, DAB Bank continually works to develop the market of independent asset management, based on uncompromising customer orientation and excellent service. DAB Bank places the highest priority on attaining maximum customer satisfaction and sustainably extending its market leadership position in Germany through the targeted acquisition of new customers.

In the banking business, DAB Bank mainly earns interest income by investing customer deposits in money markets and capital markets, and by making loans to customers. In the brokerage business, DAB Bank mainly earns commission income, both on the securities trades of its customers and related services, and on subscription fees and commissions earned in the investment fund business.

The Internet is by far the most important distribution channel. Focusing on this distribution channel enables DAB Bank to offer its products and services at especially attractive prices. As part of its marketing strategy, DAB Bank cultivates an emphatically young, unconventional image and a strong Internet presence, in order to differentiate itself from other providers.

The main external parameters affecting the success of DAB Bank's business are the money markets and capital markets, including the development of interest rates, the competition situation, future regulatory requirements, and the societal changes entailed by increasing digitization in nearly all areas of life.

DAB Bank competes with other direct banks and online brokers, as well as traditional branch banks. It intends to increase profitable growth through an active marketing strategy and maximum customer satisfaction.

As a future-oriented business model, direct banking continues to be a very attractive business for DAB Bank. Thanks to its many years of experience, DAB Bank is very well positioned to successfully adapt its business model to changing market conditions within the given legal and economic framework.

Management

In managing the bank, DAB Bank's Management Board takes all significant opportunities and risks into consideration, while striving to maintain the proper balance between short-term profitability and long-term value growth. Far-sighted management with the goal of the goal of increasing the bank's profitability and value involves confronting the challenges posed by changes in external framework conditions, competition intensity, and increasingly stringent regulatory requirements for measuring risk and determining the required amount of bank capital. The Management Board assesses the bank's performance on the basis of the key performance indicators of profitability, growth, capitalization and liquidity. Due consideration is also given to non-financial indicators.

As part of the bank's comprehensive management concept, the KPIs specified in the budget and planning process for purposes of strategic and operational management are calculated and monitored on a regular basis. A rolling end-of-year forecast makes it possible to identify budget variances and/or emerging risks at an early stage.
Reports on the bank's performance and the effectiveness of implemented measures are regularly submitted to the Management Board, either weekly, monthly, quarterly, or as appropriate, depending on the relevance. Consequently, any unforeseen developments can be detected at an early stage and appropriate counter-measures and corrective steps can be initiated.

Key performance indicators in 2015

The key performance indicators defined for purposes of strategic controlling in 2015 particularly include growth-oriented indicators such as the growth of revenues, trades executed, number of customers, and customer assets held in custody. Non-financial indicators are employed to comprehensively measure customer satisfaction and employee satisfaction, which are measured at least annually.

Corporate Governance Statement

A Corporate Governance Statement pursuant to Section 289a of the German Commercial Code (HGB) of February 17, 2015, which also includes the Declaration of Conformity with the German Corporate Governance Code (in the version of June 24, 2014) pursuant to Section 161 AktG dated December 16, 2014, 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 and the individual amounts of compensation granted to members of the Management Board, 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 either in the Management Report or in 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 as part of the Corporate Governance Report. With regard to the presentation of itemized compensation for Management Board and Supervisory Board members, reference to the present Compensation 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 2014

At DAB Bank AG, the compensation system for the Management Board is resolved by the Supervisory Board. The Supervisory Board also sets the amount and composition of the overall compensation of each member of the Management Board. In its meeting of February 27, 2014, the Supervisory Board resolved to form a Compensation Control Committee for the purpose of supporting and advising the Supervisory Board in matters of compensation, particularly the compensation of Management Board members. In addition to the Compensation Control Committee, DAB Bank AG has also voluntarily appointed a Compensation Officer, who assists the Compensation Control Committee. The Compensation Control Committee was constituted in the initial meeting of May 8, 2014. Since this time, it has intensively prepared the relevant draft resolutions for the full Supervisory Board.

As in prior years, the compensation system was reviewed on a regular basis in 2014. The Supervisory Board discussed the compensation system for the Management Board at length in its meetings of February 27, 2014, May 8, 2014, July 21, 2014 and November 24, 2014. Close attention was paid to the numerous legal and regulatory changes affecting compensation in 2014. For example, the Regulation on Compensation at Financial Institutions (IVV) was extensively revised with effect as of January 1, 2014. In addition, the German Federal Financial Services Supervisory Office (BaFin) introduced additional compulsory rules affecting compensation in Special Part 8 of the Minimum Requirements for Compliance (MaComp). Furthermore, new legislation governing the ratio of variable to fixed compensation of Management Board members was enacted in Section 25a (5) KWG.

Therefore, these new or revised requirements were to be considered in the review of Management Board compensation, in addition to the German Stock Corporations Act and the updated version of the German Corporate Governance Code. As in prior years, DAB Bank conducted a self-assessment

of the compensation system for employees and for the Management Board, in which the existing systems were checked for compliance with the legal requirements. Based on the results of this self-assessment, DAB Bank AG concluded that the current systems fulfill all legal requirements and no changes are needed. In particular, the ratio of variable to fixed compensation pursuant to Section 25a (5) KWG fulfills the legal requirements. The minimum and maximum compensation of Management Board members is presented in the following tables. Fixed compensation components include not only the base salary, but also the company pension plan and other ancillary benefits. The requirements of MaComp Special Part 8 and above all the provisions of the IVV are likewise fulfilled. As in the prior year, the relevant self-assessment that was approved by the Management Board on May 6, 2014 found that DAB Bank AG is not a systemically important institution according to the definition of the above-mentioned regulations, and is therefore required to implement the general requirements for the compensation systems of banks. This self-assessment was subsequently presented to the Supervisory Board. After an in-depth examination of the current compensation principles, the Supervisory Board concluded that the changes resolved in financial year 2011 have proven to be correct, and that the compensation system still fulfills the statutory and regulatory requirements. The Management Board and Supervisory Board had presented these changes resolved in financial year 2011 to the annual shareholders' meeting of May 24, 2012, which approved this compensation system by a large majority. Because no significant changes were made to the Management Board compensation system in financial year 2014 compared to the same system in 2011, the annual shareholders' meeting to be held on the subject of financial year 2014 will not be asked to vote on the compensation system again.
The amount of compensation is also reviewed on a regular basis. For this purpose, current compensation levels are compared with those of external and intragroup peer groups, with due consideration given to the duties and performance of Management Board members, and to the size and the current economic and financial situation of DAB Bank AG. After an in-depth examination, the Supervisory Board decided that no adjustments to the Management Board compensation were needed in financial year 2014.

However, the ancillary benefits granted as part of Management Board compensation were increased in that DAB Bank AG will now reimburse the premiums paid by Management Board members for a private legal expenses insurance policy, which comprises three coverage elements (legal expenses incurred in connection with criminal charges, claims for pecuniary damages, and claims based on employment law). The Supervisory Board agreed to cover the costs of such legal expenses insurance for Management Board members because DAB Bank AG considers that such insurance policies are also advantageous for the company.

The Management Board compensation granted in financial year 2014 consists of the components described below:

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 agreed 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 in 2014 amounted to €350 thousand. It was unchanged from the prior year. The annual fixed salaries of Dr. Dieterich and Dr. Zellner amounted to €250 thousand each, also unchanged from the prior year.

Variable compensation

Only one type of variable compensation was granted to all members of the Management Board in 2014. The Supervisory Board sets the targets for the variable compensation of each Management Board member, as well as the weighting of these targets, at the start of every financial year. These targets are documented in the form of scorecards. Individually measurable sustainability targets were established for all members of the Management Board in 2014. These targets are measured on the basis of parameters such as customer satisfaction and the further improvement of risk management and control mechanisms, for example. Operational targets include key indicators to be attained by DAB Bank and by the UniCredit Asset Gathering Business Line. The Supervisory Board has also established additional targets, including targets related to the strategic orientation of DAB Bank AG.

The amounts of agreed variable compensation components are not guaranteed. Depending on the individual target attainment of each Management Board member, the bonus amount can range from 0% to maximum 150% (cap) of the target amount. The target amount for the 100% bonus is agreed in writing with each Management Board member.

The criteria for measuring the sustainable success of DAB Bank are defined every year anew as overarching factors. These criteria are the key performance indicators of profitability and sustainability (so-called “Group Gate” or profit factor). If the established KPIs are fully attained or surpassed, 100% of the variable compensation budget will be made available. If they are not fully attained, 90% or 75% of the budget will be made available, depending on the degree of attainment. If a net loss is incurred, no budget will be made available, as a general rule (“zero factor”).

At the end of every financial year, the Supervisory Board first measures the attainment of the targets and the Group Gate or profit factor established at the beginning of the year, and then determines the amount of variable compensation to be granted to each member of the Management Board. Depending on the absolute amount, payment of the bonus so determined may be deferred over several years in accordance with the provisions of the employment contract. The Supervisory Board decides on whether to exercise this option at the same time as it determines the target attainment. During this deferral 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 met. As a general rule, a Management Board member is not entitled to such disbursements, if he is found to have violated the company’s compliance policies.

No changes were made to the amount of variable compensation of any Management Board member in financial year 2014. Upon 100% target attainment, Mr. Huber is still entitled to a target bonus of €300 thousand. Upon 100% target attainment, Dr. Dieterich and Dr. Zellner are still entitled to a target bonus of €150 thousand each.

Furthermore, the deferred amounts of variable compensation earned in prior years and due in 2014 were paid to the Management Board members after it was determined that the respective targets established for the deferral period were attained.

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

In earlier years, the long-term variable compensation of the Management Board members of DAB Bank AG was granted in the form of an LTI (Long-Term Incentive), which was set up by the UniCredit Group every year in a different form and made available to the highest-level executives of the UniCredit Group. Due to the fact that the short-term variable compensation (STI) was combined with the earlier LTI in 2011, no new LTI has been set up for the Management Board members of DAB Bank AG since this time.

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 matches the employees' contribution to this plan. The bank 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. One such ancillary benefit is the payment by DAB Bank of the premiums for a group accident insurance policy, which extends 24-hour coverage. Furthermore, Management Board members can exercise the option of using their company car and telecommunication devices for private purposes; this benefit represents nonmonetary compensation and is assessed accordingly. In accordance with his employment contract, Mr. Huber is also entitled to reimbursement of travel and accommodation expenses in the amounts actually incurred, up to a maximum total of €50 thousand per year.

As another ancillary benefit, Management Board members are covered by Directors and Officers (D&O) insurance, after payment of a deductible. For the first time in financial year 2014, moreover, DAB Bank reimburses Management Board members for the premiums they pay for a private legal expenses insurance policy (legal expenses incurred in connection with criminal charges, civil claims, and claims based on employment law). The premiums for such policies are reimbursed annually against presentation of proof, up to a maximum amount of €5,000 per year. Insofar as tax-free reimbursement is not possible, the reimbursement amount is paid in the form of after-tax compensation.

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

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

Like all employees of the bank, Management Board members are entitled to special terms and conditions, particularly for banking services, within the limits of the corresponding tax exemptions.

Change of control, temporary allowances and severance awards, benefits granted upon regular termination, and benefits granted to former Management Board members

No employment termination or severance 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 grant a claim to temporary allowances in the event of non-renewal of their contracts, nor an explicit claim to severance awards in the event of early termination of their contracts. Therefore, the employment contracts also do not stipulate severance award caps. A severance award can result from the individual termination agreement concluded in connection with the termination of an employment contract. The employment contracts also do not grant a claim to benefits for Management Board members in the event of regular termination of their employment contract, such as temporary allowances or the like.
No benefits were granted to former Management Board members in financial year 2014.

The compensation granted to each member of the Management Board in respect of financial year 2014 is presented in the table below:

Target Compensation of Management Board Members for 2014

in k€	Fixed salary	Success-driven components (BO); 100%-value	Long-term incentive components	Pensions	Value of ancillary benefit	Total
Ernst Huber	350	300	-	50	30	730 (727)
Dr. Niklas Dieterich	250	150	-	25	11	436 (421)
Dr. Josef Zellner	250	150	-	14	12	426 (407)
Total	850	600	-	89	53	1,592 (1,555)

Minimum Possible Compensation of Management Board Members for 2014

in k€	Fixed salary	Success-driven components (BO); 0%-value	Long-term incentive components	Pensions	Value of ancillary benefit	Total
Ernst Huber	350	-	-	50	25	425
Dr. Niklas Dieterich	250	-	-	25	11	286
Dr. Josef Zellner	250	-	-	14	12	276
Total	850	-	-	89	48	987

Maximum Possible Compensation of Management Board Members for 2014

in k€	Fixed salary	Success-driven components (BO); 150%-value	Long-term incentive components	Pensions	Value of ancillary benefit	Total
Ernst Huber	350	450	-	50	75	925
Dr. Niklas Dieterich	250	225	-	25	11	511
Dr. Josef Zellner	250	225	-	14	12	501
Total	850	900	-	89	98	1,937

2. Compensation of the Supervisory Board

The rules governing 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 15, 2014.

As recommended in Section 5.4.6 para. 1 sub-para. 2 of the German Corporate Governance Code, due consideration is given to the members' activity as chairmen or members of the committees in setting the amount of Supervisory Board compensation. Therefore, the compensation is composed of a base compensation and where applicable, an additional compensation for the work performed on the committees of the Supervisory Board, which is payable after the close of the financial year. The base compensation of every Supervisory Board member is €10 thousand. The Supervisory Board Chairman receives twice the amount of base compensation, and the Supervisory Board Vice Chairman receives one and one half times this amount.

Additional compensation is granted for work performed on the committees of the Supervisory Board. The Chairman of the Risk and Audit Committee receives €10 thousand, and each other member of the Risk and Audit Committee receives €5 thousand. The Chairman of the Executive and Nominating Committee receives €3 thousand, and each other member of the Executive and Nominating Committee receives €1.5 thousand. The Chairman of the Compensation Control Committee receives €2 thousand, and each other member of the Compensation Control Committee receives €1 thousand. In the event of personnel changes within the Supervisory Board and/or its committees, compensation is granted on a pro-rated basis, partial months being rounded up to full months.

In the interest of the Company, Supervisory Board members may be covered by a civil liability insurance for directors and officers maintained by the Company in an appropriate amount, insofar as such an insurance policy is maintained. The Company pays the premiums for covering the members of the Company's Supervisory Board.

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

The compensation granted to each member of the Supervisory Board for financial year 2014 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(*)
Sabine Schaedle (since February 20, 2014)	9	9	-	-	18(*)
Dr. Karin Labitzke (since May 15, 2014)	7	1	-	-	8(*)
Peter Buschbeck (until May 15, 2014)	4	1	-	-	5
Nikolaus Barthold (employee representative)	10	-	-	-	10(*)
Andreas Pflügel (employee representative)	10	1	-	-	11(*)
Total	75	29	-	-	104

(*) plus value-added tax

Through the use of a private bank account with DAB Bank AG, Supervisory Board member Andreas Pflügel has the option of borrowing up to €2.5 thousand from DAB Bank AG on his credit card. In financial year 2014, Supervisory Board members Dr. Theodor Weimer and Mr. Andreas Pflügel made small account overdrafts that were tolerated by DAB Bank AG and bore interest at the rate of 10.45% p.a. and 10.95% p.a., respectively. Every one of these overdrafts was repaid before the end of 2014. Beyond the foregoing, no loans were granted to Supervisory Board members.

3. Other disclosures

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

4. Compensation of employees

The compensation of employees of DAB Bank AG consists of a fixed salary component and a variable compensation component. The fixed salary component is paid in 12 equal monthly installments. The variable compensation component is paid annually on the basis of target attainment.
The ratio of the variable compensation component to the fixed salary component is governed by an internal company agreement. This ratio increases by hierarchical level. For all employees, the share of total compensation represented by variable compensation is measured in such a way as to avoid a significant dependence on 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, the "performance-dependent component" (PDC) and the "results-dependent component" (RDC), 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 that would be payable in the full amount despite negative contributions by the respective employee have been promised to any employee of DAB Bank AG in the event of termination of their employment relationships. Furthermore, no variable compensation payments of guaranteed amounts have been promised.

Binding performance-dependent targets are agreed annually in a special meeting with the employee. These targets are measured solely on the basis of the employee's individual performance. Success-dependent targets are established annually on the basis of various business objectives, including sustainability and long-term success parameters.

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

DAB Bank AG had an average of 473 employees in 2014. The total amount of all compensation paid in financial year 2014 (excluding social insurance contributions) was €26.15 million. The total amount of fixed compensation was €22.48 million. Variable compensation was disbursed in the total amount of €3.67 million. All employees receive a variable compensation component, as a general rule.

The compensation system for employees is reviewed at regular intervals of time. The Management Board carried out the last review on May 6, 2014, and found that the compensation system fulfills all relevant statutory and regulatory requirements, particularly including the Regulation on Compensation at Financial Institutions.

Economic report

Overview

DAB Bank expanded its operating business considerably in 2014.

DAB Bank added 29,652 new customers in 2014, bringing the total to 650,549. The development of customer assets held in custody was equally impressive, as the volume of customer assets entrusted with DAB Bank rose by €3.88 billion to reach €36.37 billion. This 11.9% increase was mainly driven by inflows of new customer assets.

Central banks continued to pursue extremely expansive monetary policies in 2014. With a view to stabilizing the economy and the situation of public-sector debt, they have kept interest rates at historically low levels. This policy sharply reduces the margins that banks can earn by investing customer deposits. Despite the significant burden represented by the interest rate environment prevailing in the Eurozone, DAB Bank managed to substantially increase its net interest income from €38.64 million in 2013 to €69.41 million in 2014. The trading and investment profit contributed €5.87 million to the profit before taxes (2013: €6.38 million).

Groupwide net commission income amounted to €85.71 million, and was therefore practically unchanged from the prior-year figure of €85.95 million. DAB Bank's customers were very active, placing 5.52 million trade orders in 2014. Thanks to the practice of strict cost discipline, administrative expenses were largely unchanged from the prior-year figure.

At €48.33 million, the profit before taxes was considerably higher than the prior-year result of €19.22 million. In connection with the sale of DAB Bank AG to BNP Paribas S.A., most of the partially secured direct investments with UniCredit Bank AG were liquidated, which produced a positive, non-recurring effect of €25.59 million in 2014. Of this total, €21.37 million was recognized in net interest income and €4.22 million in the trading profit and profit from investments. A non-recurring expense of €696 thousand was recognized in administrative expenses.

DAB Bank disposes of an adequate capital base. In consideration of its sound financial position and liquidity, as well as the operational successes achieved in 2014, DAB Bank believes that it is well positioned for the coming years.

Market developments

General economic developments 2014

The global economy continued to follow a course of moderate growth in 2014. For the third year in a row, real GDP did not expand faster than 3% to 3.5%. This is half a percentage point less than the average growth rate for the last 15 years. More and more observers began to suspect that this is not a cyclical growth pause, but a sign of persistent weakness caused by the structurally weak demand resulting from demographic and technology trends, both in the industrialized nations and in emerging-market and developing countries. This concern fueled growing demands for a more forceful economic policy to boost capital expenditures and reform outdated structures in the markets.

The United States was one of the fastest-growing industrialized nations in 2014, posting real GDP growth of 2.4%. After a weak first quarter, the pace of growth accelerated considerably in the further course of the year.
The unemployment rate declined appreciably.

The pace of economic growth in emerging-market and developing countries slowed considerably. Chinese real GDP increased at a rate of only 7.4%, as compared to 10% four years ago. In Brazil, economic growth slowed to nearly zero. Russia has fallen into a recession. All these countries are paying the price for not having made necessary investments and reforms in the earlier years of strong growth.

Nonetheless, economic growth was unimpressive in many industrialized nations as well. Despite the massive fiscal and monetary stimulus, the Japanese economy hardly expanded at all in 2014, while GDP growth in the Eurozone came to 0.9%. The plunge in oil prices in the second half of 2014 produced a positive effect on purchasing power and domestic demand only in the fourth quarter.

Generally speaking, the German economy did not perform as well as expected in 2014. Real GDP expanded by 1.6%. One of the factors contributing to the slow rate of growth was the weak level of exports to many industrialized nations. Consumer spending increased. Business investment propensity improved somewhat.

Commensurate with the weak growth environment, inflation rates remained on low levels of less than 2% in the industrialized nations, and even less than 1% in the Eurozone. This development stoked fears of deflation as the year proceeded. The drop in oil prices, which fell by more than 40% in dollar terms in the second half of 2014, was the chief reason for the low inflation rates.

Central banks responded to the general economic situation in different ways. The U.S. Federal Reserve began the exit from its extraordinarily lax monetary policy. The Fed allowed its open-market bond purchases to expire, but kept interest rates low. By contrast, the European Central Bank and the Bank of Japan loosened the monetary policy reins even further. The ECB introduced a new targeted long-term refinancing operation (LTRO) for banks and began purchasing covered bonds and asset-backed securities. Furthermore, it lowered base rates in two steps to 0.05% and introduced negative interest rates on its deposit facility. This is a wholly unprecedented step for Europe.

In the countries of the European Monetary Union, the trend of easing tensions (particularly target balances, overcoming recession, exit of Portugal and Ireland from the rescue shield mechanism) that characterized prior years did not continue in 2014. The trend of falling target balances, which can be interpreted as a sign of easing tensions between member states, came to a halt. There was, however, a change in the countries experiencing the worst problems. Spain and the other European periphery countries receiving European aid showed early signs of benefitting from the budget consolidation and reform measures enacted there, as unemployment rates began to fall. By contrast, Italy and France came under pressure to balance their national budgets and make their economies more competitive. Germany too was criticized for inadequate reform efforts. Problems arose in Greece around the end of 2014, when the national parliament was dissolved and new elections were called. Uncertainty regarding the question of whether a new government would continue to pursue budget consolidation and reform efforts could have serious repercussions on the European monetary zone and on markets in general.

Developments in the financial markets

The rally that has lifted international stock markets in recent years faltered in 2014. While share prices did in fact rise further, on aggregate, the increase was smaller and was punctuated by considerable volatility. Among the stock markets of industrialized nations, the Dow Jones Industrial Index in the United States and the Japanese Nikkei Index experienced the biggest gains of 7.5% and 8.0%, respectively. The DAX was up 2.6% on the year.

Financial markets were flooded with liquidity in 2014. Markets were less supported by macroeconomic developments. Equity markets were dampened by geopolitical tensions emanating from the conflicts in Ukraine, the Middle East, and even the Far East, among other factors. As a direct result of the lower oil prices, OPEC's major oil exporters had less money to invest in financial markets.

Remarkably, investor confidence was not bolstered by the stock market gains of recent years. In Germany, the percentage of private household wealth invested in equities hardly rose at all, and remained well below the levels associated with previous rallies. This development can be attributed in part to the diminished risk appetite of investors. Another contributing factor was the fact that the stringent regulation of investment services prompted many banks to stop providing such services to private individuals. This is a regrettable outcome for equity markets.

The performance of stock markets in the emerging-market and developing countries was mixed. Equity prices posted double-digit gains in India and China. In Brazil, equity prices meandered without a clear trend. Equity prices fell sharply in Russia.

The positive performance of bond markets in 2014 was a surprising development. Under the influence of slow economic growth, low inflation rates, and the continuation of very lax monetary policy, bond yields declined even further from their already low levels to plumb historical lows. At the end of 2014, the yield of 10-year German Bunds was only 0.6%, and the yields of Swiss and Japanese bonds of the same duration were even lower. In some cases, the yields of bonds with terms of less than five years were negative. Yield spreads between sovereign and corporate bonds narrowed.

Developments in the financial services industry

2014 was another difficult year for banks. The low interest rates made it increasingly hard to profitably invest the fund inflows from customer deposits in the capital markets. Margins compressed further. The traditional business model of the banking industry, which is the transformation of short-term deposits into long-term investments, was called into question. Banks were forced to increase their commission revenues even more than previously.

The decision of the European Central Bank to charge negative interest rates on its deposit facility made a tough situation even harder. Observers consider this move to be problematic. While it is understandable that the ECB wants to exert pressure on banks to keep fewer liquidity reserves and extend more loans, the negative interest rates will force banks to reduce their deposits with the central bank to a bare minimum, which will leave them without a cushion to finance a future increase in lending activity. If the ECB maintains this policy for a longer period of time, banks will have no choice but to pass on the negative interest rates to their customers.

The balance sheets of German banks, which had declined by €700 billion in 2013, rose only slightly in 2014. Unsatisfactory economic growth was one reason behind this development, besides the low interest rates. Loan demand was weak in part because business investment remained stuck on low levels. Furthermore, many companies had sufficient funds on hand to finance their optimization and expansion measures.

Encouraging progress was made toward the creation of the European banking union in 2014. The new banking oversight authority, which is organizationally attached to the European Central Bank, conducted comprehensive asset quality reviews and stress tests of European banks. One hundred and five of the 130 banks examined in Europe passed these tests. The capital ratios of 25 banks were too low in the extreme scenarios of the stress tests. Because 12 of them had already increased their capital base during the test phase, there remained only 13 banks that were classified as being at risk. These banks need to raise a total of €10 billion in new capital. All German banks but one passed the stress test.

The asset quality reviews and stress tests bolstered confidence in European banks. It was shown that they have taken the necessary steps in recent years to strengthen their ability to survive even very hard times. Taken as a whole, they have adequate capital reserves. However, banks are adapting to the reality that they will need to increase their capital cover even more in the future, to remain viable in a world of growing risks and increasingly stringent regulatory requirements.

Banks have become more cautious with regard to cross-border transactions within the banking union. German banks were hesitant to loan money to southern European banks, in particular.

Progress was made in working out the institutional details of the banking union. After the Single Supervisory Mechanism (SSM) was established as the European oversight authority, the regulations governing the liquidation of European banks were enacted and entered into effect on January 1, 2015. All that is lacking now for a complete banking union is a single deposit insurance fund.

Economic environment for direct banks

Direct banks are still the fastest-growing segment of the banking industry. The direct banks operating in Germany probably have around 16 million customers between them. Direct banks enjoy the great advantage of offering the most modern form of banking services. Customers can easily conduct their banking business whenever they want, without being constrained by rigid opening hours. Customers can use digital media like PCs and all kinds of mobile devices, in addition to the conventional channels of telephone and mail. Finally, direct bank customers can withdraw cash from automated teller machines, just like customers of branch banks.

Direct banks have lower operating costs than other banks. They do not maintain a network of physical branches and therefore do not need to lease or otherwise procure expensive property. They also have lower personnel expenses. Due to their greater affinity with modern technologies, direct banks generally have more efficient internal processes. All terms and conditions are clearly stated. Customers can easily find the lowest prices at the click of a mouse.

Because they employ cutting-edge technologies, direct banks maintain high security standards. They are subject to the same regulatory framework as branch banks, including the statutory deposit insurance of €100,000 per customer. In addition, numerous direct banks are members of the voluntary deposit insurance fund of the Association of German Banks.

Direct banks have continually expanded their offering of products and services in recent years. These days, they offer not only call money accounts, term deposits, and checking accounts, but also securities accounts, asset management services, and even loans to finance purchases of real estate and automobiles. Many direct banks are subsidiaries of large banking groups, and therefore they can make the expertise of these institutions accessible to their customers.

The growth rate of direct banks has slowed in recent times. The direct banking industry appears to be entering a new phase of development, partly as a result of the market penetration that has already been attained. The substantial costs required to expand mobile access represent another hurdle. Low interest rates make it hard to profitably invest customer deposits. Another factor is the growing competition pressure, both from other banks and from non-financial Internet companies. Direct banks are more exposed than commercial banks to competition from foreign companies. Numerous commercial banks are shrinking their branch networks and investing in the digitization of banking services.

Legal environment

The efforts of national and international legislators and regulators to make the banking industry and capital markets more stable and resistant to crisis continued to advance in financial year 2014. In particular, new rules governing the calculation of an appropriate capital base, as well as disclosure obligations and large-exposure loans, took effect on January 1, 2014.

Since November 4, 2014, Eurozone banks are subject to the supervisory jurisdiction of the Single Supervisory Mechanism (SSM). Systemically important institutions are supervised directly by the European Central Bank (ECB), while the other German banks are also still subject to the supervisory jurisdiction of the German Federal Financial Services Supervisory Office (BaFin). The amended Markets in Financial Instruments Directive (“MiFID II”), the consultation period for which ended on February 28, 2015, can be expected to produce further effects in the coming years, particularly on securities trading activities. The adoption of the EU Consumer Protection Directive under German law necessitated considerable adjustments to the forms used by banks.

Business developments and key indicators

The following key indicators of trades executed, number of customers, and customer assets held in custody are relevant for both DAB AG and direktanlage.at. They are central elements of the bank's internal controlling system.

Trades executed

The trading activity of our customers increased in 2014 as a result of abundant liquidity in the markets, low interest rates throughout the world, accelerating economic growth in some regions, and DAB Bank's expanded offering of trading-related products.

The DAB Bank Group executed a total of 5,517,396 trades for its customers in financial year 2014, reflecting an increase of 11.1% over the corresponding prior-year figure (2013: 4,964,739).

In Germany, our customers placed orders for a total of 4,580,954 trades (2013: 4,030,475), that being approximately 13.7% more than in the prior year. In Austria, our customers placed 936,442 trade orders, or roughly 0.2% more than the prior-year figure (2013: 934,264). On a Groupwide basis, the number of trades executed per securities account per year rose from 8.06 to 8.88. In Germany, our customers placed 8.27 trade orders per securities account per year (2013: 7.31), and in Austria, they placed 13.90 trades per securities account per year (2013: 14.38).

Within the DAB Bank Group, our B2C customers placed 4,606,501 trade orders, representing an increase of 11.3% over the prior year (2013: 4,137,139). Of that total, 3,812,381 trades were executed in Germany (2013: 3,353,869) and 794,120 in Austria (2013: 783,270). Our B2B customers placed 910,895 trade orders in 2014, representing an increase of 10.1% over the prior-year figure (2013: 827,600). The number of trades executed for business customers in Germany rose by 13.6% to 768,573 (2013: 676,606), while the 142,322 trades executed for business customers in Austria were 5.7% less than the corresponding prior-year figure (2013: 150,994).

Securities trades

		2014	2013	Change in %
Securities trades	No.	5,517,396	4,964,739	11.1
Germany	No.	4,580,954	4,030,475	13.7
Austria	No.	936,442	934,264	0.2

Customers, securities accounts and bank accounts

DAB Bank continued to successfully implement the goal of becoming the first bank for its customers in financial year 2014. Thanks to our outstanding checking account product, our customer base exhibited positive growth in 2014.

As of year-end 2014, the DAB Bank Group served 650,549 customers, reflecting an increase of 29,652 over the prior-year figure (2013: 620,897). In Germany, we served 581,695 customers as of December 31, 2014 (2013: 555,047). In Austria, our subsidiary direktanlage.at increased its customer base by 3,004 net customers, bringing the total to 68,854. The total number of business customers rose by 2,191 to 80,979 (2013: 78,788), and the total number of retail customers rose by 27,461 to 569,570 (2013: 542,109).

On a Groupwide basis, we carried 625,769 securities accounts for our customers as of December 31, 2014, reflecting an increase of 8,699 securities accounts over the prior-year figure (2013: 617,070).

In Germany, we carried 556,915 securities accounts for our customers as of December 31, 2014 (2013: 551,220). In Austria, this number came to 68,854 (2013: 65,850).

At the end of the fourth quarter, the DAB Bank Group carried a total of 252,892 bank accounts for its customers (2013: 204,721).

Customers, securities accounts and bank accounts

		2014	2013	Change in %
Customers	No.	650,549	620,897	4.8
Germany	No.	581,695	555,047	4.8
Austria	No.	68,854	65,850	4.6
Securities accounts	No.	625,769	617,070	1.4
Germany	No.	556,915	551,220	1.0
Austria	No.	68,854	65,850	4.6
Bank accounts	No.	252,892	204,721	23.5
Germany	No.	230,815	185,557	24.4
Austria	No.	22,077	19,164	15.2

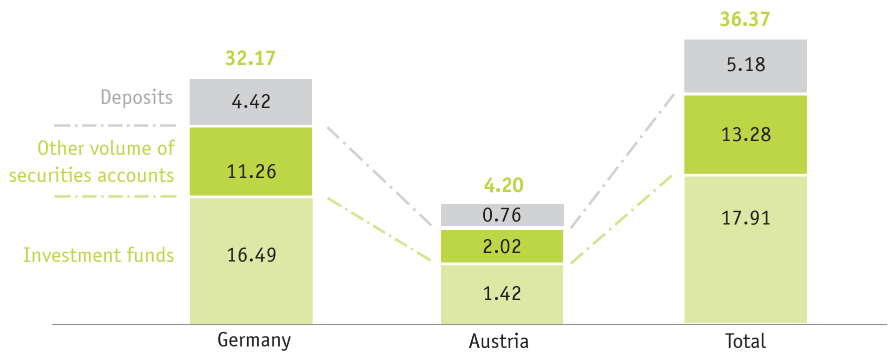
Customer assets held in custody

The volume of customer assets held in custody with DAB Bank increased substantially in 2014, thanks to the high level of net fund inflows from our customers, the increased number of customers, and positive market effects.

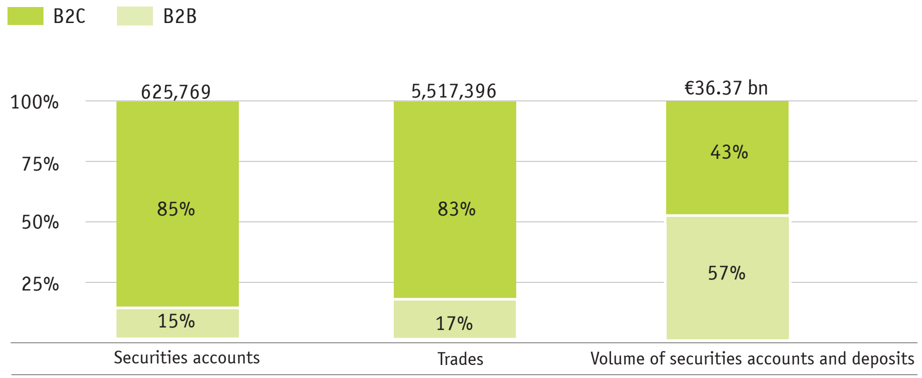
As of December 31, 2014, customer assets held in custody rose to a new record total of €36.37 billion, representing an increase of 11.9% or €3.88 billion over the prior-year figure. On a Groupwide basis, the volume of customer assets held in securities accounts rose by €3.70 billion to €31.19 billion, and the volume of customer assets held in investment funds rose by €2.46 billion to €17.91 billion. The total amount of cash held in customer deposits rose by 3.6% from €5.00 billion to €5.18 billion. Customer assets held in Germany amounted to €32.17 billion at year-end 2014, reflecting an increase of 13.0% over the corresponding prior-year figure. Customer assets held in Austria amounted to €4.20 billion.

On a Groupwide basis, we held assets of €15.74 billion for our retail customers (7.7% higher than the corresponding figure at year-end 2013), including €13.04 billion in Germany (9.0% increase over 2013) and €2.70 billion in Austria (1.5% increase over 2013). The volume of assets held for our business customers likewise increased substantially, by 15.4% to €20.63 billion. Customer assets held for business customers in Germany amounted to €19.13 billion (15.8% higher than 2013), while those held for business customers in Austria came to €1.50 billion (11.1% higher than 2013).

Volume of securities accounts and deposits in € bn



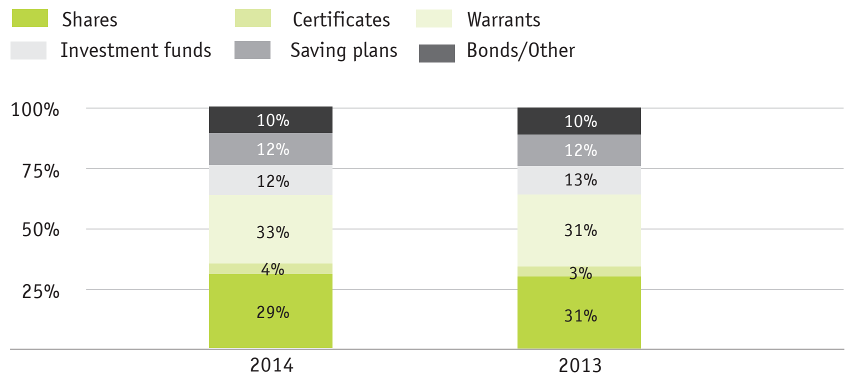
Securities accounts, trades and assets under custody, broken down by B2C and B2B



Volume of securities accounts and deposits

		2014	2013	Change in %
Volume of securities accounts and deposits	€ bn	36.37	32.49	11.9
Germany	€ bn	32.17	28.48	13.0
Austria	€ bn	4.20	4.01	4.7
Volume of securities accounts	€ bn	31.19	27.49	13.5
Germany	€ bn	27.75	24.26	14.4
Austria	€ bn	3.44	3.23	6.5
thereof in investment funds	€ bn	17.91	15.45	15.9
Germany	€ bn	16.49	14.19	16.2
Austria	€ bn	1.42	1.26	12.7
Deposits	€ bn	5.18	5.00	3.6
Germany	€ bn	4.42	4.22	4.7
Austria	€ bn	0.76	0.78	-2.6

Trades by category of securities in %



B2C (business-to-consumer)

		2014	2013	Change in %
Customers	No.	569,570	542,109	5.1
Germany	No.	516,522	491,685	5.1
Austria	No.	53,048	50,424	5.2
Securities accounts	No.	534,078	527,576	1.2
Germany	No.	481,030	477,152	0.8
Austria	No.	53,048	50,424	5.2
Bank accounts	No.	252,892	204,721	23.5
Germany	No.	230,815	185,557	24.4
Austria	No.	22,077	19,164	15.2
Trades executed	No.	4,606,501	4,137,139	11.3
Germany	No.	3,812,381	3,353,869	13.7
Austria	No.	794,120	783,270	1.4
Volume of securities accounts and deposits	€ bn	15.74	14.62	7.7
Germany	€ bn	13.04	11.96	9.0
Austria	€ bn	2.70	2.66	1.5
Volume of securities accounts	€ bn	12.22	11.38	7.4
Germany	€ bn	10.14	9.36	8.3
Austria	€ bn	2.08	2.02	3.0
thereof in investment funds	€ bn	3.76	3.35	12.2
Germany	€ bn	3.26	2.87	13.6
Austria	€ bn	0.50	0.48	4.2
Deposits	€ bn	3.52	3.24	8.6
Germany	€ bn	2.90	2.60	11.5
Austria	€ bn	0.62	0.64	-3.1

B2B (business-to-business)

		2014	2013	Change in %
Financial intermediaries	No.	1,169	1,169	0.0
Germany	No.	1,039	1,028	1.1
Austria	No.	130	141	-7.8
End customer	No.	80,979	78,788	2.8
Germany	No.	65,173	63,362	2.9
Austria	No.	15,806	15,426	2.5
Securities accounts	No.	91,691	89,494	2.5
Germany	No.	75,885	74,068	2.5
Austria	No.	15,806	15,426	2.5
Trades executed	No.	910,895	827,600	10.1
Germany	No.	768,573	676,606	13.6
Austria	No.	142,322	150,994	-5.7
Volume of securities accounts and deposits	€ bn	20.63	17.87	15.4
Germany	€ bn	19.13	16.52	15.8
Austria	€ bn	1.50	1.35	11.1
Volume of securities accounts	€ bn	18.97	16.11	17.8
Germany	€ bn	17.61	14.90	18.2
Austria	€ bn	1.36	1.21	12.4
thereof in investment funds	€ bn	14.15	12.10	16.9
Germany	€ bn	13.23	11.32	16.9
Austria	€ bn	0.92	0.78	17.9
Deposits	€ bn	1.66	1.76	-5.7
Germany	€ bn	1.52	1.62	-6.2
Austria	€ bn	0.14	0.14	0.0

Operating results

Central banks continued to pursue extremely expansive monetary policies in 2014. With a view to stabilizing the economy and the situation of public-sector debt, they have kept interest rates at historically low levels, in the hope that appropriate structural reforms would be enacted in tandem with these monetary policy measures. This macroeconomic environment poses tremendous challenges to banks because it reduces the margins they can earn by investing customer deposits. Despite the burden represented by the interest rate environment prevailing in the Eurozone, DAB Bank managed to increase its net interest income substantially. Thanks to the gains registered in the business of securities-related services and securities accounts, net commission income exhibited a generally positive development, considering the declining margins in the securities lending business. The trading and investment profit remained on a high level. In accordance with the business strategy for the year 2014, DAB Bank realized smaller capital appreciation than it did in 2013, in its purely operational activities. Thus, the trading profit and profit from investments totaling €5,873 thousand resulted in large part from effects related to the liquidation of the intragroup exposure to UniCredit Bank AG. The continued practice of proactive and flexible cost management underscores our ability to impress our customers with efficiency and innovation. This ability was also reflected in the very positive development of customer trading activity, as a further confirmation of the bank’s operational strength. At €48,333 thousand, the profit before taxes was considerably higher than the prior-year result of €19,217 thousand. In connection with the sale of DAB Bank AG to BNP Paribas S.A., most of the secured direct investments with UniCredit Bank AG were liquidated for regulatory reasons. This produced a positive, non-recurring effect totaling €25,592 thousand in 2014.

Net interest income, profit from investments, and trading profit

The sum of net interest income, the profit/loss from investments and the trading profit/loss amounted to €75,284 thousand in 2014, and was considerably higher than the corresponding prior-year figure (PY: €45,022 thousand). The trend of narrowing credit spreads that has been in effect since 2011 continued throughout 2014. In general, capital markets were primarily influenced by the low interest rates. Despite flat yield curves and the associated margin pressure in the customer deposit business, DAB Bank increased its net interest income considerably, from €38,640 thousand in 2013 to €69,411 thousand in 2014. This figure includes a non-recurring effect from the liquidation of direct investments in the form of secured term deposits with UniCredit Bank AG in the amount of €21,373 thousand. Even if adjusted for this effect, the net interest income earned from operations in 2014 was still 24% higher than the prior-year figure. Thanks to our active treasury management and the consistent exploitation of investment opportunities, the realization effects and valuation effects recognized in income from the bank’s holdings of securities classified as available-for-sale, which are presented within the profit from investments, amounted to €5,430 thousand (PY: €5,340 thousand). This figure includes a non-recurring effect from the liquidation of direct investments in the form of secured fixed-income securities due from UniCredit Bank AG in the amount of €4,219 thousand. The valuation effect from available-for-sale holdings that is not recognized in income, but in the equity item of Other Comprehensive Income (OCI), was €2,800 thousand higher than the corresponding prior-year figure. This increase resulted from the continued general narrowing of credit spreads. At €443 thousand, the realization and valuation effects from our securities holdings classified as held-for-trading and at-fair-value, which are presented within the trading profit/loss, were €1,042 thousand, less than the corresponding prior-year figure.

Net commission income

The Groupwide net commission income of €85,705 thousand was little changed from the prior-year figure of €85,953 thousand. Net commission income earned in the business of securities trading and securities accounts benefited from the heightened trading activity of our customers, whereas the increase in net commission income earned in the brokerage business was driven by the higher level of customer assets held in securities accounts. The generally positive performance of net commission income was further supported by the profit contributions from securities lending activities, although these profit contributions were below the respective prior-year values due to margin compression.

Administrative expenses

The administrative expenses of the DAB Bank Group amounted to €110,835 thousand. Thanks to the continued practice of strict cost discipline, this figure was largely unchanged from the prior-year figure (PY: €108,733 thousand). Although the personnel expenses of €40,873 thousand were higher than the prior-year figure of €39,499 thousand, the other administrative expenses of €57,653 thousand were practically unchanged from the respective prior-year figure (PY: €57,674 thousand). The increase in clearing and settlement expenses resulting from the heightened trading activity of our customers was offset by decreases in marketing and IT expenses. The other administrative expenses include a non-recurring expense item of €696 thousand incurred in connection with the sale of DAB Bank AG to BNP Paribas S.A. Depreciation and amortization of property, plant, and equipment and intangible assets amounted to €12,309 thousand, higher than the prior-year figure (PY: €11,560 thousand). Although DAB Bank keeps a close eye on all expenses, it continues to invest in the further development of technologies in all market phases, to the benefit of its customers.

Other operating result

DAB Bank recognized net other operating expenses of €-1,000 thousand in financial year 2014 (PY: €-701 thousand). This item consisted primarily of accommodation and compensation payments to customers resulting from the erroneous clearing and settlement of securities trades.

Appropriations to provisions

In financial year 2014, DAB Bank recognized expenses of €1,687 thousand (PY: €2,430 thousand) for appropriations to provisions, most of which established in respect of claims for damages. Reversals of provisions amounted to €1,834 thousand (PY: €475 thousand). The net appropriation after deduction of reversals amounted to €-147 thousand (PY: €1,955 thousand).

Credit risk provisions

The net result of the €1,379 thousand (PY: €894 thousand) appropriation to the credit risk provisions and the €367 thousand (PY: €474 thousand) reversal of credit risk provisions was an appropriation of €1,012 thousand (PY: €420 thousand). Recoveries on charged-off receivables totaled €44 thousand (PY: €51 thousand).

Profit before taxes

The profit before taxes for 2014 amounted to €48,333 thousand (PY: €19,217 thousand). Of this amount, €41,981 thousand was contributed by DAB Bank AG (PY: €14,963 thousand) and €6,352 thousand was contributed by direktanlage.at AG (PY: €4,254 thousand).

Net profit after taxes

After income taxes, DAB Bank generated a consolidated net profit of €32,019 thousand (PY: €12,271 thousand). On this basis, the earnings per share came to €0.35 (PY: €0.13). Of the consolidated net profit, an amount of €177 thousand was appropriated to retained earnings. At the annual shareholders' meeting to be held on May 29, 2015, the Management Board and Supervisory Board will propose retaining and appropriating to retained earnings the distributable profit according to IFRS in the amount of €31,842 thousand (PY: €11,827 thousand).

Cost-income ratio

We define the cost-income ratio as the ratio of administrative expenses (including any 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, and appropriations to provisions and credit risk provisions.

In the past financial year, the cost-income ratio was 69.6%, and thus considerably lower than the prior-year ratio of 85.0%, due to the above-mentioned non-recurring effect.

The total Groupwide income applied in calculating the cost-income ratio amounted to €159,168 thousand (PY: €127,950 thousand), and the total Groupwide expenses amounted to €110,835 thousand
(PY: €108,733 thousand).

Financial position and liquidity

Total assets and development of individual items of the statement of financial position

As of December 31, 2014, the total assets of DAB Bank amounted to €5,526,889 thousand (PY: €5,327,502 thousand). The increase over the prior-year figure resulted mainly from higher customer deposits. Total liabilities consisted primarily of short-term liabilities to customers, which are generally invested in securities and secured term deposits as part of our liquidity management program, in order to balance the surplus of liabilities over assets. The long-term average maturity of our treasury portfolios is between one and two years. DAB Bank makes sure these holdings are sufficiently liquid so that it can settle its liabilities at all times.

At €323,209 thousand, loans and advances to customers were slightly higher than the corresponding prior-year figure (PY: €279,200 thousand). This increase is also reflected in the higher credit risk provisions for 2014 (€2,643 thousand compared to €2,189 thousand in 2013). Credit risk provisions also included utilizations of €558 thousand. Receivables due from banks rose from €1,405,889 thousand in 2013 to €1,469,373 thousand in 2014. Receivables due from banks consisted mainly of direct investments in the form of secured term deposits with our parent company BNP Paribas S.A. Noncurrent investments rose moderately from €3,277,283 thousand as of December 31, 2013 to €3,411,635 thousand as of the reporting date. At €5,149,632 thousand, liabilities due to customers were likewise moderately higher than the prior-year figure (PY: €4,980,118 thousand).

Given the context of strong fund inflows, increased liquidity was maintained at year-end 2014 for the purpose of taking advantage of investment opportunities, which led to an increase in the cash reserve and in receivables due from banks.

The provisions of €8,943 thousand were slightly higher than the prior-year figure (PY: €8,204 thousand). They consisted mainly of provisions for pension expenses and claims for damages. Current income tax liabilities rose from €5,025 thousand in 2013 to €7,044 thousand in 2014. This provision consisted of income taxes accrued, but not yet paid. The increase in deferred tax liabilities from €10,914 thousand in 2013 to €13,202 thousand in 2014 resulted from temporary effects, which also led to an increase in positive valuation changes in the available-for-sale securities.

As of the reporting date, Group equity amounted to €269,977 thousand, as compared to €247,447 thousand in 2013. Most of this increase is attributable to the net profit after taxes for financial year 2014, as well as a positive effect of €2,800 thousand that resulted from valuation changes in securities classified as available-for-sale, which are recognized in Other Comprehensive Income (OCI).

Bank regulatory ratios

The new Capital Markets Directive and Regulation (CRD IV/CRR) applicable to regulatory reporting, which concretizes the Basel III principles, entered into effect on January 1, 2014. DAB Bank AG has implemented the new regulations on the fulfillment and reporting of capital requirements, the Leverage Ratio, and the Liquidity Coverage Ratio (LCR) or Net Stable Funding Ratio (NSFR), and the large-exposure reports.

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 and the capital charges for Credit Valuation Adjustments (CVA), in order to satisfy the minimum Total Capital Ratio of 8% as per Article 92 CRR in conjunction with Section 10 KWG. Fulfillment of the minimum required Total Capital Ratio is monitored continuously. The Total Capital Ratio was well above the minimum requirement at all times in 2014.

In accordance with Article 72 in conjunction with Article 25 CRR, the capital of DAB Bank AG is composed of core capital (Article 26 to Article 50 CRR) and supplementary capital (Article 62 to Article 71). As of December 31, 2014, the core capital (tier-1 capital) of DAB Bank AG amounted to €170,477 thousand (PY: €151,542 thousand), with due regard to Article 36 in conjunction with Article 49 (2). The total capital amounted to €174,879 thousand at the reporting date.

As of January 1, 2014, the DAB Bank calculates its regulatory capital in accordance with CRR regulations. Credit risk (default risk) is calculated by application of the credit risk standard approach as per Part 3 Title II Chapter 2 CRR, operational risk by application of the standard method as per Article 317-320 CRR, and market price risk (Part 3, Title IV CRR) by application of the standard methods. For calculating interest rate risk, the duration method according to Article 340 CRR is applied. The capital charges required to cover the risk of a credit valuation adjustment (CVA risk) are calculated by application of the standard method as per Article 384 CRR.

In connection with the heightened risk assets of €1,436.6 million (December 31, 2013: €950.9 million), which resulted particularly from the first-time adoption of Basel III, the Total Capital Ratio declined to 12.2% (December 31, 2013 according to Basel II: 15.9%). This ratio is well above the minimum required ratio under regulatory law. The increase in risk assets is not fundamentally the result of a changed risk profile; instead, this increase resulted from the increased risk weightings for receivables due from banks, as required by the CRR.

Risk assets by risk category (DAB Bank AG)

		12/31/2014 per CRR	12/31/2013 per SolvV	Change in %
Total amount		1,436.6	950.9	51.1%
Credit, counterparty, and dilution risk (per Credit Risk Standard Approach)	in € mn	1,267.9	776.9	63.2%
Position, foreign currency, and commodity position risk (per Standard Approach)	in € mn	0	1.4	-93%
Operational risk (per Standard Approach)	in € mn	167.8	172.6*	-2.8%
Credit valuation adjustment risk of OTC derivatives (CVA risk, as per Standard Method)	in € mn	0.8	-	-

* Per Advanced Measurement Approach (AMA)

The Leverage Ratio as per CRR, which shows the ratio of regulatory capital to total assets, came to 3.52% as of the reporting date.

The disclosure obligation pursuant to Article 6 and 431 ff. CRR in conjunction with Section 26a KWG is fulfilled by the Group's parent company BNP Paribas S.A., Paris. DAB Bank fulfilled its disclosure obligation pursuant to Part 8 Article 431 ff. in conjunction with Section 26a KWG by means of an appropriate reference in the disclosure report ("Registration Document and Annual Financial Report") of BNP Paribas S.A., as well as in the present Management Report and on the Company's website. Furthermore, the disclosure reference is published in the electronic Federal Gazette (Bundesanzeiger). As of the reporting date, the return on capital for DAB Bank AG calculated in accordance with Section 26a (1) (4) KWG, as the quotient of net profit divided by total assets, amounted to 0.68%.

With respect to liquidity requirements, regulatory reporting expectations are concretized by the LCR and the NSFR, which will be raised in steps. The final version of the NSFR is still not certain. With an LCR of 187 as of the reporting date, DAB Bank AG was better prepared than most banks for the minimum ratio of 60 required in 2015 and subsequent years.

The Liquidity Ratio according to the Liquidity Regulation, as the ratio of available funds to callable payment obligations over a one-month period, came to 5.52 as of December 31, 2014 (PY: 4.17).

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 €45,463 thousand per customer under the deposit insurance fund, and up to €100,000 under the statutory compensation scheme.

Our employees

Also in 2014, our employees displayed extraordinary commitment to the success of DAB Bank. The number of employees working in the DAB Bank Group decreased from 609 in 2013 to 606 persons in 2014, or from 552 to 549 full-time equivalents. As of December 31, 2014, DAB Bank Group had 430 full-time equivalents in Germany (2013: 433) and 119 full-time equivalents with direktanlage.at in Austria (2013: 119). Please refer to the Compensation Report and to Note 31 in the notes to the financial statements for detailed information on employee compensation. A similar system of salary components determined on the basis of individual performance and business results is practiced at direktanlage.at in Austria.

Employees

		2014	2013	Change in %
Employees (headcount)	No.	606	609	-0.49
Germany	No.	468	471	-0.64
Austria	No.	138	138	0.00
Employees (full-time)*	No.	549	552	-0.54
Germany	No.	430	433	-0.68
Austria	No.	119	119	0.35

*Employee capacity

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

The development of general economic conditions, particularly in the industrialized nations, was in line with the expectations expressed at the beginning of last year. Despite some minor setbacks, the assumption of a further easing of the euro crisis has generally been confirmed. Furthermore, the development of financial markets was largely in line with the expectations expressed at the beginning of last year. Equity markets were favored by the high amount of liquidity in circulation and by the low level of interest rates. The European Central Bank continued to pursue a course of expansive monetary policy; in fact, the reduction of the main refinancing rate to 0.05% and the introduction of negative interest rates on central bank deposits went beyond our expectations at the beginning of last year. As in prior years, the banking industry was burdened by the low level of interest rates in 2014. As expected, the operating environment remained challenging. Furthermore, the national and international efforts of legislators and regulators to make the banking industry and capital markets stronger and more crisis-resistant advanced further, as expected.

As in prior years, the direct banking market experienced dynamic growth in 2014. Direct banks probably gained additional market shares, thereby realizing the potential we identified last year.

The business performance of DAB Bank was also in line with our expectations. As predicted, DAB Bank increased the key performance indicators of trades executed, customers, bank accounts, and customer assets held in custody. At the end of 2014, more than 650,000 customers utilized the products and services of DAB Bank. That number surpasses our forecast by more than 10,000 customers. As predicted, DAB Bank generated a disproportionately high increase in the number of bank accounts carried for customers.
The 252,892 bank accounts carried at the end of 2014 were considerably higher than our ambitious target of 220,000. The well-surpassed targets for customers and bank accounts, coupled with the positive environment for securities investments, are also reflected in the development of customer assets held in custody, which amounted to €36.37 billion at year-end 2014, 7% higher than our original forecast. Despite the very substantial growth of trades executed in 2013, DAB Bank increased this number further in 2014, as predicted. Due to the intensely competitive and persistently difficult market environment, the net commission income generated in 2014 was slightly less than our expectations.

Central banks continued to pursue expansive monetary policies in 2014. To stabilize the economy and the debt situation of national governments, they kept interest rates at historically low levels. As predicted, however, DAB Bank increased its net interest income in 2014, even after adjusting for the non-recurring effect of the liquidation of financial investments held with UniCredit Bank AG, thanks to the active management of interest expenses. Adjusted for the non-recurring effect of the liquidation of financial investments held with UniCredit Bank AG, the combined trading profit and profit from investments was less than half as high as the corresponding prior-year figure, as predicted. The risk provisions recognized to account for potential loan losses are still moderate, as expected.

Thanks to the active practice of stringent cost discipline, administrative expenses remained under control. The slight increase in administrative expenses resulted primarily from growth-related higher variable costs. Both administrative expenses and the cost-income ratio were in line with our expectations.

Overall, the consolidated profit before taxes, adjusted for non-recurring effects (liquidation of investments held with UniCredit Bank AG), was higher than the corresponding prior-year figure, as predicted. The tax rate fell within our forecast range.

We continued to invest in our line-up of products and services in the areas of banking, investment, and trading. We also made investments to assure compliance with statutory and regulatory requirements, and to boost efficiency.

Contrary to our forecast, the total number of employees at year-end 2014 was slightly less than the prior-year figure, owing to ongoing efficiency enhancement efforts. We continued to invest purposefully in the individualized training and continuing education of our employees, and in the work environment.

As announced, DAB Bank's capital and liquidity resources remained well above the stricter new regulatory requirements of the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD IV).

As a general rule, DAB Bank pursues a dividend policy that is aligned with the bank's long-term performance. Due to the change of DAB Bank AG's majority shareholder from the UniCredit Group to the BNP Paribas Group, the dividend policy to be adopted by the new majority shareholder will be determining in the future, as it holds a majority of voting rights in the annual shareholders' meeting of DAB Bank. In connection with the voluntary public takeover offer, the new majority shareholder announced that it does not expect to pay dividends initially. This statement can be interpreted to mean that a dividend resolution would possibly not receive majority support in the next annual shareholders' meeting. This change from the dividend proposal stated in our forecast is due to the fundamental change of ownership.

Events after the reporting date

No events of particular importance occurred after the close of the financial year that would have required a substantially different presentation of the financial position, liquidity, and financial performance of the Group if they had occurred before the close of the reporting period.

Report on relationships with related parties

From January 1 to December 16, 2014, UniCredit S.p.A., Rome, Italy, indirectly held through its majority investment in UniCredit Bank AG, Munich, and UniCredit Bank AG directly held 81.39% of the shares in DAB Bank AG.

By reason of this majority investment, DAB Bank AG was a directly dependent subsidiary of UniCredit Bank AG, Munich, until December 16, 2014. The voting rights attached to this investment are attributed to UniCredit S.p.A. in accordance with Section 21 (1) and Section 22 (1) (1) (1) of the Securities Trading Act (WpHG). There was no management control agreement.

As of December 31, 2014, BNP Paribas S.A., Paris, France, indirectly held, through its majority investment in BNP Paribas Beteiligungsholding AG, Frankfurt am Main, and BNP Paribas Beteiligungsholding AG directly held 91.69% of the shares in DAB Bank AG.

By reason of this majority investment, DAB Bank AG is a directly dependent subsidiary of BNP Paribas Beteiligungsholding AG, Frankfurt am Main. The voting rights attached to this investment are attributed to BNP Paribas S.A. in accordance with Section 21 (1) and Section 22 (1) (1) (1) of the Securities Trading Act (WpHG). There is no management control agreement in effect.

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 2014 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, 2014, 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. There are no restrictions affecting voting rights or the transfer of shares. Furthermore, no agreements between shareholders are known to the Management Board that would lead to restrictions on the transfer of voting rights and shares in the company.

3. As of December 31, 2014, BNP Paribas S.A., Paris, France, indirectly held, through its majority investment in BNP Paribas Beteiligungsholding AG, Frankfurt am Main, and BNP Paribas Beteiligungsholding AG directly held 91.69% of the shares in DAB Bank AG. No further direct or indirect investments in capital that exceed 10% of voting rights exist.

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

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 dismissed by the Supervisory Board in accordance with the regulations of the German Stock Corporations Act. All amendments to the Articles of Incorporation require a resolution of the annual shareholders’ meeting, passed by a simple majority of votes cast or of the capital represented at the time of voting. The authority to amend the Articles of Incorporation only in matters of wording has been delegated 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 purchase its own shares by virtue of Section 71 (1) (7) and (8), in accordance with the more detailed resolutions adopted by the annual shareholders’ meeting of May 20, 2010. DAB Bank AG purchased treasury shares in 2014 for the purpose of correcting errors and processing customer orders. In total, it purchased 2,592 shares in 2014, representing €2,592 or 0.0028% of the bank’s share capital. Of this amount, 2,592 shares, likewise corresponding to 0.0028% of share capital, were used for correcting errors. The Management Board is authorized to issue new shares particularly within the framework of the authorizations granted by virtue of Article 4 (2) to (4) of the Articles of Incorporation (Authorized Capital 2011/I and 2013/I and Conditional Capital I and II).

8. There are no material agreements between DAB Bank AG and third parties that would take effect, be modified or terminated upon a change of control resulting from a takeover offer.

9. There are no indemnification agreements between DAB Bank AG and members of the Management Board or employees in the event of a takeover offer.

Risk report

Summary assessment

The risk coverage potential of DAB Bank was assured at all times in the reporting period. There were no limit overruns at the end of the reporting period.

The risk profile of DAB Bank has remained constant since the prior year. In the liquidation scenario (DAB Bank Group), the utilization rate of the risk coverage potential fell from 74.54% in 2013 to 61.52% in 2014. This decline was caused by the increase in the risk coverage potential resulting from the interest rate-driven increase in available-for-sale reserves and from the considerably higher net profit for 2014.

Risk management system of DAB Bank

DAB Bank disposes of a clearly defined risk management system, which was integrated with the risk management processes of UniCredit Bank AG until the sale to BNP Paribas S.A. The Management Board of DAB Bank bears responsibility for the risk management system. Operational roles for the governing boards and units involved in the processes are defined within an appropriate organizational structure. The central unit of DAB Bank's risk management system is the Risk Controlling Department. Process-independent monitoring is performed 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 represents the framework for the implementation of the business strategy. It comprises the following tasks:

▸ Risk identification

By conducting a risk inventory, DAB Bank obtains an overview of risks at least annually, or whenever circumstances warrant. In this process, DAB Bank analyzes the situation to identify risks that could materially impair the bank's financial position (including capital adequacy), financial performance, or the liquidity situation.

A new product process has been 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. This process is directed by Risk Controlling.

▸ Risk measurement

Quantitative and qualitative methods are employed to assure the adequate determination of the risk profile of DAB Bank. Quantitative methods are applied with respect to counterparty default risk, market price risk, business risk, operational risk, equity investment risk, and liquidity risk. Strategic risk and reputation risk are analyzed and monitored on the basis of qualitative criteria.
In addition to the calculated risk values, a general 5% mark-up is added to the overall risk, 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 coverage capacity analysis through comparison with the available risk coverage potential on a quarterly basis.

The methods employed to assess risk are governed by Groupwide risk standards, in order to assure consistency and appropriateness within DAB Bank.

Besides calculating individual risks, DAB Bank checks for risk concentrations within counterparty default risk, market risk, business risk, liquidity risk, and operational risk. For these risks (except for liquidity risk), global stress tests encompassing all risk types are conducted and on that basis a stress test 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 the measurement of 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 front-office 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, the defined limits are determined by application of the risk coverage 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, equity investment, 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 UniCredit Bank AG (until the sale to BNP Paribas S.A.). Risk reporting is the responsibility of Risk Controlling.

The risk management system of DAB Bank undergoes 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 improvements in particular were carried out during the 2014 financial year:

➢ Improvement and refinement of stress tests across risk types; in particular, credit spread stress tests were implemented,
➢ Strengthening of the new product process and implementation of stan-

dards governing changes to operating processes or structures (MaRisk AT 8.2),

➢ Implementation of an early risk detection system and framework for concentration analysis,

➢ Improvement of the risk coverage capacity concept by introducing a method for measuring equity investment risk,

➢ Introduction of a method for allocating liquidity costs, and

➢ More in-depth measurement of interest rate risk by period.

We plan to implement the following improvements in 2015:

➢ Operationalization of the early risk detection system,

➢ Heightened involvement of direktanlage.at in Groupwide risk management processes,

➢ Optimization of data quality for calculating counterparty default risk, and

➢ Operationalization of the standards governing changes to operational processes or structures (MaRisk AT 8.2).

Integration with the UniCredit Subgroup and BNP Paribas S.A.

In order to assure 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 were consistent with the standards of the UniCredit sub-group, insofar as those were compatible with national laws and regulations (until the sale to BNP Paribas S.A.).

In 2015, DAB Bank AG or rather, the company to be formed as a result of the merger as per the announcement of the majority shareholder will be successively integrated with the risk management processes of BNP Paribas S.A.

Risk strategy

The risk strategy for every financial year is formulated on the basis of the annually updated business strategy and budget plan and adopted by the full Management Board. The defined risk strategy applies to the entire DAB Bank Group (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 coverage 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 accept 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.

Comprehensive 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 refined its investment strategy and invested available cash in collateralized loans to UniCredit Bank AG. After the sale of DAB Bank AG to BNP Paribas S.A., these collateralized transactions were liquidated by reason of the large-exposure requirement and re-invested with BNP Paribas S.A., mostly on a maturity-matched and risk-matched basis.

Risk coverage 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. The liquidation scenario entails the cessation of operations, but assures the satisfaction of creditors. The risks are calculated with a confidence level of 99.9% and a holding period of one year.

As part of the quarterly risk coverage capacity analysis, we compare overall bank risk to the existing risk coverage potential and report the results to the full Management Board. Risk coverage potential is understood to mean the funds available to the bank for the purpose of covering losses. The risk coverage potential is composed of profit and capital components. For the going-concern scenario, the risk coverage potential is calculated on the basis of regulatory capital (liable capital) and additional capital components that are available from an economic perspective, after deduction of possible losses on equity investments. Under the liquidation scenario, the risk coverage potential is calculated on the basis of capital components defined in accordance with IFRS.

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 2014	VaR 2013	Relative Change	VaR 2014	VaR 2013	Relative Change
Default risk	2.92	1.23	137.66%	76.51	78.99	-3.14%
Market price risk	25.97	26.75	-2.90%	37.20	32.75	13.61%
Business risk	12.70	13.68	-7.13%	23.62	26.19	-9.81%
Operational risk	4.06	4.04	0.50%	16.42	17.10	-3.95%
Buffer for modeling risks	2.28	2.28	-0.09%	7.69	7.75	-0.82%
Overall bank risk (uncorrelated)	47.94	47.98	-0.09%	161.44	162.77	-0.82%
Overall bank risk (correlated)	43.64	43.89	-0.57%	143.70	143.53	0.11%
Risk-covering potential	82.92	93.67	-11.48%	233.57	192.55	21.30%
Utilization of risk-covering potential	52.62%	46.85%	12.33%	61.52%	74.54%	-17.47%

The risk coverage capacity of DAB Bank was assured at all times in financial year 2014. The planned business expansion in 2015 will cause the risk indicators to rise and will therefore affect the risk coverage capacity. Measures have been developed in response in order to be able to react appropriately.

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 cards, and personal credit lines.

- 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 IT platform used for this purpose 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, counterparty risks, issuer risks and country risks are quantified with the aid of market values, notional values or flat-rate methods, depending on the sub-risk category and product type. Likewise, every trade is immediately recorded and charged against the respective limit.

The management and limitation of credit, issuer, counterparty, and country risks are conducted on the basis of a uniform limit system. A fundamental distinction is made between:

- Credit value-at-risk limits derived from the risk coverage potential.
- Volume limits, which are defined for issuers, counterparties and countries, and for the dimensions of sectors and rating classes.

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 collateral loans for unsecured receivables; the receivable amount must be in default for more than 90 days. Individual value adjustments for the unsecured portions of overdraft facilities or credit card balances are recognized on the basis of an evaluation of the customer's credit rating.

Credit risks, issuer risks, counterparty risks and country risks (including limits on sectors and rating classes) are monitored by Risk Controlling on a daily basis. 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 every day, and the utilization of volume limits is reported every month to the full Management Board.

Development of default risk in 2014

Key risk indicators for counterparty default risk as of December 31, 2014 are presented in the table below.

Default risk (in € mn)

As of 12/31		2014	2013
DAB AG	VaR (confidence level 95%, holding period one year)	2.92	1.23
da.at	VaR (confidence level 95%, holding period one year)	0.32	0.44
DAB Bank Group	VaR (confidence level 99.9%, holding period one year)	76.51	78.99
	Limit	120.93	94.36
	Utilization	63.27%	83.70%

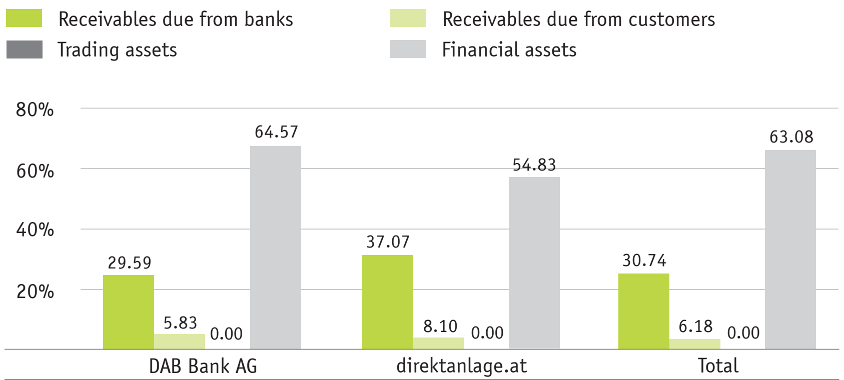
As a general rule, the only securities accepted as collateral for the bank's collateral loan portfolio are securities that can be sold in the market at any time. As of December 31, 2014, the customer loan portfolio of DAB Bank AG amounted to €259 million. and was backed by loan collateral (expected proceeds from collateral) in the amount of €2,840 million. Thus, the loan portfolio would be secured by the furnished collateral up to a market decline of 91%. 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 collateral execution proceeds):

Shares	1,263,414,312
Bonds	297,482,958
Investment funds	1,160,898,837
Certificates	71,657,809
Others	47,354,503
Expected collateral execution proceeds	2,840,808,420

The breakdown of total exposures (DAB Bank) by product classes is as follows:

Breakdown of total exposure by product types



The breakdown of exposures by sectors, countries (total portfolio, excluding Germany) and ratings (treasury portfolio/Portfolio A) as of December 31, 2014 is presented in the tables below:

Breakdown by sector

in € mn	DAB Bank AG Exposure	direktanlage.at Exposure
Agriculture, Forestry	0.97	-
Automotive Industry	20.13	-
Banks, Insurance Companies	3,678.00	664.44
Chemicals, Pharmaceutics, Health	0.24	-
Construction, Wood	0.83	-
Consumer goods	3.72	-
Electronics	0.00	-
Energy	6.74	-
Food, beverages	0.50	-
Machinery, Metals	0.48	-
Media, Paper	1.54	-
Private Customer	261.02	72.98
Public sector	629.48	69.40
Real Estate	0.39	-
Services	109.53	-
Shipping	0.00	-
Special Products	-	-
Telecom, IT	27.62	2.00
Textile Industry	0.10	-
Tourism	0.30	-
Transport, Travel	0.35	-
without industry classification	-	-
Total	4,741.94	808.82

Breakdown by countries

in € mn	DAB Bank AG Exposure	direktanlage.at Exposure
Austria	156.33	296.70
Belgium	75.20	0.02
Cyprus	-	-
Estonia	0.00	-
Finland	15.07	-
France	1,299.57	167.15
Greece	0.08	-
Ireland	17.64	1.97
Italy	5.76	0.82
Luxemburg	123.78	13.65
Malta	-	-
Netherlands	337.37	51.70
Portugal	0.00	-
Slovakia	0.00	-
Slovenia	0.04	-
Spain	0.03	-
Total Eurozone countries	2,030.87	532.01
Asia/Oceania	181.76	15.02
Eastern Europe Not EURO	0.47	5.01
CIS /Central Asia	0.02	-
Russia	4.14	-
Turkey	0.29	-
Middle-South America	0.20	-
North America + off-shore countries	22.53	5.34
USA	187.26	18.40
Near Middle East / North Africa	0.14	-
Southern Africa	1.19	-
Western Europe	232.14	40.52
Switzerland	122.79	0.40
United Kingdom	128.58	27.27
Total non-Eurozone countries	881.52	111.95
Total exposure	2,912.39	643.97

Rating classes

in € mn	DAB Bank AG Exposure	direktanlage.at Exposure
Aaa	527.57	114.47
Aa1	341.81	10.03
Aa2	343.30	3.65
Aa3	287.40	58.00
A1	1,114.90	197.39
A2	603.70	244.30
A3	851.32	79.40
Baa1	84.93	6.03
Baa2	12.67	28.21
Baa3	-	-
Ba1-C	0.03	0.13
D	-	-
XX	-	3.38
Total	4,167.62	744.98

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 as of December 31, 2014.

Derivative instruments as of 12/31/2014

in k€	Notional Amount – Residual Term: Up to 1 Year	Notional Amount – Residual Term: 1 to 5 Years	Notional Amount – Residual Term: > 5 Years	Notional Amount – Total	Market Values – Positive	Market Values – Negative
Currency-related transactions						
OTC products						
Currency futures	347,022	2,770	-	349,792	8,953	8,784
Currency options						
-Purchases	-	-	-	-	-	-
-Sales	-	-	-	-	-	-
Other derivative contracts	-	-	-	-	-	-
Exchange-traded transactions						
Currency futures	-	-	-	-	-	-
Currency options	-	-	-	-	-	-
Total	347,022	2,770	-	349,792	8,953	8,784

Market price risk

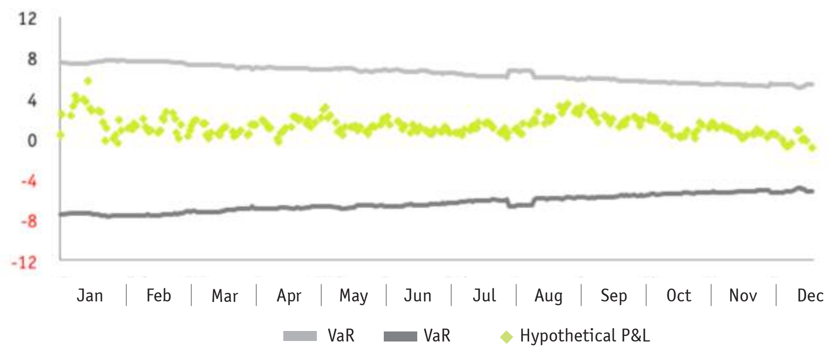
Definition

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 addition to the interest rate of a risk-free investment. For 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 forecast quality of our risk model since no negative overrun of the forecast value was discovered on the level of DAB Bank AG.

Back-testing market price risk model 2014 (in € mn)



In connection with the risk coverage 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 coverage capacity calculation.

Risk Controlling, the ALM Board, the Trading Department in the front-office area, and 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 by the Risk Controlling Department of DAB Bank on the basis of 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	46.13
Trading book limit (1 day)	0.15
Investment book limit (10 days)	8.98
Liquidation scenario (DAB Bank Group)	in € mn
Annual limit	49.19

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 coverage potential of DAB Bank, and the stress test results of DAB Bank AG, on a quarterly basis.

Development of market price risk in 2014

The implementation of business strategy directives (sale of certain securities positions and shortening of durations), coupled with methodological improvements (risk aggregation), had the effect of reducing the market price risk of DAB Bank AG. By contrast, the updating of customer transaction models in connection with the measurement of interest rate risks and the introduction of the credit spread risk calculation at direktanlage.at had the opposite effect on the level of the DAB Bank Group.

The market risks inherent in our positions as of December 31, 2014 are presented on an aggregated basis in the table below (average values).

Market risk (in € mn)

as of 12/31		2014	2013
DAB AG	VaR (confidence level 95%, holding period one year)	25.97	26.75
da.at	VaR (confidence level 95%, holding period one year)	5.37	2.26
DAB Bank Group	VaR (confidence level 99.9%, holding period one year)	37.20	32.75
	Limit	49.19	43.80
	Utilization	75.63%	74.77%

(Confidence level 99.9%, holding period one year)

DAB Bank Group (at 12/31/2014)	Value-at-Risk in € mn
Interest rate risk	5.63
Price risk	2.11
Currency risk	1.91
Credit-spread risk	31.84

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

Until the sale of DAB AG, the required risk capital for operational risks was calculated on the basis of a loss distribution approach applied across the UniCredit Group. For the liquidation scenario, the required risk capital for DAB Bank AG was calculated by application of the Advanced Measurement Approach (AMA), and for direktanlage.at AG by application of the Standard Approach (STA). The Risk Controlling Department of DAB Bank AG was responsible for ensuring that all relevant factors were promptly imported into the UniCredit system.

As of December 2014, DAB Bank AG calculates operational risks under the liquidation scenario by application of the Standard Approach. For the going-concern scenario, DAB Bank AG calculates the risk value as the sum of losses arising from operational risks in the two years with the highest losses since the commencement of data entry.

Managing operational risk is the responsibility of the respective operating units of DAB Bank. 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 decentralized 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 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 on a monthly basis 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 2014

The operational risk indicators as of December 31, 2014 are presented below. The decrease in the risk capital figure for the liquidation scenario can be attributed to the generally lower-risk environment.

Operational risk (in € mn)

As of 12/31		2014	2013
DAB AG	Risk capital figure (Going-concern scenario)	4.06	4.04
da.at	Risk capital figure (Going-concern scenario)	0.39	0.39
DAB Bank Group	Risk capital figure (Liquidation scenario)	16.42	17.10
	Limit	24.40	19.35
	Utilization	67.30%	88.35%

As of December 31, 2014, DAB Bank was exposed to the following significant operational risks, on an aggregated basis:

➢ Defective processing
➢ System failure or performance problems, and
➢ 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 management on a regular basis. In 2014, a few other lawsuits related to our former business partner Accessio were observed and appropriate provisions were established.

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 trading 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 this purpose, income and cost numbers are surveyed on the level of the operating units and then condensed, with due 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, the utilization of which is reported to the Management Board on a monthly basis.

Development of business risk in 2014

The business risks of DAB Bank Group as of December 31, 2014 are presented on an aggregated basis in the table below. The decrease in business risks resulted mainly to the stable development of business activities and the lower volatilities associated with this development.

Business risk (in € mn)

As of 12/31		2014	2013
DAB AG	VaR (confidence level 95%, holding period one year)	12.70	13.68
da.at	VaR (confidence level 95%, holding period one year)	1.99	2.58
DAB Bank Group	VaR (confidence level 99.9%, holding period one year)	23.62	26.19
	Limit	35.35	26.24
	Utilization	66.81%	99.81%

Equity investment risk

Definitions

At DAB Bank, equity investment risk refers to potential losses on equity made available to the bank, as well as liability risks (e.g., letters of comfort) and risks to equity investments arising from profit/loss transfer agreements (loss absorption). This refers only to equity investments that are not included in the trading book of DAB Bank.

Risk measurement, limitation, management, monitoring and reporting

The value-in-use analysis conducted by Finance & Controlling represents the starting point for the calculation of equity investment risk. The value-in-use is defined as the present value of future cash flows to be generated on the use of an asset (in this case, direktanlage.at). Therefore, the value-in-use is understood as the current market value of direktanlage.at.
Operationally, direktanlage.at is managed on the basis of various key indicators of business performance and risks.

Equity investment risk is reported to the full Management Board every quarter as part of the Risk Report.

Development of equity investment risk in 2014

Because the market value of the investment in 2014 was higher than the carrying amount of the investment, the equity investment risk is €0.

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 sub-divides liquidity risk into corporate liquidity risk and market liquidity risk. Corporate liquidity risk comprises funding risk (the risk that additional funding cannot be obtained, or only at increased market interest rates, due to term discrepancies), maturity risk (risk of payment default), 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

For purposes of 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 and Liquidity Coverage Ratio).

Daily calculation of short-term liquidity is performed on the basis of the Liquidity Planning Statement. The deterministic (determined on the basis of final maturity) and stochastic cash flows (determined on the basis of a non-parametric forecast approach) are aggregated to arrive at the cumulative net cash, which is then checked against the available liquidity coverage potential, to determine whether the liquidity buffer and defined limits are adequate or whether steps must 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 are performed with reference to a capital maturity ladder. The maturity intervals considered are limited by means of a liquidity ratio.

In addition to the management and monitoring of short-term and structural liquidity, liquidity risk management at DAB Bank AG also comprises the limit-setting and monitoring of the Liquidity Ratio as per the Liquidity Regulation (LiqV) and the monitoring of the Liquidity Coverage Ratio as per the Capital Requirement Regulation (CRR).

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 done by the organizational unit responsible for trading. Risk Controlling is responsible for measuring liquidity risk, including stress testing and monitoring, and for reporting liquidity risk to the Management Board and ensuring compliance with regulatory requirements. The Treasury Department is responsible for the management of cash holdings.

The Management Board and the ALM Board, which convenes once a week, are kept apprised of the liquidity situation of DAB Bank AG by means of regular reports.

Development of liquidity risk in 2014

The liquidity supply of DAB Bank was more than adequate in financial year 2014.

The accumulated net cash flows were covered by the bank's liquidity coverage potential at all times. The surplus cover for short-term and additional funding needs amounted to €1,572.40 million (d+1) and €1,367.09 million (d+90). Across all maturity bands (d+1 to 12 months), the surplus cover of DAB Bank AG averaged €1,733.54 million. At our subsidiary direktanlage.at AG, the surplus cover for the short-term and additional funding needs amounted to €358.37 million (d+1) and €328.82 million (d+90).

No limit overruns were discovered with regard to structural liquidity in financial year 2014. As of December 31, 2014, the structural liquidity values (liquidity quotas) of DAB Bank AG were above the defined value of 90%.

As of December 31, 2014, the regulatory Liquidity Ratio was 5.80, and was thus well above the regulatory minimum value of 1. 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 coverage capacity, based on a flat-rate mark-up of 5% on the 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 reviews 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.

In 2014, reputation risk was managed on the basis of 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).

These two pillars were primarily designed on the basis of the structures already in place for the management of operational risks. Therefore, defining the framework for the identification, measurement, management, and monitoring of reputation risks, and coordinating the adoption of rep-risk strategies is the responsibility of central Risk Controlling. The rep-risk strategies are implemented with the help of the decentralized reputation risk managers in the respective divisions. The Reputation Risk Council is responsible for adopting resolutions on all transactions or activities that could entail material reputation risks.

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 this 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 scenarios are defined as stress tests encompassing all risk types:

- Historical scenario ("financial crisis"):

The financial crisis of 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 highly 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 Eurozone 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 business 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 of interest rates, exchange rates, and credit spreads
- 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 (multi-linear regression of risk drivers)
- Market price risk: Interest rates, exchange rates, credit spreads
- Operational risk: Losses and risk indicators.

The calculation for DAB Bank AG is based both on the stressed risk value and 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 inter-correlation matrix. The stress test results are monitored on a quarterly basis in connection with the risk coverage capacity analysis. These results are checked against the risk coverage potential to ensure that it is adequate to cover both the individual risks and the overall risk.

Due to the relatively small size of the loan portfolio, the assets of the DAB Bank Group are highly oriented to the capital markets. As can be expected, therefore, the stringently designed credit spread stress test reveals strains of both the risk values and the conditional loss, even though more than 50% of DAB Bank AG's treasury portfolio is secured by collateral. Therefore, the risk coverage potential of DAB Bank AG was not adequate to cover the risks arising in the event of the stresses under the scenarios (except for the historical scenario in the event of liquidation). Accordingly, measures have been developed to ensure the bank's ability to respond appropriately to such stresses.

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 coverage capacity of DAB Bank. The following risk drivers have been defined for this purpose:

- Default risk: Default probability
- Business risk: Macroeconomic parameters (e.g., gross domestic product)
- Market price risk: Interest rates, exchange rates, credit spreads
- Operational risk: losses.

Inverse stress tests are conducted at least once a year, or on an ad-hoc basis. The results are reported to the Management Board, and appropriate measures are defined when necessary.

Outlook

The de-migration from UCB AG and UBIS and the migration to the process, methodology, and systems landscape of BNP Paribas S.A. will be particularly important issues in 2015. Particular attention will be paid to the careful management of any operational and reputation risks that arise.

The liquidation of the secured UCB AG transactions and the concurrent re-investment in secured investments with BNP Paribas S.A. stabilized DAB Bank's risk profile further. Nonetheless, the utilization rate of the risk coverage potential will increase slightly, due to the forecast business performance and macroeconomic conditions. We expect that the bank's risk coverage capacity will be upheld in 2015.

The capital shortfall identified in connection with the Multiyear Plan and the stress tests will be countered by the further reduction of portfolio concentrations, the shortening of the average duration structure, and investments in good credit-quality asset classes.

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 to the principles governing the assumption or avoidance of risks. The various risk categories 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 extensively, and in case of a positive evaluation, adopts the separate financial statements 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 in the statement of financial position. Regulatory topics are housed in the Finance & Controlling Division with direct reporting. In addition, the Finance Department is functionally responsible for the accounting systems implemented at DAB Bank AG, and particulary for ensuring compliance with the separation of functions and duties within the scope of defined access rules in all relevant IT systems. The Finance Department is also responsible for policy issues related to financial accounting under IFRS and German Commercial Code regulations, and prepares the consolidated financial statements and the monthly reports to the Management Board, as well as the financial reporting contained in the annual and quarterly reports of the DAB Bank Group, with the support of the Controlling Department. Thus, the Finance Department is responsible for the external financial reporting of DAB Bank AG.

Documentation of processes

Until December 16, 2014, the consolidated financial statements of DAB Bank AG were included in the consolidated financial statements of UniCredit S.p.A., Rome, Italy (UCG), by way of the sub-group financial statements of UniCredit Bank AG, Munich (UCB). As the former subsidiary of UniCredit Group, DAB Bank was required to observe good governance practices in the process of preparing the financial statements and operating the internal control system by virtue of the Italian Law 262 of 2005, which all affected companies were obligated to observe with respect to the annual financial statements for 2007 and subsequent years. Law 262 was enacted with the goal of increasing trust and confidence in the accuracy and reliability of published financial reports. The same requirement follows from the German Accounting Modernization Act (BilMoG; Section 289 (5) HGB), observance of which has been mandatory 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 the event of amendments of legal requirements and regulations or modified Group requirements 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 the event 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 Institut der Wirtschaftsprüfer (IDW), the German standardization advisory council Deutscher Standardisierungsrat (DSR), etc., which take up this information and interpret it or provide more specifics,

- When changes are made to corporate standards, the parent company issues the corresponding standard and notifies DAB Bank,
- DAB Bank ensures that relevant employees always possess up-to-date knowledge by means of training courses and seminars (internal and external).

All changes to statutory and/or regulatory requirements are communicated in quarterly reports prepared by the Internal Audit Department.

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

In order to design the process flow of the separate 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.

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 are coordinated with the schedules.

Entry of business transactions is largely standardized and automated while observing 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 in the statement of financial position and income statement that are relevant to DAB Bank AG and required by the Financial Institution Accounting Regulation (RechKredV) are prepared based on well-defined processes for the preparation of 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 every day. 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 on a daily basis by HSBC Transaction Service GmbH.

In accordance with the MaRisk regulations, the Risk Controlling & Compliance Department calculates the profit/loss from investments in a separate process. This procedure ensures coordination of the performance calculated by Risk Controlling & Compliance with the investment result according to IFRS, which is calculated separately by Finance & Controlling.

The Credit Department and the Risk Controlling & Compliance Department coordinate the assessment, recognition, and adjustment of individual value adjustments. General value adjustments are calculated by 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. The provisions are then entered into the accounting system.

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 the 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 subledger 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 finally 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 on a daily basis. Archiving occurs independently at the bank's headquarters and in a back-up data 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 capital markets-oriented company, DAB Bank Group prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). The IFRS financial statements are derived from the German Commercial Code financial statements by means of a reconciliation statement.

The consolidated financial statements are based on the separate financial statements of DAB Bank AG and the consolidated subsidiary direktanlage.at AG, which are prepared on the basis of locally applicable accounting regulations. Until December 31, 2014, these financial statements were adapted to the uniform UniCredit Group Accounting Principles by the reporting companies, and transposed to the UniCredit Group Chart of Accounts or supplemented with separate reports. The financial information reported by the Group companies in connection with the consolidated financial statements is included in the audit of the consolidated financial statements.

By reason of the deconsolidation of DAB Bank AG and direktanlage.at AG, the numerical values required for the consolidated financial statements were entered and reported as of the reporting date in part by using the uniform Groupwide consolidation system TAGETIK CPM of the company TAGETIK Software S.R.L. As a general rule, the system blocks further entries in phases, depending on the progress of the consolidation process, after the values are imported or entered into this system by the individual Group companies. Once entered, the data may be altered only in exceptional cases, in coordination with the affected subsidiary and with our former parent company UniCredit Bank AG. Additional manual entries by direktanlage.at AG were needed for preparing the 2014 consolidated financial statements of DAB Bank Group.

Prior to data submission, the various Group companies conduct reconciliations on the basis of their dealings with each other (intercompany dealings). Once the intercompany reconciliations and the final data submissions are made, the separate consolidation process of the DAB Bank Group (consolidation of income and liabilities) is conducted on a manual basis. The necessary elimination of intercompany profits and the capital consolidation process are also conducted 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 the global economy to continue on a course of growth in 2015. Lower oil prices will cause oil-importing countries to increase their consumption and capital expenditures. Oil-producing countries, on the other hand, will need to cut back on spending and investment. This is particularly true of countries that were already suffering from structural problems.

Presumably, the United States will be among the industrialized nations experiencing the strongest growth in 2015. Consumer spending will benefit from the increased purchasing power afforded by lower oil prices. On the other hand, energy sector companies will generate lower revenues.

Economic growth in Europe will remain generally subdued. Much depends on whether Italy and France can finally undertake the necessary budget consolidation and reform measures. Spain and the other aid-receiving countries of southern Europe must follow through with the measures they have initiated to bolster their competitiveness. They have an opportunity to speed up economic growth and reduce unemployment.

Economic activity will remain weak in Germany. The introduction of the minimum wage and "pensions at 63" will pose burdens. However, the lower oil prices and the depreciation of the euro in currency markets at the end of 2014 will act as an economic stimulus program.

Inflation rates will remain low in 2015, and they will even be below zero at times. Above all, lower energy prices will play a role in this development. However, most observers do not anticipate deflation, which would manifest as an accelerating downward spiral of prices, accompanied by declining consumption and shrinking economic activity.

Overall, central banks will continue to pursue expansive monetary policies. While the US Federal Reserve may take the first cautious steps to raise interest rates in the United States, the European Central Bank will presumably expand the scope of bond purchases, and the Bank of Japan will continue to pursue expansive policies.

The tensions plaguing the European monetary system have not yet been overcome. Banks will continue to be cautious with regard to cross-border transactions. The exact conditions of Greece's exit from the support programs of the last few years are not yet known. With regard to the banking union, it will be the first full year in which the European Central Bank exercises the role of transnational bank regulator.

Equity markets and trading activity

International equity markets are entering a harsher phase. As before, equity prices will be supported mainly by ample liquidity and lower interest rates. Improving economic conditions and corporate profits can be expected to lend support to equity prices only in the United States. Investors will be recurrently unsettled by geopolitical risks.

Considering the high level of equity prices today and the fact that the rally has now lasted for six years, the markets face formidable risks in the coming year, especially due to the prevailing geopolitical uncertainties. The turmoil affecting oil markets may well continue. Another factor weighing on markets, at least temporarily, will be the difficult situation of the European monetary union. All things considered, therefore, equity markets will probably experience considerable volatility. Trading volumes will be heavy.

Interest rates

Short-term interest rates are already so low that they can hardly be lowered further. Conversely, they cannot be expected to rise either in Europe or in Japan. In the United States, the U.S. Federal Reserve is expected to raise interest rates, but in our opinion, it will do so cautiously and in small steps.

In our opinion, yields on longer-duration bonds will remain low for now, due to weak economic growth, low rates of inflation, and lax monetary policy. However, bond yields could rise if the economy picks up as a result of the increased purchasing power afforded by lower oil prices, and if the Fed raises interest rates.

Banking industry

Conditions in the banking industry cannot be expected to improve appreciably in 2015. The biggest problem is the low level of interest rates, which makes it hard to profitably invest customer deposits. Furthermore, commercial customers and private individuals are clamoring for higher interest rates on the deposits they keep with banks.

Loan demand will remain weak. Businesses are reluctant to undertake new capital expenditures, and they hold ample amounts of cash. In some cases, they are turning directly to the capital markets to borrow funds. Private individuals will continue to need real estate and automobile loans. Banks may have to recognize impairment losses particularly in those sectors that are most affected by the drop in oil prices.

In the current environment characterized by an ageing population and abundant liquidity in the markets, securities-related services and asset management services are becoming increasingly important for banks. Numerous institutions are expanding their presence in these areas, even though profit margins in this business are coming under pressure.

National governments can be expected to further tighten the regulatory oversight of banks, and therefore banks should prepare for new burdens. The establishment of the Single Supervisory Mechanism within the European Central Bank will alter the structures and the contact persons of the regulatory authorities, and that will temporarily create uncertainties.

Also in 2015, banks will place a high priority on improving their corporate cultures. Acceptance by customers and public image are becoming increasingly important competition and success factors for banks.

Direct banks

The market environment still presents opportunities for direct banks. While they too are affected by the low interest rates and shrinking margins, they can also expect to generate higher revenues on securities trading if the markets become more volatile in 2015. The business opportunities posed by the growth of mobile Internet usage are far from being fully exploited. There will be more and more opportunities for making traditional banking transactions online-capable, so that direct banks can offer such transactions as well. The product offering of direct banks and the expertise which they can make available to customers will continue to grow and become more similar to that of traditional commercial banks.

However, individual banks will incur substantial costs in taking advantage of such opportunities. New applications must be developed and new technologies implemented. Furthermore, new competitors from foreign countries and from non-financial Internet sectors are pushing into the direct banking market. Presumably not all banks will be able to keep up with these developments, and therefore the market could undergo further consolidation.

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, particularly for banks. Additional regulatory changes will be introduced in 2015. Aside from the new regulations to be enacted in the form of national laws, other standards and guidelines will be issued to further concretize regulatory and technical issues. For example, the delegated act issued by the EU Commission, which concretizes the general rules of the CRR with respect to liquidity requirements, will be binding on all banks as of October 1, 2015. In accordance with the directives of the EU Commission, the Liquidity Coverage Ratio (LCR) will be introduced in stages and will rise from 60% as of October 1, 2015 to 100% as of January 1, 2018. The intensified audits of the German Federal Financial Services Supervisory Office (BaFin) and the German Bundesbank, as well as the regularly conducted stress tests and other tests of the European Banking Authority (EBA) represent further challenges for banks. Furthermore, the new IT Security Act, which is currently available in draft form, will entail even stricter rules for banks. Therefore, the regulatory burden on the financial services industry will increase.

Acquisition by BNP Paribas Beteiligungsholding AG

On July 31, 2014, BNP Paribas Beteiligungsholding AG, a company of BNP Paribas S.A., notified DAB Bank that it had entered into a share purchase agreement for the 74,042,293 DAB Bank shares (representing approx. 81.39% of the share capital and voting rights of DAB Bank AG) held by UniCredit Bank AG. On August 5, 2014, BNP Paribas Beteiligungsholding AG further decided to submit an offer to the remaining shareholders of DAB Bank AG to purchase their DAB Bank shares by way of a voluntary takeover offer, in exchange for payment of €4.78 per DAB Bank AG share.

On September 15, 2014, BNP Paribas Beteiligungsholding AG submitted a voluntary public takeover offer, under which it offered to the shareholders of DAB Bank AG to purchase their no-par shares mathematically representing a proportion of share capital equal to EUR 1.00 per share of DAB Bank AG, in exchange for payment of €4.78 per share. The acceptance period for the offer ended on October 13, 2014. The announcement of results pursuant to Section 23 (1) (1) (2) of the German Securities Trading Act (WpÜG) was made on October 16, 2014. The additional two-week period pursuant to Section 16 (2) WpÜG expired on October 30, 2014. As per the notification of December 17, 2014, the total number of voting rights held by BNP Paribas Beteiligungsholding AG by virtue of holding the DAB Bank shares resulting from the acceptance of the offer in the time until the expiration of the additional acceptance period, plus the total number of DAB Bank shares held by BNP Beteiligungsholding AG, plus the DAB Bank shares purchased from UniCredit Bank AG, amounted to 83,417,013 voting rights (representing approx. 91.69% of the share capital and voting rights of DAB Bank AG).

Furthermore, BNP Paribas Beteiligungsholding AG notified DAB Bank AG on December 17, 2014 that it intended, for purposes of simplifying the corporate structure, to bring about a merger of DAB Bank AG (transferring entity) into BNP Paribas Beteiligungsholding AG (majority shareholder and absorbing entity), and proposed negotiations on a merger agreement. In accordance with Section 62 (1) and (5) of the German Corporate Reorganization Act (UmwG) in conjunction with Section 327a ff. of the German Stock Corporations Act (AktG), it asked that the annual shareholders' meeting of DAB Bank AG adopt a resolution on the transfer of shares held by the remaining shareholders (minority shareholders) of DAB Bank AG to BNP Beteiligungsholding AG in exchange for payment on an appropriate cash settlement (so-called “squeeze-out” as per the Corporate Reorganization Act) within three months of closing of the merger agreement between DAB Bank AG and BNP Paribas Beteiligungsholding AG.

According to the ad-hoc announcement of December 17, 2014, the Management Board of DAB Bank AG intends to honor this request and enter into negotiations on a suitable merger agreement with BNP Paribas Beteiligungsholding AG. The Management Board also honored the request to place on the agenda of the regular shareholders' meeting planned for May 29, 2015 the resolution to be adopted on the transfer of the shares of all minority shareholders to BNP Paribas Beteiligungsholding AG, as the majority shareholder.

The resulting effects on the financial position, liquidity situation, and financial performance of DAB Bank were not yet foreseeable at the time of drafting the Management Report.

Developments within the DAB Group

The most influential factors affecting the DAB Group in 2014 were the historically low level of interest rates, the rally of worldwide stock markets, and the acquisition of a majority ownership interest by BNP Paribas. 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, DAB Bank benefitted from the positive performance of financial markets and the heightened activity of its customers.

After the positive development of DAB Bank's operational results in financial year 2014 and the successful acquisition of a majority interest by BNP Paribas, the planned integration of DAB Bank with the BNP Group will be a main point of emphasis in financial year 2015.

Despite the difficult and intensely competitive market environment, DAB Bank successfully pursued the growth strategy adopted in 2013. We want to continue on this course of growth, particularly given that this strategy is not incompatible with the corporate strategy of the BNP Paribas Group. However, the integration of DAB Bank will tie up a not inconsiderable proportion of the bank's staffing and financial resources in 2015, which will consequently not be available for growth investments, and/or will have an impact on the bank's profit for the year. For example, DAB Bank may undertake IT or operational restructuring and development measures, as well as possibly personnel restructuring measures in connection with the integration into BNP Paribas Group. Given the very early stage of the integration process, these effects cannot yet be planned or quantified at the present time. Therefore, the full-year results are subject to heightened forecast uncertainty. For this reason, we have opted not to present a detailed presentation and explanation of projected developments. The table below provides an overview of the expected development of the key performance indicators of DAB Bank within the environment described above.

	Results 2014	Forecast 2015
Customers	650,549	▸ Participate in market growth through offers aimed at all online-proficient customer groups ▸ Extend, but at least defend the current market position
Bank accounts	252,892	
Securities accounts	625,769	
Trades executed	5,517,396	
Customer assets	€36.37 bn	
Consolidated profit before taxes	€48.33 mn	▸ Attainment of near-breakeven profit after taxes in 2015
Core Capital Ratio per Basel III	11.87%	>10%

We are confident that we can successfully shape the Group's development also in the years after 2015.

Opportunities report

Opportunities management

DAB Bank operates within a dynamic and vibrant market environment, in which new opportunities are constantly presenting themselves. The ability to systematically identify and take advantage of such opportunities is a crucial factor underpinning the sustainable growth of our business. Opportunities may arise in the form of internal or external potentials. 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. In making a decision on opportunities, due consideration is given to the available resources and the complexity of implementation. As a general rule, we strive to maintain an appropriate balance between opportunities and risks. Our goal is to create value for our shareholders by analyzing new market opportunities.

Unless otherwise indicated, the opportunities described below pertain to both operating segments, to varying degrees. To the extent that opportunities are deemed to be probable, they have been incorporated into our business plans and the stated forecast for 2015. Therefore, the following sections are devoted to future trends or events that could lead to positive differences from our forecast report.

Opportunities arising from positive economic developments

Our business activities are influenced by general economic conditions. The stated forecast for 2015 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. 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 the strategy of profitable growth

The trend toward online usage, and increasingly also mobile online usage, continues unabated and thus it still represents the business model of the future. The pace of customer growth in this market segment 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. According to a study of the German Bundesbank („Private Households and Their Finances," PHF), 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 data presented in the Bundesbank's PHF study also make it clear that the importance of private retirement savings is growing steadily. 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 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. Precisely because high motivated and skilled employees are important to us, we care about their health as well. Therefore, we also offer our medical check-ups and health counseling, as well as individualized healthcare benefits. We also pursue various activities to increase the engagement of our employees.

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

We will continue to take advantage of growth opportunities and we are determined to defend the strong position of DAB Bank in the German and Austrian markets.

Statement of Comprehensive Income (IFRS)

in k€	Notes	Quarterly Report 10/01/2014-12/31/2014	Quarterly Report 10/01/2013-12/31/2013	Year to date 01/01/2014-12/31/2014	Year to date 01/01/2013-12/31/2013
Interest and similar income	20, 25	35,412	16,312	83,196	64,633
Interest expenses	20, 26	3,235	4,817	13,785	25,993
Net interest income/expenses		32,177	11,495	69,411	38,640
Commission income	21, 27	39,045	38,012	149,619	143,230
Commission expenses	21, 27	17,439	14,666	63,914	57,277
Net commission income/expenses	27	21,606	23,346	85,705	85,953
Trading profit/loss	22, 28	-409	-41	443	1,042
Profit/loss from investments	23, 29	4,158	-276	5,430	5,340
Net other operating income/expenses	30	-706	-299	-1,000	-701
Non-interest-dependent income		24,649	22,730	90,578	91,634
OPERATING INCOME		56,826	34,225	159,989	130,274
Personnel expenses	31	9,987	9,600	40,873	39,499
Other administrative expenses	31	14,132	15,936	57,653	57,674
Depreciation, amortization and impairments of property, plant and equipment and intangible assets	31	3,154	2,990	12,309	11,560
Administrative expenses	31	27,273	28,526	110,835	108,733
OPERATING PROFIT/LOSS		29,553	5,699	49,154	21,541
Appropriations to provisions	32	-344	884	-147	1,955
Credit risk provisions	34	368	388	968	369
PROFIT/LOSS BEFORE TAXES		29,529	4,427	48,333	19,217
Income taxes	35	10,111	1,497	16,314	6,946
PROFIT AFTER TAXES		19,418	2,930	32,019	12,271
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	-4,869	702	2,800	-6,313
Changes in value not recognized in profit or loss		-2,502	1,950	10,153	-660
Gains / losses reclassified as operating profit or loss		-4,724	-1,030	-6,186	-8,693
Taxes on changes in value of AfS financial instruments		2,357	-218	-1,167	3,040
Components not to be reclassified as profit or loss in future periods					
Actuarial effects of pension obligations	51	-633	5	-633	5
Taxes on actuarial effects		171	-2	171	-2
Other comprehensive income/expenses (after taxes)		-5,331	705	2,338	-6,310
COMPREHENSIVE INCOME		14,087	3,635	34,357	5,961
Earnings per share (basic)	38	0.21	0.03	0.35	0.13
Earnings per share (diluted)	38	0.21	0.03	0.35	0.13
Average shares outstanding (basic)		90,976,275	90,976,275	90,976,275	90,976,275
Average shares outstanding (diluted)		90,976,275	90,976,275	90,976,275	90,976,275

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

Statement of Financial Position (IFRS)

Assets

in k€	Notes	Annual Report 12/31/2014	Annual Report 12/31/2013
Cash reserve	39	240,210	275,730
Trading assets	10, 40	9,014	5,663
AFV financial instruments	11, 41	5,496	5,410
AfS financial instruments	11, 41, 59	3,350,356	3,140,551
HtM financial instruments	11, 41	55,783	131,322
Receivables from banks	8, 42	1,469,373	1,405,889
Receivables from customers	8, 43	323,209	279,200
Property, plant and equipment	12, 44	10,651	13,124
Intangible assets	14, 45	44,989	49,810
Income tax assets (current)	19, 46	2,615	1,235
Income tax assets (deferred)	19, 46	5,087	5,194
Other assets	47	10,106	14,374
Total assets		5,526,889	5,327,502

Equity and liabilities

in k€	Notes	Annual Report 12/31/2014	Annual Report 12/31/2013
Liabilities to banks	15, 48	15,893	17,579
Liabilities to customers	15, 49	5,149,632	4,980,118
Trading liabilities	16, 50	8,784	5,449
Provisions	17, 51	8,943	8,204
Income tax liabilities (current)	19, 52	7,044	5,025
Income tax liabilities (deferred)	19, 52	13,202	10,914
Other liabilities	18, 53	53,414	52,766
Liabilities		5,256,912	5,080,055
Subscribed capital	54	90,976	90,976
Additional paid-in capital	54	100,491	100,491
Retained earnings	54	25,643	25,466
Changes in measured value of financial instruments (OCI)	36, 54	21,484	18,684
Actuarial effects of pension obligations (OCI)	51	-459	3
Distributable profit		31,842	11,827
Equity	54	269,977	247,447
Total equity and liabilities		5,526,889	5,327,502

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 distributable profit	Total shareholders' equity
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 gains/losses	-	-	-	-	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	-	-	-	-	35,752
As of 12/31/2013	90,976	100,491	25,466	18,684	3	11,827	247,447
As of 01/01/2014	90,976	100,491	25,466	18,684	3	11,827	247,447
Changes in measured value of financial instruments not recognized in the income statement	-	-	-	2,800	-	-	2,800
Actuarial gains/losses	-	-	-	-	-462	-	-462
Change due to net profit/loss for the year	-	-	177	-	-	31,842	32,019
Distribution by DAB Bank AG	-	-	-	-	-	-11,827	-11,827
Changes resulting from capital increase	-	-	-	-	-	-	-
As of 12/31/2014	90,976	100,491	25,643	21,484	-459	31,842	269,977

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	2014	2013
Cash flow from operating activities		
Net profit/loss after taxes	32,019	12,271
Write-downs, valuation adjustments and write-ups of receivables	1,012	420
Depreciation and write-ups of non-current assets	12,309	11,560
Changes in other non-cash items	1,792	1,440
Profits/losses on sales of non-current assets	-5,837	-6,451
Other adjustments	-59,462	-29,717
Subtotal	-18,167	-10,477
Changes in operating assets and liabilities, adjusted for non-cash transactions		
Receivables from banks	-63,484	-879,643
Receivables from customers	-45,021	11,773
Trading assets	-3,351	21,011
Other assets from operating activities	3,882	3,422
Liabilities to banks	-1,686	-38,644
Liabilities to customers	169,514	1,001,509
Trading liabilities	3,335	-20,804
Other liabilities from operating activities	3,015	-547
Income taxes paid	-9,949	-8,923
Interest and dividends received	83,196	64,633
Interest paid	-13,785	-25,993
Cash provided by/used in operating activities	107,499	117,317
Cash flow from investing activities		
Cash receipts from sales of non-current assets	88,670	48,494
Cash payments for acquisition of non-current assets	-222,200	-117,590
Cash used in investing activities	-133,530	-69,096
Cash flow from financing activities		
Inflows from capital increases	-	32,752
Dividend payments	-11,827	-17,368
Change in cash from other financing activities	2,338	-6,310
Cash provided by/used in financing activities	-9,489	9,074
Foreign exchange-induced changes in cash and cash equivalents	-	-
Increase/decrease in cash and cash equivalents	-35,520	57,295
Cash and cash equivalents at January 1	275,730	218,435
Cash and cash equivalents at December 31	240,210	275,730

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, 2014, were prepared in conformity with 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 declaration of the Management pursuant to Section 289a HGB of February 17, 2015, which also includes the Declaration of Conformity with the German Corporate Governance Code (in the version of June 24, 2014) of December 16, 2014 as prescribed by Section 161 AktG, is posted and available 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, 2014 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.

▸ IAS 1: Disclosure Initiative
The IASB adopted amendments to IAS 1 Presentation of Financial Statements on December 18, 2014. These amendments followed from the Disclosure Initiative Project and are meant to bring about improvements in financial reporting relative to the disclosures in the notes to the financial statements. The IASB adopted the following amendments to IAS 1:

Greater emphasis is placed on the principle of materiality. Disclosures in the notes are required only to the extent that they are material. Thus, the materiality principle applies not only to the statement of financial position, the statement of comprehensive income, the cash flow statement, and the statement of changes in equity, but also to the notes. In the future, reporting entities will themselves determine whether a certain disclosure is material, even if it is demanded by a Standard. Useful information may not be obscured by aggregation or disaggregation.

Furthermore, the minimum required line items of the statement of financial position may be sub-classified and sub-totals may be presented. Further sub-classification of the line items presented in the statement of financial position and statement of comprehensive income listed in IAS 1 is explicitly permitted. In addition, the amended Standard now includes the new provisions IAS 1.55A and IAS 1.85A on the presentation of sub-totals, insofar as such sub-totals are useful for an understanding of the financial position, cash flows, and financial performance of an enterprise. Sub-totals must be comprised of line items made up of amounts calculated in accordance with IFRS. Otherwise, sub-totals must be presented in a clear and understandable manner, and they must be consistent from period to period.

With respect to the order of presentation of notes, an amendment to IAS 1.114 clarifies that the order presented in IAS 1 is just an example and a different order may be entirely appropriate. For example, the recognition and measurement methods applied must not necessarily be presented in a separate section, but can be presented as part of the explanatory notes to the corresponding line items.

The requirements of IAS 1 relative to the identification of significant recognition and measurement methods within the notes to the financial statements were rescinded. The IASB deleted the examples contained in IAS 1.120 and clarified that significant accounting principles should be identified on an individual entity basis.

The following amendment resulted not from the Disclosure Initiative Project, but from a request to the IFRS Interpretations Committee pertaining to the presentation of investments measured at equity within Other Comprehensive Income (OCI). The amounts presented in OCI in respect of associated companies or joint ventures measured at equity must now be sub-classified on the basis of whether or not such amounts will be reclassified to the income statement in a later period.

The amended Standard is applicable in financial years that begin on or after January 1, 2016.

▸ IAS 16/IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization
The amendments to IAS 16 and IAS 38 specify the methods that may be employed to calculate the depreciation of property, plant, and equipment and the amortization of intangible assets.

The amended Standard is applicable in financial years that begin on or after January 1, 2016.

▸ 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, 2016.

▸ 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 governs the application of the equity method. However, the scope of application was broadened considerably by the adoption of IFRS 11, because in the future not only investments in associated companies, but also investments in joint ventures (see IFRS 11) must be measured by application of the equity method. Thus, proportional consolidation of joint ventures is no longer 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, 2016.

▸ IFRS 9: Financial Instruments (replacement of IAS 39)
The IASB published the fourth and final version of IFRS 9 on July 24, 2014. This version contains, for the first time, provisions on the impairment of financial instruments and amended rules governing the measurement categories for financial assets. The new Standard IFRS 9 Financial Instruments supersedes the current regulations of IAS 39 Financial Instruments: Recognition and Measurement.

Final rules have since been issued for the recognition and measurement of financial instruments (Phase 1 Classification and Measurement), a risk provision model that takes expected credit losses into account (Phase 2 Impairment), and the accounting treatment of hedging strategies (Phase 3 General Hedge Accounting).

The rules applicable to impairments are now based on expected losses ("expected loss model") for the first time. Unlike the treatment of losses in IAS 39, under which realized losses are recognized by application of the "incurred loss model," IFRS 9 prescribes the application of expected losses ("expected loss model").

The classification and measurement rules were amended to include an additional category of fair value through other comprehensive income (FVTOCI) for certain debt instruments on the assets side. Furthermore, clarifications were made with respect to the cash flow criterion. In particular, the definitions of nominal amounts and "interest" and components of "interest" were concretized.

Unlike the treatment of losses under IAS 39, under which losses were recognized by application of the "incurred loss model," the new treatment prescribed by IFRS 9 focuses on expected losses. This "expected loss model" generally provides for three impairment steps. The first step relates to impairments of an amount equal to the expected losses on the financial instrument within 12 months of the reporting date. The second step relates to the total expected losses on a portfolio of similar instruments over the term of the contract, insofar as the instruments in question are trade receivables or certain lease receivables, or when the credit risk has risen significantly since initial recognition and exceeds a certain level of credit risk. The third step relates to impairments based on additional objective indications pertaining to a specific financial instrument.

The significant amendments described below were adopted for the purpose of reducing complexity and increasing the transparency of hedge accounting. The class of eligible hedged items was broadened so that more than one exposure can be more easily aggregated and hedged as a single hedged item. Furthermore, the net position may be designated as the hedged item when the risks contained within aggregated exposures partially offset each other.

Furthermore, non-derivative financial instruments may now also be designated as hedging instruments. Furthermore, limit values are no longer specified for the measurement of effectiveness; instead, effectiveness is evaluated with reference to the economic interdependencies between the hedged item and the hedging instrument, with due consideration given to the hedge ratio and the credit risk.

The new rules must be applied in financial years that begin on or after January 1, 2018. Earlier application is permitted.

▸ IFRS 10 / IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IAS 28 (revised 2011) is to be amended such that the current rules applicable to the partial gain or loss recognition for transactions between an investor and its associated company or joint venture apply only to the profit or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations, so that the profit or loss resulting from the sale or contribution to an associated company or joint venture of assets that constitute a business as defined in IFRS 3 must be recognized in full.

IFRS 10 is to be amended such that the profit or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 to an associated company or joint venture is recognized only to the extent of unrelated investors' interests in the associated company or joint venture.

The amended Standards are applicable in financial years that begin on or after January 1, 2016.

▸ IFRS 10 / IFRS 12 / IAS 28: Consolidation Exemption
On December 18, 2014, the IASB adopted amendments to the Standards IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities, and IAS 28 Investments in Associates and Joint Ventures. The amendments clarify the application of the consolidation exemption when the parent company meets the definition of an investment entity. The new version explicitly confirms that subsidiaries of an investment entity that are themselves parent companies are exempt from preparing consolidated financial statements. A subsidiary that provides services related to the investment activity of the parent company (investment-related services) should not be consolidated if the subsidiary is itself an investment entity.

Furthermore, the new version allows a simplified option for the application of the equity method to entities that are not themselves investment entities, but hold interests in an associated company or joint venture that is an investment entity. Investment entities that measure all subsidiaries at fair value are required to make the disclosures regarding investment entities that are prescribed in IFRS 12.

These amendments are applicable in financial years that begin on or after January 1, 2016.

▸ IFRS 14: Regulatory Deferral Accounts
IFRS 14 Regulatory Deferral Accounts permits an entity that is a first-time IFRS adopter to continue to account, with some limited changes, for its regulatory deferral account balances in accordance with its previously applied accounting principles, both on initial adoption of IFRS and in subsequent periods. Regulatory deferral account balances and movements in them are

to be presented separately in the statement of financial position and in the statement of income or other comprehensive income. Furthermore, specific disclosures are required.

This amendment is applicable in financial years beginning on or after January 1, 2016.

▸ IFRS 15: Revenue from Contracts with Customers
The objective of IFRS 15 is to establish the principles that an entity must apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

IFRS 15 applies to all contracts with customers except the following: leases within the scope of IAS 17 Leases, financial instruments and other contractual rights or obligations within the scope of IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IAS 27 Separate Financial Statements or IAS 28 Investments in Associates and Joint Ventures, as well as insurance contracts within the scope of IFRS 4 and non-monetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers.

A contract with a customer may be partially within the scope of IFRS 15 and partially within the scope of another standard. In this case, the following rules apply:

If other Standards specify how to separate and/or initially measure one or more parts of the contract, then those separation and measurement requirements are to be applied first. The transaction price is then reduced by the amounts that are initially measured under other Standards. If no Standard provides guidance on how to separate and/or initially measure one or more parts of the contract, then IFRS 15 is to be applied.

The core principle of IFRS 15 is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

This core principle is embodied in a five-step model framework: Identify the contract(s) with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract, recognize revenue when (or as) the entity satisfies its performance obligations.

Application of this guidance will depend on the facts and circumstances present in a contract with a customer.

IFRS 15 supersedes the following previously applicable Standards and Interpretations:

IAS 11 Construction Contracts
IAS 18 Revenue
IFRIC 13 Customer Loyalty Programs
IFRIC 15 Agreements for the Construction of Real Estate
IFRIC 18 Transfer of Assets from Customers
SIC 31 Revenue-Barter Transactions Involving Advertising Services

The new rules are applicable in financial years that begin on or after January 1, 2017. Earlier application is permitted.

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 (k€).

(2) Continuity

In accordance with the IFRS Conceptual Framework, IAS 1 and 8, we apply consistent recognition, measurement, and presentation methods from period to period. Whenever changes to recognition and measurement methods are warranted, we recognize the resulting effects in the income statement. Whenever recognition or measurement errors from earlier periods must be corrected, the effects of such corrections are recognized in retained earnings, with no effect on profit or loss.

(3) Changes in recognition, measurement and presentation methods

Some amended and new IFRS provisions must be applied for the first time since financial year 2014. The following IFRS changes have been implemented in the present financial statements:

- Amendments to IAS 27: Separate Financial Statements

In connection with the adoption of IFRS 10 Consolidated Financial Statements, the rules applicable to the principle of control and the requirements to be met in preparing consolidated financial statements were removed from IAS 27 and the final rules on this subject were added to IFRS 10 (see our comments on IFRS 10). Consequently, IAS 27 now only contains the rules applicable to the accounting treatment of subsidiaries, joint ventures, and associated companies in separate financial statements according to IFRS.

▸ Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities
This addition to IAS 32 clarifies that, subject to the condition that the entity currently has a right of set-off and intends to settle the financial asset and the financial liability simultaneously, these amounts must be netted. The terms “currently” and “simultaneously” were concretized.

▸ Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets
These amendments refer to the disclosure of information pertaining to the measurement of the recoverable amount of impaired assets if this amount is based on fair value less costs to sell. The amendments require disclosure of the discount factor applied to measure current and past values when these values are based on fair value less costs to sell by application of a present value method.

▸ Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting
These amendments clarify that derivatives may still be designated as hedging instruments under continuing hedge relationships despite a novation, provided that the hedging instrument is novated to a central counterparty (CCP) following the introduction of a new law or regulation.

▸ IFRS 10: Consolidated Financial Statements
This Standard introduces a new and comprehensive definition of control. If one entity controls another, the controlling entity (parent company) must consolidate the controlled entity (subsidiary). Under the new concept, the definition of control is deemed to be met when the potential parent company has the power to direct the relevant activities of the potential subsidiary by virtue of voting rights or other rights, when it is exposed to positive or negative variable returns from the subsidiary, and when it has the ability to use its power to affect the amount of these returns. SIC-12 Consolidation of Special-Purpose Entities was rescinded.

The new Standard may have effects on the scope of consolidation, including for special-purpose entities.

▸ IFRS 11: Joint Arrangements
IFRS 11 introduces new rules applicable to the accounting treatment of jointly conducted activities (joint arrangements). Under the new concept, the entity must decide whether a joint arrangement is a joint operation or a joint venture. The definition of joint operation is met when the parties that have joint control of the arrangement have direct rights to the assets relating to the arrangement. In this case, the reporting entity recognizes the individual rights and obligations in proportion to its interest in the joint operation. In a joint venture, the parties that have joint control of the arrangement have rights to the net assets of the arrangement. In this case, the reporting entity recognizes its interest in the joint venture as an investment by application of the equity method. Therefore, the elective option of proportional consolidation was eliminated.

▸ IFRS 12: Disclosure of Interests in Other Entities
This Standard governs the disclosure obligations related to interests in other entities. The new disclosure requirements are considerably more extensive than the disclosures previously required under IAS 27, IAS 28, and IAS 31.

- IFRIC 21: Levies

This Interpretation clarifies the accounting treatment of levies imposed by a government. It specifies the government-imposed liabilities that fall within the scope of this Interpretation and states when such liabilities are to be recognized. IFRIC 21 is an Interpretation that applies both to levies recognized in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and to levies for which the timing and amount are known. Accordingly, a liability is to be recognized upon occurrence of the obligating event that triggers the payment obligation under the law or regulation on which the levy is based.

The new rules of IAS 27, IAS 32, IAS 36, IAS 39, and IFRS 10, IFRS 12 and IFRIC 21 did not have any real effects on the present financial statements. With the exception of the Standards and Interpretations that must be applied for the first time in 2014, we applied the same recognition and measurement methods that were applied in the consolidated financial statements for 2013.

(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, 2014.

(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. These 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 2014.

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. This type of financial asset 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 58 to 67 and 69 to 74 of the Risk Report, which is an integral part of the Management Report. The credit quality of specific financial assets is presented on pages 63 ff.

(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	03 - 08 years
Facilities	01 - 13 years
Office machines	01 - 08 years
Hardware	01 - 07 years
Other plant and office equipment	01 - 23 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 measured at amortized cost and amortized on a straight-line basis over expected useful lives of 2 to 7 years. The amortization charges are presented within Administrative expenses as Depreciation and amortization of property, plant, and equipment and intangible assets. Useful lives are reviewed either on an ad-hoc basis or as of the reporting date.

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.

Provisions for pensions and similar obligations are measured on the basis of expert actuarial opinions. Actuarial gains and losses are recognized in accordance with IAS 19.93 (faster recognition). The expenses related to pension provisions are presented within Personnel expenses. Details on the development of pension provisions are disclosed 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(a)), 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 applied to measure financial instruments in the absence of an active market as defined in IAS 39.AG71. This involves discretionary judgments pertaining to the question of whether an active market exists. Explanatory notes on this subject are presented in Note No. 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: €37,503 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: €2,734 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.

Notes to the Statement of Comprehensive Income

(25) Interest income and similar income

in k€ 01/01 – 12/31	Stocks	Bonds	Loans and receivables	2014	2013
Receivables from banks	-	-	34,407	34,407	8,867
Receivables from customers	-	-	8,375	8,375	7,660
AFV financial assets	-	148	-	148	294
AfS financial assets	49	36,096	-	36,145	42,906
HtM financial assets	-	4,093	-	4,093	4,882
Other assets	-	-	27	27	24
Total	49	40,337	42,809	83,196	64,633

The 2014 figure for Receivables from banks includes a non-recurring effect of €21,373 thousand from the liquidation of direct investments held with UniCredit Bank AG in the form of collateralized term deposits.

(26) Interest expenses

in k€ 01/01 – 12/31	2014	2013
Liabilities to banks	59	89
Liabilities to customers	12,112	24,449
Other liabilities	1,614	1,455
Total	13,785	25,993

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	2014	2013
Commission income from	149,619	143,230
securities and custodial services	73,832	71,658
brokerage of third-party products	64,439	59,090
foreign trade/payments	7,467	6,711
other service operations	3,881	5,771
Commission expenses for	63,914	57,277
securities and custodial services	16,991	16,594
brokerage of third-party products	44,862	38,933
foreign trade/payments	1,551	1,059
other service operations	510	691
Total	85,705	85,953

The item of Other service operations contains the profit contributions from securities lending transactions, in the amount of €2,496 thousand (PY: €4,984 thousand).

(28) Trading profit/loss

in k€ 01/01 - 12/31	2014	2013
HfT financial instruments	36	-69
Debt securities and other fixed-income securities	46	10
Derivative financial instruments	-10	-79
AFV financial instruments	407	1,111
Debt securities and other fixed-income securities	304	1,037
Equities and other non-fixed income securities	103	74
Total	443	1,042

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	2014	2013
AfS financial instruments	5,430	5,340
Debt securities and other fixed-income securities	5,430	5,340
Equities and other non-fixed income securities	-	-
HtM financial instruments	-	-
Total	5,430	5,340

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.

The 2014 figure for AfS financial instruments includes a non-recurring effect of €4,219 thousand from the liquidation of direct investments held with Uni-Credit Bank AG in the form of collateralized term deposits.

(30) Net other operating income/expenses

in k€ 01/01 - 12/31	2014	2013
Other operating income	1,219	1,168
Income from defective handling of securities trades	146	553
Other	1,073	615
Other operating expenses	2,219	1,869
Losses from defective handling of securities trades or accommodation payments	770	925
Other	1,449	944
Total	-1,000	-701

(31) Administrative expenses

in k€ 01/01 - 12/31	2014	2013
Personnel expenses	40,873	39,499
Wages and salaries	33,948	32,544
Social security	5,821	5,604
Pension and other benefit costs	1,104	1,351
Other administrative expenses	57,653	57,674
Marketing expenses	12,437	13,754
Communication expenses	4,491	4,583
IT expenses	10,569	11,398
Securities clearing and settlement expenses	11,114	10,448
Remaining other administrative expenses	19,042	17,491
Depreciation and amortization	12,309	11,560
of equipment	3,019	2,868
of software and other intangible assets (excluding goodwill)	9,290	8,692
Total	110,835	108,733

Personnel expenses include settlement payments for 2014 in the amount of €12 thousand (PY: €236 thousand). The employer's share of statutory pension insurance and (occupational) pension plans included in Personnel expenses amounted to €3,044 thousand (PY: €2,923 thousand).

The 2014 figure for Other administrative expenses includes a non-recurring expense of €696 thousand incurred in connection with the sale of DAB Bank AG to BNP Paribas S.A.

(32) Appropriations to provisions

The expenses incurred in 2014 for appropriations to provisions, in the amount of €1,687 thousand (PY: €2,430 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 €1,834 thousand (PY: €475 thousand). The net result was an appropriation to provisions in the amount of €-147 thousand (PY: €1,955 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, 2014, 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 %	12/31/2014	12/31/2013
Goodwill of direktanlage.at AG		
Average initial growth rate	18	38
Final growth rate	1	0
Risk-adjusted discount factor to determine present values	9	11

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 declined to 8.9% in 2014 (PY: 11.2%).

Based on the foregoing, an impairment test was conducted at December 31, 2014. 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	2014	2013
Additions	1,379	894
Reversals	367	474
Amounts recovered on charged-off receivables	44	51
Total	968	369

(35) Income taxes

The income taxes break down as follows:

in k€ 01/01 - 12/31	2014	2013
Current tax expenses	14,913	7,643
Deferred tax expenses	1,401	-697
Total	16,314	6,946

The stated current tax expenses consisted of German local trade taxes, in the amount of €7,931 thousand (PY: €4,996 thousand), and corporate income taxes in Germany and abroad, in the amount of €6,982 thousand (PY: €2,647 thousand). The deferred tax expenses resulted from the utilization of prior-year tax loss carry-forwards for the period from January 1, 2014 to December 17, 2014, that being the date of transfer of the majority interest in DAB Bank AG to BNP Paribas S.A. ("closing date").

The current income tax expenses included effects related to corporate income taxes and local trade taxes for prior years, in the amount of €400 thousand (PY: €2,078 thousand).

The total amount of corporate income tax loss carry-forwards for which deferred taxes were recognized amounted to €0 at the reporting date (PY: €12,113 thousand).

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

in k€ 01/01 - 12/31	2014	2013
Profit before taxes	48,333	19,217
Applicable tax rate	32.98%	32.98%
Income taxes derived from applicable rate	15,938	6,337
Tax effects from		
previous years	489	287
foreign income	-507	-339
non-deductible expenses	366	584
other differences	28	77
Effective income taxes	16,314	6,946

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€	2014		2013	
at 12/31	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Tax loss carry-forwards	-	-	1,917	-
Credit risk provisions	4	-	-	10
Trading assets	-	2,952	-	1,856
Property and equipment	-	25	-	25
Intangible assets	-	281	-	263
AFV, AfS, and HtM financial instruments	840	9,944	58	8,758
Other assets	-	-	-	2
Trading liabilities	2,897	-	1,797	-
Provisions	1,345	-	879	-
Other liabilities	-	-	543	-
Total	5,086	13,202	5,194	10,914

The change in deferred taxes recognized in respect of temporary differences gave rise to expenses of €1,287 thousand (PY: €6,131 thousand) and income of €1,803 thousand (PY: €8,646 thousand). The application of deferred tax assets recognized in respect of tax loss carry-forwards gave rise to expenses in the amount of €1,917 thousand (PY: €1,818 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 €-9,794 thousand (€0 thousand in deferred tax assets and €9,794 thousand in deferred tax liabilities). In the prior-year financial statements, the net balance was €-8,627 thousand (€0 thousand in deferred tax assets and €8,627 thousand in deferred tax liabilities).

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

The distributable profit of DAB Bank AG for financial year 2014, 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 €31,842 thousand. At the annual shareholders' meeting to be held on May 29, 2015, the Management Board and Supervisory Board of DAB Bank AG will propose the retention and appropriation to retained earnings of the entire distributable profit. The consolidated distributable profit of the DAB Bank Group calculated in accordance with IFRS was likewise €31,842 thousand.

Dividend corresponding to the distributable profit for 2013

The shareholders present and represented at the annual shareholders' meeting of DAB Bank AG on May 15, 2014 approved a dividend of €0.13 per no-par bearer share for financial year 2013. The full amount of the dividend corresponds to the distributable profit of DAB Bank AG according to German commercial law and to the distributable profit of the Group according to IFRS. The total amount of €11,827 thousand computed on this basis was paid to the shareholders as a dividend.

(38) Earnings per share

01/01 - 12/31	2014	2013
Consolidated net profit (attributable to shareholders of DAB Bank AG) in k€	32,019	12,271
Average number of shares outstanding*	90,976,275	90,976,275
Earnings per share (basic) in €	0.35	0.13
Consolidated net profit (attributable to shareholders of DAB Bank AG) in k€	32,019	12,271
Number of potential shares	-	-
Adjusted average number of shares outstanding*	90,976,275	90,976,275
Earnings per share (diluted) in €	0.35	0.13

* The treasury shares purchased in 2014 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**	2014	2013
Cash on hand	2,937	2,728
Balances with central banks	237,273	273,002
Total	240,210	275,730

(40) Trading assets

in k€ **at 12/31**	2014	2013
Trading assets (HfT)		
Bonds and other fixed-income securities	60	35
Derivative financial instruments	8,954	5,628
Total	9,014	5,663

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**	2014	2013
Due in		
up to 3 months	-	-
more than 3 months to 1 year	-	-
more than 1 year to 5 years	57	27
more than 5 years	3	8
Total	60	35

A breakdown of derivative financial instruments by residual maturities is presented on page 66 of the Management Report (Risk Report).

(41) AFV, AfS, and HtM financial instruments

Breakdown of financial assets

in k€ at 12/31	2014	2013
AFV financial assets	5,497	5,410
Bonds and other fixed-income securities	4,008	3,706
Stocks and other variable-yield securities	1,489	1,704
thereof: long-term financial assets*	-	-
AfS financial assets	3,350,355	3,140,551
Equity investments	20	20
Bonds and other fixed-income securities	3,350,147	3,140,204
Stocks and other variable-yield securities	188	327
thereof: long-term financial assets*	-	-
HtM financial assets	55,783	131,322
Bonds and other fixed-income securities	55,783	131,322
Total	3,411,635	3,277,283

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

At 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 €55,783 thousand. At the reporting date, the market value of all HtM holdings amounted to €57,878 thousand.

The carrying amounts at December 31, 2014 break down as follows:

in k€	Equity investments	Bonds and other fixed-income securities	Stocks and other variable-yield securities	Total
Marketable securities	-	3,409,939	1,676	3,411,615
Listed securities	-	3,396,507	950	3,397,457
Unlisted securities	-	13,432	726	14,158
Unmarketable securities	20	-	-	20

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	2014	2013
Bonds and other fixed-income securities	3,409,939	3,275,232
Money market instruments	280,830	293,339
of public issuers	-	-
of other issuers	280,830	293,339
Bonds and debt issues	3,129,109	2,981,893
of public issuers	557,264	235,229
of other issuers	2,571,844	2,746,664
Stocks and other variable-yield securities	1,677	2,031
Stocks	-	-
Investment fund shares	1,677	2,031

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

in k€ at 12/31	2014	2013
Term to maturity		
up to 3 months	319,806	451,138
3 months to 1 year	690,925	368,352
1 year to 5 years	2,378,614	2,383,756
more than 5 years	20,592	71,986
Total	3,409,938	3,275,232

Bonds by past-due status

in k€ at 12/31	2014	2013
Neither past due, nor written down	3,409,938	3,275,232
Past due, but not yet written down	-	-
Total	3,409,938	3,275,232

(42) Receivables from banks

Receivables from banks by maturity

in k€ at 12/31	2014	2013
Due at call	190,086	211,618
Due in	1,279,287	1,194,271
up to 3 months	531,847	207,976
more than 3 months to 1 year	106,631	66,925
more than 1 year to 5 years	443,315	684,056
more than 5 years	197,493	235,314
Total	1,469,373	1,405,889

Receivables from banks by domestic and foreign

in k€ at 12/31	2014	2013
Domestic banks	305,462	1,239,054
Foreign banks	1,163,911	166,835
Total	1,469,373	1,405,889

Receivables to affiliated companies

in k€ at 12/31	2014	2013
Total	1,054,778	1,093,545

Receivables from banks by past-due status

in k€ at 12/31	2014	2013
Neither past due, nor written down	1,469,373	1,405,889
Past due, but not yet written down	-	-
Total	1,469,373	1,405,889

(43) Receivables from customers

Receivables from customers by maturity

in k€	2014	2013
at 12/31		
Due at call	323,209	279,200
Due in	-	-
Total	323,209	279,200
thereof, secured by mortgages	-	-

Receivables from customers by domestic and foreign

in k€	2014	2013
at 12/31		
Domestic	224,006	188,442
Foreign	99,203	90,758
Total	323,209	279,200

Receivables from customers by past-due status

in k€	2014	2013
at 12/31		
Neither past due, nor written down	323,209	279,200
Past due, but not yet written down	-	-
Total	323,209	279,200

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€	2014	2013	2014	2013	2014	2013
at 01/01	2,189	2,216	-	-	2,189	2,216
Changes recognized in profit or loss						
Additions	1,379	895	-	-	1,379	895
Releases	367	474	-	-	367	474
Changes not recognized in profit or loss						
Utilization	558	448	-	-	558	448
at 12/31	2,643	2,189	-	-	2,643	2,189

In the DAB Bank Group, receivables amounting to €285 thousand were completely charged off in 2014 (PY: €79 thousand). The amounts recovered on charged-off receivables in 2014 totaled €44 thousand (PY: €51 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 €91 thousand (PY: €219 thousand).

(44) Property, plant and equipment

Changes in property, plant and equipment

in k€	Hardware	Facilities	Miscellaneous
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
Acquisition/production cost			
Balance at 01/01/2014	13,804	5,067	13,784
Additions	510	98	52
Disposals	844	55	180
Balance at 12/31/2014	13,470	5,110	13,656
Depreciation and impairments			
Balance at 01/01/2014	7,392	3,129	9,010
Scheduled depreciation	1,931	408	679
Disposals	729	55	180
Balance at 12/31/2014	8,594	3,482	9,509
Carrying amounts			
Balance at 12/31/2014	4,876	1,628	4,147

(45) Intangible assets

Changes in intangible assets

in k€	Software	Goodwill
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	-
Disposals	15,589	-
Balance at 12/31/2013	50,344	-
Carrying amounts		
Balance at 12/31/2013	31,673	18,137
Acquisition/production cost		
Balance at 01/01/2014	82,017	18,137
Additions	4,721	-
Disposals	592	-
Balance at 12/31/2014	86,146	18,137
Amortization and impairments		
Balance at 01/01/2014	50,344	-
Scheduled amortization	9,291	-
Disposals	341	-
Balance at 12/31/2014	59,294	-
Carrying amounts		
Balance at 12/31/2014	26,852	18,137

The item of Software included advance payments in the amount of €228 thousand (PY: €703 thousand) for IT projects that were not yet completed at the reporting date.

The total goodwill in the amount of €18,137 thousand at December 31, 2014 is completely attributable to direktanlage.at AG.

(46) Income tax assets

in k€ **at 12/31**	2014	2013
Tax refund claims	2,615	1,235
Deferred tax assets from tax loss carry-forwards	-	1,917
Deferred tax assets from temporary differences	5,087	3,277
Total	7,702	6,429

(47) Other assets

in k€ **at 12/31**	2014	2013
Prepaid expenses	2,310	2,189
Trade receivables	2,613	1,637
Receivables due from public-sector entities	3,136	2,496
Other assets	2,047	8,052
Total	10,106	14,374

Other assets (Trade receivables) by past-due status

in k€ **at 12/31**	2014	2013
Neither past due, nor written down	2,039	1,125
Past due, but not yet written down	565	492
up to 3 months	486	412
more than 3 months up to 6 months	18	62
more than 6 months up to 1 year	61	11
more than 1 year up to 5 years	-	7
Total	2,604	1,617

The value adjustments charged against various trade receivables at the reporting date amounted to €9 thousand (PY: €20 thousand). Value adjustments are charged against receivables when they have been effectively past-due for more 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	2014	2013
Due at call	15,893	17,579
Fixed term with residual maturity	-	-
Total	15,893	17,579

Liabilities to banks by domestic and foreign

in k€ at 12/31	2014	2013
Domestic banks	13,963	15,040
Foreign banks	1,929	2,539
Total	15,893	17,579

Liabilities to affiliated companies

in k€ at 12/31	2014	2013
Total	-	2,946

(49) Liabilities to customers

Liabilities to customers by maturity

in k€ at 12/31	2014	2013
Due at call	4,876,491	4,629,227
Due in	273,141	350,891
up to 3 months	109,154	162,002
more than 3 months to 1 year	113,911	145,541
more than 1 year to 5 years	26,551	17,037
more than 5 years	5,050	2,619
Savings deposits with agreed notice period of 3 months	18,476	23,692
Total	5,149,632	4,980,118

Liabilities to customers by domestic and foreign

in k€ at 12/31	2014	2013
Domestic	4,210,871	4,082,578
Foreign	938,761	897,540
Total	5,149,632	4,980,118

(50) Trading liabilities

The trading liabilities consisted of the negative fair values of derivatives traded with customers or counterparties. A breakdown by residual maturities is presented on page 66 of the Management Report (Risk Report).

(51) Provisions

Changes in provisions

in k€	2014	2013
at 01/01	8,204	6,233
Changes recognized in profit or loss		
Additions	2,325	2,612
Reversals	1,934	475
Changes not recognized in profit or loss		
Utilizations	280	161
Actuarial effects from pension obligations (OCI)	628	-5
at 12/31	8,943	8,204

Total provisions include Provisions for pension obligations in the amount of €3,415 thousand (PY: €2,669 thousand) and Other provisions and accruals in the amount of €5,530 thousand (PY: €5,535 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 01/01/2014	Addition	Reversal	Utilization	Balance at 12/31/2014
Provisions for compensation of loss or damage	5,371	2,039	1,928	200	5,282
Provisions for litigation costs	95	80	-	-	175
Provisions for long-term liabilities owed to employees	69	16	5	7	73
Total other provisions	5,535	2,135	1,933	207	5,530

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

Changes in pension provisions

in k€	2014	2013
Present value of pension obligations at 01/01	2,669	2,583
Changes recognized in profit or loss		
Service cost	91	77
Interest expense	100	97
Changes not recognized in profit or loss		
Payments affecting liquidity	-73	-83
Actuarial profits and losses (OCI)	628	-5
Present value of pension obligations at 12/31	3,415	2,669

The pension obligations include benefit payments (post-employment benefits) in the amount of €1,660 thousand (PY: €1,503 thousand) and termination benefits in the amount of €1,755 thousand (PY: €1,166 thousand).

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

in %	12/31/2014 / 01/01/2015	12/31/2013 / 01/01/2014
Discount factor (p.a.)	2.60	3.75
Pension adjustment (p.a.)	1.70	2.27
Income increase (p.a.)	2.28	2.46

Post-employment benefits consist entirely of defined benefit plans, which are calculated on the basis of expert actuarial opinions in accordance with the rules of IAS 19. Accordingly, actuarial gains and losses must be recognized immediately and completely in the other operating result when accrued. The actuarial gains and losses recognized in the Other operating result are not permitted to be reclassified into profit or loss for the period in subsequent periods. Accordingly, they are presented within the Other operating result 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 €912 thousand and direktanlage.at AG accounted for €2,503 thousand of the total present value at December 31, 2014.

The total expected pension expenses for financial year 2015 are €88 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 €328 thousand, provided that the other assumptions remained constant.

- If the discount factor would have been 25 basis points lower, the pension obligation would have increased by €328 thousand, provided that the other assumptions remained 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 the Management.

(52) Income tax liabilities

in k€ **at 12/31**	2014	2013
Income tax provisions	7,044	5,025
Deferred tax liabilities from temporary differences	13,202	10,914
Total	20,246	15,939

(53) Other liabilities

in k€ **at 12/31**	2014	2013
Accruals	35,508	32,123
Trade payables	3,445	2,871
Liabilities to public-sector entities	13,699	16,972
Other liabilities	762	800
Total	53,414	52,766

Other liabilities to affiliated companies

in k€ **at 12/31**	2014	2013
Total	-	220

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: 90,976,275.00), It is divided into 90,976,275 no-par bearer shares (PY: 90,976,275 no-par bearer shares). Every one of these shares grants 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)
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, 2014, the Authorized Capital I existed still in the full amount of €22,500,000.

2.) Authorized Capital 2013/I
By resolution of the annual shareholders' meeting of May 16, 2013, 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, by issuing new bearer shares in exchange for cash or in-kind capital contributions, on one or more occasions in the time until May 16, 2018 (Authorized Capital 2013/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 2013/I was recorded in the Commercial Register on May 22, 2013.

At December 31, 2014, 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, 2014, 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 2014.

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, 2014, 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 2014.

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, 2014	90,976	45,000	45,000	6,800
Balance at December 31, 2014	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 12/31/2014	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 12/31/2014	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 2014 for the purpose of correcting errors and processing customer orders. Overall, transactions in the period listed above involved 2,592 shares; this corresponds to a proportion of €2,592 or 0.0028% of the capital stock. Of this amount, 2,592 shares likewise correspond to a proportion of 0.0028% of the capital stock. At an average purchase price/sale price of €4.66 / €4.64 per share, an overall loss of €57.69 was incurred on these transactions.

No treasury shares were held by DAB Bank Group at December 31, 2014.

(56) Trust transactions

The trust assets in the amount of €165,080 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 €310,607 thousand (PY: €213,449 thousand), and that of liabilities denominated in a foreign currency to €308,661 thousand (PY: €183,320 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 Trinkaus & 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 2014, 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 was €701,442 thousand (PY: €755,700 thousand). The fair value of the posted collateral amounted to €789,015 thousand (PY: €848,722 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 €123,884 thousand had been reverse-pledged to the collateral issuer. No collateral was sold or rehypothecated in financial year 2014.

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 €3,100 thousand (PY: €4,400 thousand) and commission income and expenses in the amount of €1,438 thousand (PY: €305 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 €1,438 thousand, which do not 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 €833 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				
01/01/2014-12/31/2014	60,284	9,127	-	69,411
01/01/2013-12/31/2013	30,257	8,383	-	38,640
Net commission income				
01/01/2014-12/31/2014	68,062	17,643	-	85,705
01/01/2013-12/31/2013	69,695	16,258	-	85,953
Trading profit/loss				
01/01/2014-12/31/2014	408	35	-	443
01/01/2013-12/31/2013	1,055	-13	-	1,042
Profit/loss from investments				
01/01/2014-12/31/2014	4,653	777	-	5,430
01/01/2013-12/31/2013	5,181	159	-	5,340
Net other operating income/expenses				
01/01/2014-12/31/2014	-352	-648	-	-1,000
01/01/2013-12/31/2013	-653	-48	-	-701
Non-interest-dependent income				
01/01/2014-12/31/2014	72,771	17,807	-	90,578
01/01/2013-12/31/2013	75,278	16,356	-	91,634
OPERATING INCOME				
01/01/2014-12/31/2014	133,055	26,934	-	159,989
01/01/2013-12/31/2013	105,535	24,739	-	130,274
Personnel expenses				
01/01/2014-12/31/2014	32,932	7,941	-	40,873
01/01/2013-12/31/2013	31,527	7,972	-	39,499
Other administrative expenses				
01/01/2014-12/31/2014	46,384	11,269	-	57,653
01/01/2013-12/31/2013	46,351	11,323	-	57,674
Depreciation, amortization and impairments of property, plant and equipment and intangible assets				
01/01/2014-12/31/2014	11,306	1,003	-	12,309
01/01/2013-12/31/2013	10,491	1,069	-	11,560
Administrative expenses				
01/01/2014-12/31/2014	90,622	20,213	-	110,835
01/01/2013-12/31/2013	88,369	20,364	-	108,733
OPERATING PROFIT/LOSS				
01/01/2014-12/31/2014	42,433	6,721	-	49,154
01/01/2013-12/31/2013	17,166	4,375	-	21,541

Income Statement by Segments:

in k€	DAB Bank AG	direktanlage.at AG	Consolidation	Group
Appropriations to provisions				
01/01/2014-12/31/2014	-191	44	-	-147
01/01/2013-12/31/2013	1,878	77	-	1,955
Credit risk provisions				
01/01/2014-12/31/2014	643	325	-	968
01/01/2013-12/31/2013	325	44	-	369
PROFIT/LOSS BEFORE TAXES				
01/01/2014-12/31/2014	41,981	6,352	-	48,333
01/01/2013-12/31/2013	14,963	4,254	-	19,217
Income taxes				
01/01/2014-12/31/2014	14,616	1,698	-	16,314
01/01/2013-12/31/2013	5,850	1,096	-	6,946
Net profit/loss after taxes				
01/01/2014-12/31/2014	27,365	4,654	-	32,019
01/01/2013-12/31/2013	9,113	3,158	-	12,271

Additional information by segments:

	DAB Bank AG	direktanlage.at AG	Consolidation	Group
Cost-income ratio (in %)				
01/01/2014-12/31/2014	68.3	76.1	-	69.6
01/01/2013-12/31/2013	85.5	82.7	-	85.0
Investments in property and equipment and intangible assets (in k€)				
01/01/2014-12/31/2014	4,626	755	-	5,381
01/01/2013-12/31/2013	8,552	732	-	9,284
Total carrying amount of segment assets (in k€)				
12/31/2014	4,753,204	833,690	-60,005	5,526,889
12/31/2013	4,558,226	847,032	-59,443	5,345,815
Total carrying amount of segment liabilities (in k€)				
12/31/2014	4,502,318	773,315	-18,721	5,256,912
12/31/2013	4,327,344	789,183	-18,159	5,098,368
Cash flow from operating activities (in k€)				
01/01/2014-12/31/2014	153,325	-45,826	-	107,499
01/01/2013-12/31/2013	110,422	6,895	-	117,317
Cash flow from investing activities (in k€)				
01/01/2014-12/31/2014	-177,964	44,434	-	-133,530
01/01/2013-12/31/2013	-28,420	-40,676	-	-69,096
Cash flow from financing activities (in k€)				
01/01/2014-12/31/2014	-7,361	-2,128	-	-9,489
01/01/2013-12/31/2013	-9,132	18,206	-	9,074
Employees (headcount)				
12/31/2014	468	138	-	606
12/31/2013	471	138	-	609
Trades executed (number)				
01/01/2014-12/31/2014	4,580,954	936,442	-	5,517,396
01/01/2013-12/31/2013	4,030,475	934,264	-	4,964,739
Securities accounts (number)				
12/31/2014	556,915	68,854	-	625,769
12/31/2013	551,220	65,850	-	617,070

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 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 present 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 is €5,319 thousand (PY: €19,061 thousand) and the same difference in the case of liabilities is €2,954 thousand (PY: €2,495 thousand). The net balance of these values, to be understood as undisclosed reserves or undisclosed liabilities, was €2,365 thousand (PY: €16,566 thousand).

in k€	Valuation category	2014		2013	
at 12/31	per IAS 39	Fair value	Carrying amount	Fair value	Carrying amount
Cash reserve	LaR	240,210	240,210	275,730	275,730
Trading assets	HfT	9,014	9,014	5,663	5,663
AFV financial instruments	AFV	5,496	5,496	5,410	5,410
AfS financial instruments	AfS	3,350,356	3,350,356	3,140,551	3,140,551
HtM financial instruments	HtM	57,878	55,783	137,212	131,322
Receivables from banks	LaR	1,472,597	1,469,373	1,419,060	1,405,889
Receivables from customers	LaR	323,209	323,209	281,389	281,389
Other assets*	LaR	2,613	2,613	1,637	1,637
Assets (total)		5,461,373	5,456,054	5,266,652	5,247,591
Liabilities to banks	AC	15,893	15,893	17,579	17,579
Liabilities to customers	AC	5,152,586	5,149,632	4,982,613	4,980,118
Trading liabilities	HfT	8,784	8,784	5,449	5,449
Other liabilities*	AC	3,445	3,445	2,871	2,871
Liabilities (total)		5,180,708	5,177,754	5,008,512	5,006,017

* 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€	12/31/2014 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)	12/31/2013 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	60	8,954	-	9,014	35	5,627	-	5,663
AFV financial instruments	5,496	-	-	5,496	1,704	3,705	-	5,410
AfS financial instruments	2,740,574	596,984	12,798	3,350,356	2,171,410	966,459	2,682	3,140,551
Trading liabilities	-	8,784	-	8,784	-	5,449	-	5,449

In a context of very low trading volumes and accompanying illiquidity, the fair value of two securities 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 €12,778 thousand. It is carried in measurement class Level 3.

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€	2014 Net results	2013 Net results	Notes
Loans and receivables (LaR)	41,841	16,182	25, 34
Financial assets and financial liabilities measured at fair value, recognized in profit or loss (HfT)	36	-69	28
Financial assets measured at fair value recognized in profit or loss (AFV)	555	1,405	25, 28
Investments in financial assets held to maturity (HtM)	4,093	4,882	25, 29
Assets available for sale (AfS)	41,575	48,246	25, 29
Financial liabilities measured at amortized cost (AC)	-13,785	-25,993	26

(63) Key regulatory ratios (based on German Commercial Code, HGB)

As of year-end 2014, the core Tier I capital of DAB Bank AG amounted to €170,477 thousand (PY: €151,542 thousand). With capital amounting to €174,879 thousand, the Total Capital Ratio pursuant to CRR came to 12.2% at December 31, 2014 (PY: 15.9%). At December 31, 2014, the Core Capital Ratio (Tier-1 Ratio) was 11.9%, as compared to 15.9% at the end of 2013. Thus, the Total Capital Ratio for DAB Bank was significantly higher than the minimum required ratio of 8%.

Compared to December 31, 2013 (SolvV), the risk-weighted assets pursuant to CRR at December 31, 2014, rose by €485,715 thousand to €1,436,579 thousand. The increase in the risk-weighted assets is fundamentally not attributable to a modified risk profile. Instead, the reason for the increase can be found in the risk weights for receivables from financial institutions that were increased by CRR under regulations.

in k€ at 12/31	2014 per CRR	2013 per SolvV
Core capital (T1 capital)	170,477	151,542
Supplementary capital (T2 capital)	4,402	-
Eligible equity capital	174,879	151,542
RWA credit, counterparty, and dilution risk	1,267,922	776,888
RWA market price risk	95	1,388
RWA operational risk	167,779	172,588
CVA risk positions	783	-
Total risk amount	1,436,579	950,864
Total Capital Ratio	12.2%	15.9%

The leverage ratio pursuant to CRR, which shows the ratio between regulatory equity and total assets, was 3.52% at the reporting date.

In the context of the liquidity requirements, the expected regulatory reports are embodied in the LCR and the NSFR. At the reporting date, the LCR ratio was 187. The final outcome of the NSFR is still uncertain.

The liquidity measured by means of the Liquidity Ratio prescribed by the Liquidity Regulation (LiqV), which is calculated as the ratio of cash available within one month to the payment obligations payable within the same period, amounts to 5.52 at December 31, 2014 (PY: 4.17).

(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. 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 64 and 65.

(65) Contingent liabilities and other financial commitments

in k€ at 12/31	2014	2013
Contingent liabilities		
from guarantees and warranty agreements	10,224	2,866
Other financial commitments		
from rental agreements	10,864	14,207
from lease agreements	310	213
Total	21,398	17,286

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: 0.4%).

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 €156 thousand (PY: €107 thousand) were recognized as expenses for 2014.

The residual terms of the significant future minimum lease payments due to non-cancellable operating leases break down as follows:

in k€	2014	2013
at 12/31		
Maturity		
up to 1 year	4,057	3,979
more than one year to 5 years	7,105	10,244
more than 5 years	12	197
Total	11,174	14,420

(66) Group affiliation

Until December 16, 2014, 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: 81.39%) of the shares of DAB Bank AG, Landsberger Str. 300, 80687 Munich, Germany.

Since December 17, 2014, and at December 31, 2014, BNP Paribas S.A., 16 Boulevard des Italiens, 75009 Paris, France, indirectly held through its majority holding of BNP Paribas Beteiligungsholding AG, Europa-Allee 12, 60327 Frankfurt am Main, Germany, and BNP Paribas Beteiligungsholding AG directly held 91.69% of the shares of DAB Bank AG.

No further direct or indirect investments in capital that exceed 10% of voting rights exist.

Pursuant to Section 315a (1) HGB, the consolidated financial statements of DAB Bank AG at December 31, 2014 are prepared according to the International Financial Reporting Standards (IFRS) and accordingly 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, for the period in which DAB Bank AG belonged to this group, January 1 to December 16, 2014.

Pursuant to Section 315a (1) HGB, the consolidated financial statements of DAB Bank AG at December 31, 2014 are prepared according to the International Financial Reporting Standards (IFRS) and accordingly included in the consolidated financial statements of BNP Paribas S.A. for the period in which DAB Bank AG belonged to this group, December 17 to December 31, 2014.

(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 December 31, 2014, no material events have occurred with regard to the financial and operational development of the DAB Bank Group. The changes in integrated company relationships resulting from the sale of the majority of shares in DAB Bank AG by UniCredit Bank AG to BNP Paribas Beteiligungsholding AG are presented in detail in No. 73 of the Notes.

(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-termincentive effect		Pensions		Value of fringe benefits		Severance awards		Total	
in k€	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Management Board	850	828	600	600	-	-	89	89	53	38	-	-	1,592	1,555
Supervisory Board	104	106	-	-	-	-	-	-	-	-	-	-	104	106
Total	954	934	600	600	-	-	89	89	53	38	-	-	1,696	1,661

The compensation paid to the individual members of the Supervisory Board and the Management Board in 2014 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	250	150	-	25	11	-	436
Ernst Huber	350	300	-	50	30	-	730
Dr. Josef Zellner	250	150	-	14	12	-	426
Members of the Supervisory Board							
Nikolaus Barthold	10	-	-	-	-	-	10
Peter Buschbeck (**)	5	-	-	-	-	-	5
Alessandro Foti	22	-	-	-	-	-	22
Dr. Karin Labitzke (***)	8	-	-	-	-	-	8
Andreas Pflügel	11	-	-	-	-	-	11
Sabine Schaedle (*)	18	-	-		-	-	18
Dr. Theodor Weimer	30	-	-	-	-	-	30
Total	954	600	-	89	53	-	1,696

(*) Member of the Supervisory Board since February 20, 2014.
(**) Member of the Supervisory Board until May 15, 2014.
(***) Member of the Supervisory Board since May 15, 2014.

The compensation granted to individual members of the Management Board and Supervisory 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	Severance awards	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

(*) Dr. Marita Kraemer resigned from her Supervisory Board seat as of December 31, 2013.
(**) The term of office of Mr. Werner Allwang ended at the close of the annual shareholders' meeting of May 16, 2013.
(***) Member of the Supervisory Board since May 16, 2013.

The compensation granted in financial year 2014 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 referring in each case to share certificates 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	2014	2013
Management Board members	10	10
Supervisory Board members	3	3
Total	13	13

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.

Until December 16, 2014, 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: 81.39%) of the shares of DAB Bank AG, Landsberger Str. 300, 80687 Munich, Germany.

During the stated period, business relationships were maintained with the following companies, which are included in the consolidated financial statements of 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

	Expenses		Income	
in k€	2014	2013	2014	2013
Parent company included in the Group of UniCredit S.p.A.: UniCredit Bank AG	2,581	2,224	47,103	16,800
Other companies included in the Group of UniCredit S.p.A.	792	847	3,012	4,757

in k€	Receivables		Payables	
at 12/31	2014	2013	2014	2013
Parent company included in the Group of UniCredit S.p.A.: UniCredit Bank AG	385,875	1,028,744	6,440	2,196
Other companies included in the Group of UniCredit S.p.A.	27,534	64,801	687	484

Since December 17, 2014, and at December 31, 2014, BNP Paribas S.A., 16 Boulevard des Italiens, 75009 Paris, France, indirectly held through its majority holding of BNP Paribas Beteiligungsholding AG, Europa-Allee 12, 60327 Frankfurt am Main, Germany, and BNP Paribas Beteiligungsholding AG directly held 91.69% of the shares of DAB Bank AG.

The income in relation to BNP Paribas amounted to a total of €158 thousand for the stated period, and the expenses totaled €0 thousand. At the reporting date, receivables of €915,300 thousand and liabilities of €0 thousand existed in relation to BNP Paribas.

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 €4,538 thousand in financial year 2014 (PY: €4,705 thousand). At the reporting date, the consolidation of liabilities gave rise to a total effect of €18,721 thousand (PY: €18,159 thousand).

Information on Group affiliation can be found in Note 66.

(70) Information on stock options, performance shares and cash-based plans

No expenses were incurred in the reporting year for stock options, performance shares, and cash-based plans, as in the prior year.

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)

	2014	2013
Managing Directors	5	5
Holders of commercial power of attorney	11	10
Other salaried employees	555	559
Parental leave/military service	22	19
Employees (total)	593	593
Vocational trainees (at year-end)	17	15

(72) Members of the Supervisory Board, the Management Board

Members of the Supervisory Board of DAB Bank AG:

Dr. Theodor Weimer (until January 17, 2015, Chairman until January 17, 2015)
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, 2014, 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
- FC Bayern München AG, Munich, member of the Supervisory Board

At December 31, 2014, Dr. Theodor Weimer did not serve on any other, comparable oversight boards of German and foreign companies.

Alessandro Foti (until January 17, 2015; Vice Chairman until January 17, 2015)
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, 2014, 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 (until May 15, 2014)
Member of the Management Board of UniCredit Bank AG, Munich, and member of the Management Committee of UniCredit S.p.A., Rome, Italy

Sabine Schaedle (since February 20, 2014)
Head of Department, Group Finance, BMW AG, Munich

As of December 31, 2014, Ms. Sabine Schaedle 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.

Kai Friedrich (since January 18, 2015; Chairman since January 26, 2015)
Regional Branch Manager and Deputy Chairman of BNP Paribas S.A., Germany branch, Frankfurt/Main, and as such also CEO of the business division of Consorsbank, which belongs to BNP Paribas S.A., Germany branch *)

As of December 31, 2014, Mr. Kai Friedrich did not serve on any other, legally prescribed Supervisory Boards of German companies, but was a member of comparable oversight boards of German or foreign companies:

- B*Capital, Paris, France, member of the Board of Directors *)
- Arval Deutschland GmbH, Kirchheim, member of the Supervisory Board *)
- Börse Tradegate, Berlin, member of the Stock Exchange Council

Franciska Decuypere (since January 18, 2015; Vice Chairperson since January 26, 2015)
CEO Personal Investors, BNP Paribas S.A., Paris, France *)

As of December 31, 2014, Ms. Franciska Decuypere did not serve on any other, legally prescribed Supervisory Boards of German companies, but was a member of comparable oversight boards of German or foreign companies:

- B*Capital, Paris, France, member of the Board of Directors *)
- direktanlage.at AG, Salzburg, Austria, member of the Supervisory Board *)
- Geojit BNP Paribas Financial Services Limited, Kochi, India, member of the Board of Directors *)
- Geojit Financial Management Services Private Limited, Kochi, India, member of the Board of Directors *)
- Geojit Investment Services Limited, Kochi, India, member of the Board of Directors *)
- Geojit Financial Distribution Private Limited, Kochi, India, member of the Board of Directors *)

Camille Fohl (since January 18, 2015)
Chairman of the Management and Regional Branch Manager of BNP Paribas S.A., Germany branch, Frankfurt/Main, and Chairman of the BNP Paribas Group Management Board Germany *)

As of December 31, 2014, Mr. Camille Fohl did not serve on any other, legally prescribed Supervisory Boards of German companies, but was a member of comparable oversight boards of German or foreign companies:

- BNP Paribas Beteiligungsholding AG, Frankfurt/Main, Chairman of the Supervisory Board *)
- Commerz Finanz GmbH, Munich, member of the Supervisory Board *)
- BGL BNP Paribas S.A., Luxembourg, member of the Board of Directors *)
- BNP Paribas Foundation S.A., Paris, France, member of the Board of Directors *)

Nikolaus Barthold (employee representative)
Senior Manager, Service Management & Governance, Operations,
DAB Bank AG, Munich

At December 31, 2014, 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)
Department head for Securities Services, Operations,
DAB Bank AG, Munich

At December 31, 2014, Mr. Andreas Pflügel did not serve on any other, legally prescribed Supervisory Boards of German companies nor any other, comparable oversight boards of German and foreign companies.

Dr. Karin Labitzke (from May 15, 2014 to January 17, 2015)
Head of Division, CRO Central Functions of UniCredit Bank AG, Munich

As of December 31, 2014, Dr. Karin Labitzke 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.

*) Group mandates of BNP Paribas S.A., Paris, France.

Members of the Management Board of DAB Bank AG:

Ernst Huber (Management Board Spokesman)
Responsible for the divisions Business to Customer (B2C) and Products & Services and the departments Marketing, Human Resources, Corporate Center, and Internal Audit 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, 2014:

- 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 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, B2B Sales Development and B2B Sales Support, and for the corporate staff offices B2B Sales and B2B Strategy & Development.

*) Group mandates of BNP Paribas S.A., Paris, France.

(73) Changes in the Management Board and Supervisory Board

At the annual shareholders' meeting of May 15, 2014, Dr. Karin Labitzke, head of the CRO Central Functions division of UniCredit Bank AG, Munich, and Sabine Schaedle, head of Project Finance at BMW AG, Munich, were elected to the Supervisory Board of DAB Bank. They succeeded Dr. Marita Kraemer, who had served on the Supervisory Board of DAB Bank since 2011, and Peter Buschbeck, who had served on the Supervisory Board of DAB Bank since 2010.

Additional changes to the Supervisory Board resulted in the context of the sale of the majority of shares in DAB Bank AG by UniCredit Bank AG to BNP Paribas Beteiligungsholding AG. At January 17, 2015, the previous representatives of the UniCredit Group resigned their offices on the Supervisory Board of DAB Bank AG. Therefore, the following individuals left the board: Dr. Theodor Weimer (previously Chairman of the Supervisory Board), Alessandro Foti (previously Vice Chairman), and Dr. Karin Labitzke.

At January 18, 2015, representatives of the BNP Paribas Group were newly appointed to the Supervisory Board: Kai Friedrich, CEO Consorsbank, Francisca Decuypere, Head of BNP Paribas Personal Investors, and Camille Fohl, Chairman Group Management Board BNP Paribas Deutschland. Sabine Schaedle of BMW AG as an independent member and the employee representatives Nikolaus Barthold and Andreas Pflügel remain on the Supervisory Board. At its constitutive meeting, the new Supervisory Board elected Kai Friedrich as the new Chairman. Francisca Decuypere is the Vice Chairperson.

(74) Shareholdings of members of the Management Board and the Supervisory Board

at 12/31/2014	Shares	Options
Members of the Management Board		
Dr. Niklas Dieterich	-	-
Ernst Huber	-	-
Dr. Josef Zellner	-	-
Members of the Supervisory Board		
Nikolaus Barthold	-	-
Alessandro Foti	-	-
Dr. Karin Labitzke	-	-
Andreas Pflügel	-	-
Sabine Schaedle	-	-
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	-	210
Share sales, DAB Bank AG	-	1,507
Derivatives on shares	-	-

(76) Relationships between the independent auditor and DAB Bank AG

in k€ 01/01 - 12/31	2014	2013
Fees paid for		
The audit	275	245
Other certification services	163	186
Other services (including valuation services)	-	29
Total	438	460

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 March 17, 2015.

Munich, February 24, 2015

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 24, 2015

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 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 segment reporting and notes to the consolidated financial statements – and the Group management report for the business year from 1 January 2014 to 31 December 2014. 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 (1) HGB ("German Commercial Code") are the responsibility of the legal representatives of the company. Our responsibility is to express an opinion of the consolidated financial statements and 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 legal representatives, 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 DAB Bank AG, Munich, comply with IFRS as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a (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, February 26, 2015

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Knop Wirtschaftsprüfer [German Public Auditor]	Greißl Wirtschaftsprüfer [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 2013	1st quarter 2014	2nd quarter 2014	3rd quarter 2014	4th quarter 2014
Interest and similar income	16,312	16,383	15,708	15,693	35,412
Interest expenses	4,817	4,022	3,301	3,227	3,235
Net interest income/expenses	11,495	12,361	12,407	12,466	32,177
Commission income	38,012	38,835	34,918	36,821	39,045
Commission expenses	14,666	16,063	14,532	15,880	17,439
Net commission income/expenses	23,346	22,772	20,386	20,941	21,606
Trading profit/loss	-41	678	112	62	-409
Profit/loss from investments	-276	-32	1,224	80	4,158
Net other operating income/ expenses	-299	-1	-274	-19	-706
Non-interest-dependent income	22,730	23,417	21,448	21,064	24,649
OPERATING INCOME	34,225	35,778	33,855	33,530	56,826
Personnel expenses	9,600	10,361	10,098	10,427	9,987
Other administrative expenses	15,936	15,126	14,965	13,430	14,132
Depreciation, amortization and impairments of property, plant and equipment and intangible assets	2,990	2,997	3,060	3,098	3,154
Administrative expenses	28,526	28,484	28,123	26,955	27,273
OPERATING PROFIT/LOSS	5,699	7,294	5,732	6,575	29,553
Appropriations to provisions	884	341	-240	96	-344
Credit risk provisions	388	80	388	132	368
PROFIT/LOSS BEFORE TAXES	4,427	6,873	5,584	6,347	29,529
Income taxes	1,497	2,273	1,836	2,094	10,111
PROFIT AFTER TAXES	2,930	4,600	3,748	4,253	19,418
Changes in value of AfS financial instruments recognized in equity (OCI)	702	3,403	1,748	2,518	-4,869
Actuarial effects of pension obligations (OCI)	3	-	-	-	-462
Other comprehensive income/ expenses (after taxes)	705	3,403	1,748	2,518	-5,331
COMPREHENSIVE INCOME	3,635	8,003	5,496	6,771	14,087

Five-year Summary Statement of Comprehensive Income (IFRS)

01/01 - 12/31

in k€	2010	2011	2012	2013	2014
Interest and similar income	70,211	74,854	73,663	64,633	83,196
Interest expenses	14,523	21,631	23,867	25,993	13,785
Net interest income/expenses	55,688	53,223	49,796	38,640	69,411
Commission income	141,218	136,872	126,204	143,230	149,619
Commission expenses	58,326	51,266	52,023	57,277	63,914
Net commission income/expenses	82,892	85,606	74,181	85,953	85,705
Trading profit/loss	13,723	631	520	1,042	443
Profit/loss from investments	195	-555	14,949	5,340	5,430
Net other operating income/ expenses	-2,841	-853	-659	-701	-1,000
Non-interest-dependent income	93,969	84,829	88,991	91,634	90,578
OPERATING INCOME	149,657	138,052	138,787	130,274	159,989
Personnel expenses	36,515	38,268	41,058	39,499	40,873
Other administrative expenses	66,111	64,670	56,642	57,674	57,653
Depreciation, amortization and impairments of property, plant and equipment and intangible assets	12,652	10,150	13,646	11,560	12,309
Administrative expenses	115,278	113,088	111,346	108,733	110,835
OPERATING PROFIT/LOSS	34,379	24,964	27,441	21,541	49,154
Appropriations to provisions	1,671	-1,550	-582	1,955	-147
Impairment of goodwill	3,410	741	-	-	-
Credit risk provisions	596	45	-9	369	968
PROFIT/LOSS BEFORE TAXES	28,702	25,728	28,032	19,217	48,333
Income taxes	12,196	7,956	9,907	6,946	16,314
NET PROFIT (DAB Bank Group)	16,506	17,772	18,125	12,271	32,019
Operating profit/loss of SRQ	-70	-501	-	-	-
NET PROFIT (DAB Bank Group incl. SRQ)	16,436	17,271	18,125	12,271	32,019
Changes in value of AfS financial instruments recognized in equity (OCI)	-6,634	-8,042	39,082	-6,313	2,800
Actuarial effects of pension obligations (OCI)	-	-	-	3	-462
Other comprehensive income/ expenses (after taxes)	-6,634	-8,042	39,082	-6,310	2,338
COMPREHENSIVE INCOME	9,802	9,229	57,207	5,961	34,357
Attributable to shareholders of DAB Bank AG	16,448	17,325	18,125	12,271	32,019
Attributable to non-controlling interests	-12	-54	-	-	-
Net profit/loss	16,436	17,271	18,125	12,271	32,019
Attributable to shareholders of DAB Bank AG	9,814	9,283	57,207	5,961	34,357
Attributable to non-controlling interests	-12	-54	-	-	-
Comprehensive income	9,802	9,229	57,207	5,961	34,357

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

		2010	2011	2012	2013	2014
Results						
Net interest income	k€	55,688	53,223	49,796	38,640	69,411
Net commission income	k€	82,892	85,606	74,181	85,953	85,705
Trading profit/loss and profit/loss from investments	k€	13,918	76	15,469	6,382	5,873
Administrative expenses	k€	115,278	113,088	111,346	108,733	110,835
Result before taxes	k€	28,702	25,728	28,032	19,217	48,333
Net profit	k€	16,436	17,271	18,125	12,271	32,019
Cost-income ratio	in %	80.5	81.6	79.9	85.0	69.6
Return on equity before taxes	in %	16.4	14.6	13.6	8.1	18.7
Statement of financial position						
Total assets	€ mn	3,237.3	3,406.2	4,389.4	5,327.5	5,526.9
Shareholders' equity	€ mn	168.2	185.4	226.1	247.5	270.0
Total Capital Ratio per CRR	in %	13.1	15.2	12.4	15.9	12.2
Share						
Earnings per share	€	0.22	0.23	0.22	0.13	0.35
Dividend per share	€	0.20	0.22	0.21	0.13	-
Year-end closing price (Xetra)	€	4.27	3.32	3.65	3.72	4.84
Book value per share	€	1.98	2.23	2.51	2.52	2.77
Dividend yield	in %	4.7	6.6	5.8	3.5	-
Total shareholder return	in %	5.4	-17.7	16.6	7.4	30.8
Market capitalization	€ mn	321.0	274.6	301.9	338.4	440.3
Key operational indicators						
Securities accounts	number	616,044	620,922	615,288	617,070	625,769
Volume of securities accounts and deposits	€ bn	26.03	24.26	28.38	32.49	36.37
Trades executed	number	4,506,466	5,081,041	4,198,272	4,964,739	5,517,396
Trades executed per securities account per year	number	7.29	8.22	6.79	8.06	8.88
Employees						
Employees (headcount)	number	606	607	611	609	606
Employees (full-time equivalents)	number	654	549	558	552	549

The Total Capital Ratio as per CRR pertains only to DAB Bank AG. The prior-year figures are based on SolvV.

The definition of the number of employees was changed in 2012. The figure now includes all employees except working students and hourly workers. The prior-year comparison figure was adjusted accordingly. The figure for financial year 2011 was not adjusted, for materiality reasons.

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.

Distributable profit:
The distributable 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 withdraw-als or appropriations to reserves, and/or dividend distributions.

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.

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 (2014)

Dr. Theodor Weimer (Chairman)
Alessandro Foti (Vice Chairman)
Sabine Schaedle (since February 20, 2014)
Dr. Karin Labitzke (since May 15, 2014)
Peter Buschbeck (until May 15, 2014)
Nikolaus Barthold
Andreas Pfügel

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Financial Calendar	Provisional Date
Annual Press and Analysts' Conference	02/27/2015
Annual Report 2014	03/24/2015
1st quarter report 2015	04/28/2015
Annual shareholders' meeting 2015	05/29/2015
2nd quarter report 2015	07/28/2015
3rd quarter report 2015	10/27/2015

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