



Half-year Report

2020

comdirect

Key figures of comdirect group

Customers, total assets under control and key products		2020 30.6.	2019 31.12.	Change in %
Business-to-customer (B2C) business segment				
Customers	number	2,914,546	2,742,652	6.3
Custody accounts	number	1,757,933	1,561,934	12.5
Current accounts	number	1,749,684	1,695,571	3.2
Total assets under control	in €m	86,821	80,176	8.3
of which: portfolio volume	in €m	54,641	51,304	6.5
of which: deposit volume	in €m	32,180	28,871	11.5
Credit volume	in €m	740	743	-0.4
Orders, order volume and net fund flow (B2C)				
Executed orders	number	24,700,776	11,588,924	113.1
Average order activity per custody account	number	29.8	16.2	84.0
Order volume per executed order ¹⁾	in €	4,480	4,474	0.1
Net fund flow	in €m	9,987	5,580	79.0
Key financial figures				
Continued activities				
Net commission income	in €k	220,440	103,926	112.1
Net interest income before provisions for possible loan losses	in €k	56,867	62,829	-9.5
Total income	in €k	290,981	176,611	64.8
Administrative expenses	in €k	144,824	145,674	-0.6
Cost/income ratio	in %	49.7	82.5	-
Pre-tax profit	in €k	146,157	30,937	372.4
Discontinued activities				
Pre-tax profit	in €k	0	10,612	-100.0
comdirect group²⁾				
Pre-tax profit	in €k	146,157	41,549	251.8
Consolidated net profit	in €k	104,352	32,026	225.8
Earnings per share	in €	0.74	0.23	225.8
Return on equity before tax ³⁾	in %	36.0	13.2	-
Return on equity after tax ⁴⁾	in %	25.7	10.2	-
Balance sheet key figures				
Balance sheet total	in €m	33,253	29,759	11.7
Equity	in €m	868	768	13.0
Equity ratio ⁵⁾	in %	2.6	2.6	-
Regulatory indicators under CRR/CRD IV⁶⁾				
Risk weighted assets ⁷⁾	in €m	942	1,381	-31.8
Eligible amount for operational and other risks	in €m	17	17	-0.5
Core capital	in €m	723	550	31.5
Own funds for solvency purposes	in €m	723	550	31.5
Own funds ratio ⁸⁾	in %	62.6	34.5	-
Employee figures (B2C)				
Employees	number	1,247	1,278	-2.4
Full-time equivalent (FTE)	number	1,135	1,167	-2.7

1) excluding CFD trades

2) comdirect group, in the previous year consisting of B2C: comdirect bank AG and B2B: ebase GmbH (discontinued activities according to IFRS 5; disposal as of 16/07/2019)

3) pre-tax profit / average equity (excluding revaluation reserves) in the reporting period

4) after-tax profit / average equity (excluding revaluation reserves) in the reporting period

5) equity (excluding revaluation reserves) / balance sheet total

6) These figures are calculated on the basis of internal calculations; publication is voluntary and based on national and European implementation rules and the figures are not reported to the Supervisory Authority. The figures are based on a supervisory scope of consolidation formed exclusively for comparison purposes.

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

8) own funds for solvency purposes / (risk weighted assets + 12.5 x eligible amount for operational and other risks)

Contents

Letter to shareholders	1
<hr/>	
Group interim management report	2
Overall economic and regulatory framework	2
Overall assessment of the economic situation of comdirect group	3
Business performance and income situation in H1 2020	4
Financial situation and assets	6
Forecast, risk and opportunity report	7
Supplementary report	9
<hr/>	
Condensed consolidated interim financial statements	10
Income statement	10
Statement of comprehensive income	11
Balance sheet	13
Statement of changes in equity	14
Condensed cash flow statement	16
Selected explanatory notes	17
Responsibility statement by the legal representatives	29
<hr/>	
Further information	30
Certificate of audit review	30
2020 financial calendar	31
Contacts	31

Letter to shareholders

Dear shareholders,
Dear friends of comdirect,

An intense first half of 2020 has come to a close. This period was dominated by three key issues: the COVID-19 pandemic, the further development of comdirect and the planned merger of comdirect bank AG with Commerzbank AG.

As we reported in Q1 2020, the coronavirus has also affected comdirect. It has not only impacted the way we work – around three quarters of our employees were still working from home by the end of the first half of 2020 and meetings were being held remotely/online – we are also seeing changes at our customers. comdirect gained 172k net new customers in the last six months, the largest customer growth in over a decade. It is clear that more and more people can picture themselves using online banking, either via the website or on the app, as an addition to conventional banking or replacing this entirely. I firmly believe that this effect from COVID-19 is here to stay. Anyone who has realised how easy and quick banking at any time, at any place, can be is unlikely to want to give this up in future.

The number of custody accounts at comdirect increased by 196k in the first six months of 2020, the highest figure since 2000. This was partly because people had more time to devote to their investments, but also because stock market developments were highly volatile. With a wide range of securities, attractive conditions and outstanding service, comdirect held its own in the face of tough competition. Our custody account customers conducted a record number of trades, helping us generate an exceptionally good result for the first half of the year with a pre-tax profit of €146.2m.

Speaking of successes, there was no shortage of awards in the first half of 2020. comdirect was crowned "Germany's best bank" by the "Euro" magazine for the third time in a row and selected as "online broker of the year 2020" by "BrokerWahl".

Moving forwards, we also want to inspire customers from o2/Telefónica Deutschland: comdirect has been a new banking partner since the end of May 2020 and innovative value-added services are planned for customers starting in autumn 2020. The comdirect current account has become a scalable partner product. For our cooperation partners, banking services put them in far closer proximity to customers – they can interact with them everyday instead of only a few times a year, as previously.

Of course, another dominating issue in H1 2020 was the pending merger of comdirect bank AG with Commerzbank AG, which was resolved at the comdirect annual general meeting on 5 May 2020. For me personally, the end of comdirect as an independent, successful company also brings with it a degree of wistfulness. Nevertheless, I am also confident that we will be able to incorporate many aspects of comdirect into Commerzbank AG.

I would like to express my thanks to all of you for your trust and loyalty.

Best regards,

Frauke Hegemann

Group interim management report

Overall economic and regulatory framework

General economic conditions deteriorated in the first half of 2020. The COVID-19 pandemic and measures to contain the virus plunged the global economy into a recession. Financial markets were marked by uncertainty and high levels of volatility. Central banks intervened to cushion the impact of the downturn, with the European Central Bank, for example, expanding its bond purchases and the US Federal Reserve lowering its key rate by 150 basis points. Numerous fiscal policy measures were also introduced to absorb the shock of weakened domestic demand and the slump in global demand.

The 3-month EURIBOR, which is relevant to comdirect, averaged -0.36% in the first half of the year, lower than in the previous year (-0.31%). Yields on 10-year Bunds recorded a new all-time low, dropping to up to -0.86% at some point

The first half of 2020 was unremarkable in regulatory terms as no new regulatory implementation projects were launched. The only relevant piece of legislation was Germany's "Act to mitigate the consequences of the COVID-19 pandemic in civil, bankruptcy and criminal procedure law" from 27March 2020, which made it possible to hold an annual general meeting without the physical presence of shareholders. comdirect bank AG was one of the first stock corporations to hold a "virtual annual general meeting" on 5May 2020.

Overall assessment of the economic situation of comdirect group

The first six months of 2020 were dominated by the spread of COVID-19. Restrictions on the everyday lives of consumers and the increased acceptance of digital solutions that this engendered were also reflected in business activities in the first six months of 2020, with comdirect continuing to accelerate the already strong previous year growth with 172k net new customers as of the reporting date and significantly outperforming the previous year despite lower sales expenses (128k). As of the end of H1, comdirect had 2,915k customers (end of 2019: 2,743k).

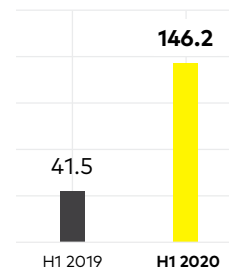
Despite market volatility, our customers decided to make the most of opportunities on the capital market. In the reporting period, the number of custody account customers rose by 196k to 1,758k. The number of trades, which was up on the previous year at 24.7m in H1 2020 (previous year: 11.6m), illustrates our customers' vigorous trading activity. In addition to continued growth in savings plans, trade in securities was particularly important in the first half of the year. The year-on-year rise in total income to €291.0m (previous year: €176.6m) is primarily due to the increase in net commission income. This grew by 112.1% in comparison to the previous year to €220.4m (previous year: €103.9m) in response to high market volatility and the increase in the customer base.

Against the backdrop of continued low interest rates, higher cash reserves and our new money market transactions increasingly had an impact on net interest income. Despite a rise in the volume of deposits to €32.2bn as of the reporting date (end of 2019: €28,9bn), net interest income after provisions for possible loan losses declined year on year by 10.1% to €56.5m. However, the COVID-19 pandemic has not yet had any significant impact on lending business with private customers.

Administrative expenses were stable and on par with the previous year at €144.8m (€145.7m). Higher expenses for external services within other administrative expenses, chiefly due to increased costs for conducting trades, were offset by a moderate decrease in sales expenses. Overall, other administrative expenses were similar to the previous year at €92.4m (€93.1m). Increased investment in digitalisation and automation in recent years, including ongoing development of our voice dialogue system and the introduction of automated process management using robotic process automation, had an increasingly positive effect on administrative expenses.

Pre-tax profit thus came to €146.2m, far exceeding the previous year figure (€30.9m from continued activities, €41.5m in the group). The annualised return on equity before tax for the group in the first half of 2020 was 36.0% (previous year: 13.2%).

Pre-tax consolidated profit (in €m)



36.0 %
Pre-tax ROE
(annualised)

Business performance and income situation in H1 2020

Growth

With 172k net new customers, comdirect continued its growth in H1 2020 and outperformed the previous year (128k net new customers). The number of customers rose to 2,915k (end of 2019: 2,743k). In particular, the number of custody accounts rose in the reporting period by 196k (previous year: 98k) to 1,758k (end of 2019: 1,562k).

Net fund flows totalled €10.0bn in the first six months of 2020, up on the previous year (€5.6bn). Despite the greater uncertainty, our customers have built up their securities holdings. This led to a net fund flow in custody accounts of €6.7bn (previous year: €3.4bn). Total assets under control reported a record high as of the reporting date, coming to €86.8bn (end of 2019: 80.2bn).

In addition to ongoing political tension between the US and China and a balance sheet scandal at a DAX company, customer activity in brokerage was affected mostly by market volatility triggered by the spread of COVID-19. In light of this high market volatility, 24.7m customer orders were executed in H1 2020, representing a 113.1% year-on-year climb (11.6m).

Pre-tax profit

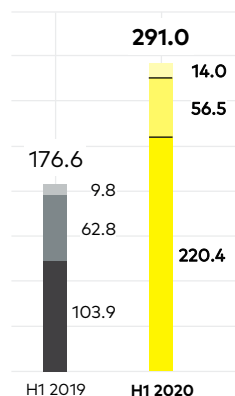
Pre-tax profit from continued activities in the reporting period came to €146.2m, thereby exceeding the previous year figure (€30.9m from continued activities and €41.5m in the group). The annualised return on equity (ROE) before taxes was 36.0% (previous year: 10.1% from continued activities and 13.2% in the group).

Development of total income

Total income from continued activities climbed against the previous year (€176.6m) by 64.8% to €291.0m. This positive development essentially reflects our customers' lively trading activity on account of market conditions and the related rise in net commission income.

The interest rate environment in which we operate remained tense in the first half of 2020. The 9.5% decline in net interest income before provisions for possible loan losses to €56.9m (previous year: €62.8m) was fuelled for the most part by higher interest expenses for financial instruments on the asset side. This was due chiefly to the higher volume of deposits and associated increase in cash reserves, as well as our new money market transactions at lower initial rates. Net expenses for provisions for possible loan losses came to €0.4m in the reporting period (previous year: €0.0m). The COVID-19 pandemic has not yet had any noteworthy impact on lending business with private customers. Accordingly, net interest income after provisions for possible loan losses totalled €56.5m (previous year: €62.8m).

Total income from continued activities (in €m)



- Other income components
- Net interest income after loan loss prov.
- Net commission income

↑ 64.8%
Growth

At €220.4m, net commission income in the first six months of 2020 was higher than the previous year's figure of €103.9m. This upturn can be attributed chiefly to the rise in commission income from securities transactions, which rose to €230.5m in connection with higher trading activity (previous year: €102.4m). The high volume of trades conducted pushed up commission expenses from securities transactions from €13.5m in the previous year to €21.8m. Net commission income from payment transactions declined from €13.0m in the previous year to €9.6m in the first half of 2020, mainly because there were fewer transactions in foreign currencies.

Other income components amounted to €14.0m in total in the reporting period, improving on the previous year's figure of €9.8m. In addition to the disposals and valuation result from financial assets rising to €9.4m (previous year: €7.9m), the other operating result also saw an increase against the previous year (€1.9m) to €4.6m. The upturn in the other operating result is chiefly a result of higher income from cooperation agreements.

Development of administrative expenses

Administrative expenses from continued activities were stable and more or less in line with the previous year at €144.8m (previous year: €145.7m).

Other administrative expenses totalled €92.4m (previous year: €93.1m). On balance, this is similar to the previous year but there were differences in terms of the breakdown: while sales costs saw a year-on-year decrease to €12.8m (previous year: €23.3m), expenses for external services rose to €37.7m, due mostly to higher securities transactions costs on account of trades (previous year: €28.7m).

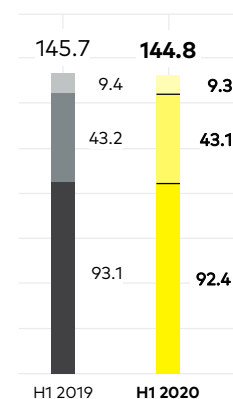
Both personnel expenses (€43.1m) and depreciation (€9.3m) were at the same level as in the previous year (personnel expenses: €43.2m; depreciation €9.4m).

Reflecting higher income in the first half of 2020, the cost/income ratio (CIR) was 49.7% (previous year: 82.5% from continued activities).

Consolidated profit and consolidated net profit

comdirect group generated a pre-tax consolidated profit of €146.2m in the first half of 2020 (previous year: €30.9m from continued activities and €41.5m in the group). Consolidated profit was the result entirely of continued activities. Its consolidated net profit amounted to €104.4m (previous year: €24.5m from continued activities and €32.0m in the group). Earnings per share were therefore €0.74 (previous year: €0.23).

Administrative expenses from continued activities (in €m)



- Depreciation
- Personnel expenses
- Other administrative expenses

49.7 %
CIR

Financial situation and assets

The ongoing growth in deposits allowed the balance sheet total to rise to €33.25bn (end of 2019: €29.76bn).

The equity and liabilities side of the balance sheet still predominantly (around 97%) comprised customer deposits. Equity climbed substantially to €868.0m (end of 2019: €768.4m) as a result of high income for the period and the allocation of the entire previous year consolidated net profit (€164.1m) to retained earnings. comdirect thus enjoys a solid asset position as of the reporting date even in spite of the very bleak global economy. Changes in the market value of treasury investments and the disposal of financial instruments caused revaluation reserves to decline to €2.6m (end of 2019: 9.1m).

As well as being reinvested, the increased volume of deposits was predominantly held in the Bundesbank account. The expansion of the liquidity buffer for reinvesting customer funds prompted by the uncertainties associated with the spread of COVID-19 further consolidated comdirect's already stable financial situation. In terms of assets, claims on banks rose by €1.73bn to €25.61bn in comparison to the 2019 reporting date (31 December 2019: €23.88bn). In contrast, the volume of financial investments declined from €1.40bn to €0.71bn. Claims on customers fell by €5.3m to €760.2m (31 December 2019: €765.5m). Growth in the volume of consumer loans was offset by lower utilisation of credit card limits.

Forecast, risk and opportunity report

Forward-looking statements

We plan for our future development on the basis of the assumptions that are currently the most plausible. comdirect's planning and all statements regarding future development remain subject to considerable uncertainty, in particular given the current situation on markets. The actual development of the market environment or of the bank can deviate from the assumptions made. We do not intend to update forward-looking statements or to revise these if developments deviate from expectations.

The following statements relate to comdirect group in its current form and the forecast period of 2020 as a whole. It should be borne in mind that Commerzbank AG, the main shareholder, is planning a merger with comdirect bank AG by way of a squeeze-out under merger law. It is still expected that the merger will be entered in 2020.

Expected economic conditions

Macroeconomic conditions have become perceptibly gloomier following the spread of COVID-19. We expect economic performance to remain muted in the second half of 2020, with this highly contingent on how the COVID-19 pandemic develops moving forward. With the global economy battered by the crisis, we assume that the ECB will continue its expansive monetary policy and so we consider it unlikely that the base rate will be increased in the foreseeable future. Volatility on equity markets is expected to subside in comparison to the first half of the year, which should result in less trading activity in H2.

Expected business and earnings performance

In addition to ongoing political tension between the US and China and a balance sheet scandal at a DAX company, the first half of 2020 was defined by the impact of the coronavirus pandemic, which was unforeseeable at the time the 2019 annual report was prepared. The high result for the first half of the year has been significantly influenced by the resulting high trading activity of our customers. At the same time, forecast conditions have become substantially more precarious. Considerable uncertainties will extend into the second half of the year.

We exceeded our earnings expectations for the reported period thanks to continued extraordinary trading activity. Despite being a general holiday season, trading activity by our customers in the month of July was also higher than we had originally planned. Nonetheless, for the remainder of the year, we expect the average trading activity to soften and the trading activity of our customers to normalise. This decline may be considerable on account of delayed economic repercussions of the COVID-19 pandemic in the form of insolvencies or major restructuring programs at major companies and possible damage to levels of trust stemming from the balance sheet scandal at a DAX company. On the other hand, ongoing uncertainty may continue to spur on market volatility, boosting our customers' trading activity.

We expect net commission income in the range of €350 - 390m, or even higher if market volatility continues. Net interest income after provisions for possible loan losses is influenced by ongoing negative interest rates, the inflows of deposits to our customers and a moderate rise in provisions for possible loan losses. It is likely to come to between €105 and 115m, down on our original forecast (€115 - 125m). We expect other income components to fall slightly short of the original €18m - €23m range.

For administrative expenses, we are confirming our original guidance of €280 - 295m. Continued market volatility could result in higher execution costs; in that event administrative expenses could even be above €295m.

On the basis of business performance in H1 and further scenario analysis for the rest of the year, we expect to be able to exceed our forecast issued at the end of 2019 of €100-120m and the increased forecast of €130-150m at the end of the first quarter, despite the current macro-economic environment as well as continued uncertainties.

We expect a pre-tax profit in the range of €180-210m, or even higher if market volatility continues.

This is equivalent to a pre-tax ROE of 22 - 25%.

Development of the financial situation and risk status

The financial situation will continue to be heavily shaped by the deposit business and reinvesting in the future.

comdirect bank AG's risk status has only changed marginally on account of COVID-19. This is chiefly thanks to our digital business model, which allows us to operate mostly from any location. Moreover, we do not conduct lending business with corporate customers. Due to de-risking measures (essentially reducing corporate loans in the special fund) that were largely already completed before the coronavirus crisis, negative market changes have only a minor negative impact on our portfolio. Despite a substantial surge in volatility, market risk thus remains unchanged at a low level. Operational risks as a whole are still considered non-critical. We are currently seeing increased fluctuation due to the planned merger with Commerzbank AG. The coronavirus pandemic has had no critical impact on lending business with private customers to date. In consumer loan business, deferrals are increasing only moderately on account of the German Act to mitigate the consequences of the COVID-19 pandemic in civil, bankruptcy and criminal procedure law. Temporary overdrafts in loans against securities resulting from price losses have now normalised again, with the strict default action process ensuring that there have so far been no major defaults. Liquidity risks are considered non-critical on the whole. The volume of deposits expanded again in the reporting period and there was no upturn in deposit outflows. Measures such as the temporary increase in the buffer in the deposit models, which boosted the cash reserve, and closer monitoring of deposit development meant that the HQLA liquidity buffer had an adequate surplus as of the reporting date.

Thanks to precautionary measures taken such as increasing the liquidity buffer and retaining all our net profit from 2019, the risks and opportunities from continued activities as of mid-2020 have not deteriorated in comparison to the description of the risk status in the 2019 annual report. Capital levels remain very comfortable. The ratio of economic capital required to economic capital as of 30 June 2020 was 14.8% (22.2% as of 31 December 2019). Liquidity levels are also comfortable. As of 30 June 2020, cumulative net liquidity for a 1-year period was €559m (€220m as of 31 December 2019) and the liquidity coverage ratio (LCR) was 360% (285% as of 31 December 2019). No significant changes in risk ratios or the risk situation are expected in the second half of the year. The risk report can be found in the 2019 annual report on pages 40 to 52, and Note (51) on risk reporting on financial instruments can be found on pages 131 to 136. The opportunity report is on pages 53 to 55.

comdirect group has adequate risk buffers to outlast even sustained periods of market weakness. No realistic risks that could threaten comdirect group are currently discernible.

Supplementary report

Regarding events of special importance after 30 June 2020, please see the section of the same name in the selected explanatory notes on page 28.

Condensed consolidated interim financial statements

Income statement

Income statement of comdirect group according to IFRS

€k	1.1. to 30.6.		1.4. to 30.6.	
	2020	2019	2020	2019
Interest income accounted for using the effective interest method	67,098	69,297	32,432	35,281
Interest income, other	444	1,177	39	801
Total interest income	67,542	70,474	32,471	36,082
Interest expenses	10,675	7,645	5,818	4,398
Net interest income before provisions for possible loan losses	56,867	62,829	26,653	31,684
Provisions for possible loan losses	-366	9	-154	-676
Net interest income after provisions for possible loan losses	56,501	62,838	26,499	31,008
Commission income	256,983	130,520	127,016	66,857
Commission expenses	36,543	26,594	16,647	13,080
Net commission income	220,440	103,926	110,369	53,777
Valuation result	1,046	214	386	87
Result from the disposal of financial assets measured at amortised cost	617	-37	617	-37
Result from the disposal of financial assets measured at fair value through other comprehensive income	7,784	7,742	368	3,989
Disposals and valuation result from financial assets	9,447	7,919	1,371	4,039
Other operating result	4,593	1,928	1,859	501
Total income	290,981	176,611	140,098	89,325
Personnel expenses	43,078	43,158	21,789	22,110
Other administrative expenses	92,411	93,131	45,324	44,130
Depreciation on fixed assets and intangible assets	9,335	9,385	4,687	4,636
Administrative expenses	144,824	145,674	71,800	70,876
Pre-tax profit from continued activities	146,157	30,937	68,298	18,449
Taxes on income	41,805	6,453	19,807	4,297
After-tax profit from continued activities	104,352	24,484	48,491	14,152
Pre-tax profit from discontinued activities	0	10,612	0	5,006
After-tax profit from discontinued activities	0	7,542	0	3,493
Pre-tax consolidated profit	146,157	41,549	68,298	23,455
Consolidated net profit	104,352	32,026	48,491	17,644

Undiluted/diluted earnings per share

	1.1. to 30.6.		1.4. to 30.6.	
	2020	2019	2020	2019
Consolidated net profit (€k)	104,352	32,026	48,491	17,644
Average number of ordinary shares (number)	141,220,815	141,220,815	141,220,815	141,220,815
Undiluted/diluted earnings per share (€)	0.74	0.23	0.34	0.12

No shares were issued in the financial year, hence the average number of ordinary shares is the same as the number of ordinary shares outstanding as of 31 December 2019. Continued activities account for earnings per share of €0.74 (2019: €0.17). Undiluted and diluted earnings are the same.

Statement of comprehensive income

Statement of comprehensive income of comdirect group according to IFRS

€k	1.1. to 30.6.		1.4. to 30.6.	
	2020	2019	2020	2019
Consolidated net profit	104,352	32,026	48,491	17,644
Items which cannot be reclassified to the income statement				
Changes in actuarial gains/losses recognised in equity	283	-321	-338	-128
Other comprehensive income for the period from equity instruments	-2,902	4,878	0	931
Items which can be reclassified to the income statement				
Changes in the revaluation reserves after tax				
Changes in value recognised in equity	3,337	10,985	1,862	4,879
Reclassification to the income statement	-5,464	-5,434	-258	-2,788
Other comprehensive income for the period from continued activities	-4,746	10,108	1,266	2,894
Other comprehensive income for the period from discontinued activities	0	-3,617	0	-1,885
Total other comprehensive income	-4,746	6,491	1,266	1,009
Comprehensive income	99,606	38,517	49,757	18,653

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

Other comprehensive income for the period

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

€k	Before tax	Tax	After tax
1 January to 30 June 2020			
Actuarial gains and losses	367	-84	283
Other comprehensive income for the period from equity instruments	-2,946	44	-2,902
Other comprehensive income for the period from debt instruments	-3,030	903	-2,127
Other comprehensive income for the period	-5,609	863	-4,746
1 January to 30 June 2019			
Actuarial gains and losses	-495	174	-321
Other comprehensive income for the period from equity instruments	4,949	-71	4,878
Other comprehensive income for the period from debt instruments	7,968	-2,417	5,551
Other comprehensive income for the period	12,422	-2,314	10,108
1 April to 30 June 2020			
Actuarial gains and losses	-480	142	-338
Other comprehensive income for the period from equity instruments	0	0	0
Other comprehensive income for the period from debt instruments	2,285	-681	1,604
Other comprehensive income for the period	1,805	-539	1,266
1 April to 30 June 2019			
Actuarial gains and losses	-221	93	-128
Other comprehensive income for the period from equity instruments	944	-13	931
Other comprehensive income for the period from debt instruments	3,022	-931	2,091
Other comprehensive income for the period	3,745	-851	2,894

Balance sheet

Balance sheet of comdirect group according to IFRS

Assets

€k	as of 30.6.2020	as of 31.12.2019
Cash reserve	6,068,945	3,602,207
Claims on banks	25,610,645	23,878,767
Claims on customers	760,205	765,489
Positive fair values from derivative financial instruments	793	208
Financial investments	712,880	1,398,659
Intangible assets	43,959	43,343
Fixed assets	27,203	30,544
Current income tax assets	1,030	1,001
Deferred income tax assets	0	4,331
Other assets	27,030	33,961
Total assets	33,252,690	29,758,510

Liabilities and equity

€k	as of 30.6.2020	as of 31.12.2019
Liabilities to banks	10,042	4,487
Liabilities to customers	32,197,537	28,874,386
Negative fair values from derivative financial instruments	1,175	1,286
Provisions	29,999	25,128
Current income tax liabilities	25,445	7,983
Deferred tax liabilities	7,045	0
Other liabilities	113,401	76,800
Equity	868,046	768,440
Subscribed capital	141,221	141,221
Capital reserve	223,296	223,296
Retained earnings	396,560	230,657
Revaluation reserves	2,617	9,127
Consolidated net profit 2019	0	164,139
Consolidated net profit 2020	104,352	0
Total liabilities and equity	33,252,690	29,758,510

Statement of changes in equity

€k	Subscribed capital	Capital reserve	Retained earnings	Revaluation reserves	Consolidated net profit	Total
Equity as of 1.1.2019	141,221	223,296	219,453	-143	50,369	634,196
Consolidated net profit from 1.1. to 31.12.2019	-	-	-	-	164,139	164,139
Changes in actuarial gains/losses recognised in equity	-	-	-4,052	-	-	-4,052
Change in the revaluation reserves	-	-	-	9,459	-	9,459
Contributions from the disposal of equity instruments in the measurement category FVOCI	-	-	192	-189	-	3
Comprehensive income 2019	-	-	-3,860	9,270	164,139	169,549
Profit distributions	-	-	-	-	-35,305	-35,305
Allocation to reserves/allocation from reserves	-	-	15,064	-	-15,064	0
Equity as of 31.12.2019/1.1.2020	141,221	223,296	230,657	9,127	164,139	768,440
Consolidated net profit from 1.1. to 30.06.2020	-	-	-	-	104,352	104,352
Changes in actuarial gains/losses recognised in equity	-	-	283	-	-	283
Change in the revaluation reserves	-	-	-	-5,052	-	-5,052
Contributions from the disposal of equity instruments in the measurement category FVOCI	-	-	1,481	-1,458	-	23
Comprehensive income from 1.1. to 30.6.2020	-	-	1,764	-6,510	104,352	99,606
Profit distributions	-	-	-	-	0	0
Allocation to reserves/allocation from reserves	-	-	164,139	-	-164,139	0
Equity as of 30.6.2020	141,221	223,296	396,560	2,617	104,352	868,046

€k	Subscribed capital	Capital reserve	Retained earnings	Revaluation reserves	Consolidated net profit	Total
Equity as of 1.1.2019	141,221	223,296	219,453	-143	50,369	634,196
Consolidated net profit from 1.1. to 30.6.2019	-	-	-	-	32,026	32,026
Changes in actuarial gains/losses recognised in equity	-	-	-3,939	-	-	-3,939
Change in the revaluation reserves	-	-	-	10,428	-	10,428
Contributions from the disposal of equity instruments in the measurement category FVOCI	-	-	67	-66	-	1
Comprehensive income from 1.1. to 30.6.2019	-	-	-3,872	10,362	32,026	38,516
Profit distributions	-	-	-	-	-35,305	-35,305
Allocation to reserves/allocation from reserves	-	-	15,064	-	-15,064	0
Equity as of 30.6.2019	141,221	223,296	230,645	10,219	32,026	637,407

In accordance with the recommendations of the European Central Bank, the 2020 annual general meeting resolved not to distribute any dividend for the 2019 financial year. €35,305k was distributed in the previous year, equal to €0.25 per share.

In the 2020 financial year, comdirect bank AG did not utilise either the existing authorisations of the annual general meeting to purchase own shares for the purposes of securities trading in accordance with Section 71(1) No. 7 of the German Stock Corporation Act (AktG) or the resolutions of the annual general meeting authorising the acquisition of own shares in accordance with Section 71(1) No. 8 of the German Stock Corporation Act (AktG) for purposes other than securities trading.

Condensed cash flow statement

€k	2020	2019
Cash and cash equivalents as of 1.1.	3,602,207	2,470,019
Cash flow from operating activities	2,473,390	559,521
Cash flow from investing activities	-4,549	-10,623
Cash flow from financing activities	-2,103	-39,656
Cash and cash equivalents as of 30.6.	6,068,945	2,979,261

Cash and cash equivalents correspond to the balance sheet item cash reserve and include cash on hand and balances held at central banks. As of 30 June 2019, this includes a contribution of €373m from discontinued activities which, in accordance with IFRS 5, was not reported in the cash reserve but rather under "Assets from discontinued activities".

There were no cash flows from discontinued activities in 2020. There were the following amounts from discontinued activities in 2019:

€k	2019
Cash and cash equivalents as of 1.1.	274,596
Cash flow from operating activities	103,006
Cash flow from investing activities	-2,603
Cash flow from financing activities	-2,272
Cash and cash equivalents as of 30.6.	372,727

The cash flow from operating activities is essentially determined by taking in customer deposits and reinvesting them on the money and capital market. Higher liquidity buffers were taken into account when reinvesting customer deposits in light of the uncertainty created by the COVID-19 pandemic. This is partly responsible for the positive cash flow from operating activities.

The cash flow from investing activities results from acquisitions and disposals of fixed and intangible assets.

Cash flow from financing activities results from payments for the principal portion of lease liabilities. In the previous year, it also included comdirect bank AG's dividend distribution to its shareholders. For the current year, the annual general meeting resolved not to distribute any dividend for the 2019 financial year in accordance with the recommendations of the European Central Bank.

The cash flow statement has little significance for comdirect group. It does not substitute liquidity or financial planning and it is not used as a management instrument. It does not allow any conclusions to be drawn about the actual liquidity position, which is dependent on operating activities rather than cash on hand and balances held with central banks.

Selected explanatory notes

Method of preparation

The half-year report of the comdirect group as of 30 June 2020 was prepared in accordance with Section 51(1) of the Exchange Rules for the Frankfurt Securities Exchange in accordance with Sections 115 and 117 of the *Wertpapierhandelsgesetz* (German Securities Trading Act). It is also in line with the International Financial Reporting Standards approved and published by the International Accounting Standards Board (IASB), as adopted by the EU. In particular, the interim report also takes into account the interim reporting requirements under IAS 34. With the exception of the changes described below, the same accounting and measurement methods were used as in the consolidated financial statements of the comdirect group as of 31 December 2019.

Effects of new standards on the comdirect group's half-year financial report

The standards shown in the overview below that were to be applied for the first time in the current reporting period did not have any impact on the comdirect group's consolidated financial statements.

Standard	Title	Date of application
	Amendments to references to the general concept	1 January 2020
IAS 1/IAS 8 (amendments)	Definition of material	1 January 2020
IFRS 3 (amendments)	Definition of a business	1 January 2020
IFRS 9/IAS 39 and IFRS 7 (amendments)	Interest rate benchmark reform	1 January 2020

Changes in accounting policies and estimates

Unlike in the 2019 annual report, we no longer assume that a payment commitment of 30% of the contribution obligation will be utilised for contributions to the Compensation Scheme of German Private Banks. This results in €4.3m in additional expenses from contributions to deposit insurance schemes in the financial statements for the reporting period.

Disclosures on discontinued activities (IFRS 5) for the previous period

comdirect bank AG contractually agreed to the sale of European Bank for Financial Services GmbH (ebase) in 2018. The transaction closed on 16 July 2019. This required disclosures under IFRS 5 in the previous year's report. Previous year disclosures in the income statement under "Pre-tax profit from discontinued activities" and "After-tax profit from discontinued activities" relate exclusively to issues in connection with ebase GmbH.

There were no issues to be recognised under IFRS 5 in the reporting period. Accordingly, there are no assets or liabilities from discontinued activities to be reported. This was also true for 31 December 2019. Moreover, discontinued activities did not contribute to profit, comprehensive income or cash flows in the reporting period.

Consolidated companies

The consolidated companies of the comdirect group as of the reporting date are as follows.

Name	Domicile
comdirect bank AG	Quickborn, Germany
comdirect Versicherungsmakler AG	Quickborn, Germany
onvista media GmbH	Cologne/Germany
CDBS-Cofonds	Frankfurt/Main, Germany

The following group units were deconsolidated in the reporting period:

Name	Domicile
CDBS-Cofonds II	Frankfurt/Main, Germany
CDBS-Cofonds III	Frankfurt/Main, Germany
CDBS-Cofonds IV	Frankfurt/Main, Germany
CDBS-Cofonds V	Frankfurt/Main, Germany

The deconsolidation did not have any material impact on the consolidated financial statements of the comdirect group. Securities held by the special funds were sold prior to the deconsolidation. The "financial investments" item in the balance sheet is thus significantly lower than it was as of 31 December 2019. The earnings contributions resulting from the transactions described are recognised in the income statement under "net income from the disposal of financial assets measured at fair value through other comprehensive income".

Disclosures on the measurement of financial instruments

The fair value is measured using the price quoted for a financial instrument in an active market (Level 1 valuation hierarchy). For debt instruments, these inputs are primarily transaction prices and quotations on the interbank market. For equity instruments, the fair value is measured using market prices, and for fund units, the fund's net asset value is used.

If no quoted prices for financial instruments are available, valuation models that use market data as parameters to the greatest extent possible are utilised to determine the fair value (Level 2 valuation hierarchy). comdirect group primarily uses the discounted cash flow method. Discounting is performed at interest rates and credit spreads observable on the market. The three-month swap curve is predominantly used to determine interest rates. The instrument or issuer-specific credit spreads are determined using, for example, the Pfandbrief curve or highly liquid bonds of an issuer.

If there is not enough current verifiable market data available for valuation using valuation models, unobservable inputs are also to be applied (level 3 valuation hierarchy). These initial inputs are based on the perspective of the seller of an asset or a liability and take into account the assumptions that market participants would use for pricing. The risks inherent to the valuation method that is used and the incorporated input factors are to be included here.

Transfers between the hierarchy levels are shown as of the last day of a quarter. Further information on the valuation hierarchies can be found in the tables section of the Notes.

Annual general meeting

With the approval of the Supervisory Board, the comdirect bank AG annual general meeting was held on 5 May 2020 as a virtual annual general meeting without the physical presence of shareholders or their proxies on account of COVID-19.

The annual general meeting passed the resolution on transferring the shares of remaining shareholders (minority shareholders) in comdirect bank AG, Quickborn, to Commerzbank AG, Frankfurt am Main, (main shareholder) in return for an appropriate cash settlement pursuant to Section 62(1) and (5) *Umwandlungsgesetz* (German Transformation Act) in connection with Sections 327a et seqq. of the German Stock Corporation Act (squeeze-out under merger law).

For the transfer resolution to take effect, the merger must be entered in the commercial register at the domicile of comdirect bank AG and in the register at the domicile of the acquiring company.

In accordance with the recommendations of the European Central Bank, the annual general meeting resolved not to distribute any dividend for the 2019 financial year. Accordingly, it was resolved to transfer comdirect bank AG's total distributable profit recognised in the separate financial statements of comdirect bank AG under commercial law (€164.7m) in full to other retained earnings.

As a result of this, the allocation to retained earnings for the comdirect group's consolidated financial statements under IFRS amounts to €164.1m.

At the recommendation of the Supervisory Board, the annual general meeting of comdirect bank AG also appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Hamburg branch, as the auditor of the financial statements and consolidated financial statements for the 2020 financial year and as the auditor for the review of the condensed financial statements and the interim management report for the group for the first half of the 2020 financial year.

Changes on the Board of Managing Directors

Since 1 April 2020, the comdirect Board of Managing Directors has comprised Frauke Hegemann, CEO, and Matthias Hach, CMO. Dietmar von Blücher stepped down as CFO/CIO and left the company effective 31 March 2020. Thore Ludwig will support the Board of Managing Directors as Chief Representative. There are no plans to appoint a new member of the Board of Managing Directors due to the planned merger with Commerzbank AG.

Related party disclosures

The parent company of comdirect bank AG is Commerzbank AG, Frankfurt/Main.

comdirect bank AG utilises services provided by Commerzbank AG on the basis of a framework agreement entered into effective as of 1 January 1999, and on the basis of separate related service contracts.

A master agreement was entered into with Commerzbank AG on 6 August 2007 that replaced the existing framework agreement. The individual agreements entered into under the framework agreement remain valid until the end of their respective term. New individual agreements are entered into on the basis of this master agreement.

In the context of money market and capital market transactions, comdirect bank AG makes investments with Commerzbank AG and its affiliated companies. These transactions are secured for a fee under an assignment agreement.

comdirect bank AG and Commerzbank AG also cooperate as regards brokerage activities.

For example, this relates to brokering home loans to Commerzbank AG or arranging customer campaigns to sell certificates and warrants of Commerzbank AG. comdirect bank AG receives standard sales and sales follow-up commission from Commerzbank Group companies.

To secure retirement benefit obligations, comdirect bank AG has allocated assets to a trust at Commerzbank Pension-Trust e. V.

There were minor service relationships with affiliated companies other than Commerzbank AG.

In the reporting period, there were economic relationships with natural related parties (members of the Board of Managing Directors and the Supervisory Board and their close relatives), including the use of comdirect group products as part of its normal business activities. All such business was performed at arm's-length conditions and is insignificant to the company. The related parties did not receive any unjustified advantage from their connection to comdirect group, and comdirect group did not suffer any financial losses.

Further disclosures can be found in Note (20) in the 2019 annual report.

Disclosures on selected financial statement items

Unless explicitly stated otherwise, amounts in the following explanations refer to continued activities.

Net interest income

Interest expenses were incurred for customer deposits, negative interest from financial instruments on the asset side and net interest expenses for pensions and similar obligations. Negative interest came to €9,030k (2019: €3,400k).

Interest income from financial instruments on the equity and liabilities side came to €811k (2019: €0k).

Commission income, revenue in business involving customers

€k	1.1. to 30.6.		1.4. to 30.6.	
	2020	2019	2020	2019
Commission income	256,983	130,520	127,016	66,857
Brokerage business	230,464	102,426	114,402	53,055
Payment transactions	14,890	17,682	6,849	8,614
Placement business	5,184	5,392	2,817	2,757
Other commissions	6,445	5,020	2,948	2,431

The commission revenues listed come from the utilisation of bank services by our customers and were generated predominantly at a particular point in time. Period-dependent commission is also generated in securities transactions, primarily for custody account management and from sales follow-up commission.

In individual cases, revenue is reported under "Other operating income" to a minor extent. This includes marketing services as part of sales campaigns and cooperation agreements as well as individual development work for cooperation partners.

In the brokerage business, extremely vigorous trading activity on the part of our customers, with 24.7m executed orders (previous year: 11.6m) caused a sharp rise in commission income. Considerable growth in trading activities was already seen at the start of the year. In March, order figures reached a record high due to market turbulence caused by the coronavirus pandemic. Trading activities remained considerably elevated in the next few months but waned in intensity in comparison to March. Nonetheless, 12.7m trades were reported in the second quarter of 2020, more than twice as many as the 5.9m in the same quarter of the previous year. In addition to the trading activities prompted by the coronavirus pandemic, other factors also had an influence on commission income, including changes to the range of products and prices, fluctuating income per transaction as a result of prices and shifts in trading activities between different types of securities.

Disposals and valuation result from financial assets

€7,784k was recognised as the result from the disposal of financial assets (measured at fair value through other comprehensive income) in the reporting period (2019: €7,742k).

In addition, a result from the disposal of financial assets (measured at amortised cost) of €617k was generated (2019: €-37k), comprising exclusively income (2019: exclusively expenses).

The earnings contributions result from disposals as part of treasury activities from portfolios with the "Hold and sell" business model and, to a lesser extent, the disposal of a financial instrument with the "Hold" business model. The majority of transactions were to reduce portfolio risks before the more substantial market volatility stemming from the COVID-19 pandemic. There were therefore no material effects on the transaction prices.

Value changes of financial instruments measured at fair value through profit or loss and measurement results from hedging relationships are recognised in the valuation result. The valuation result in the reporting period was €1,046k (previous year: €214k). No hedging relationships designated for hedge accounting were maintained in the reporting period.

Other administrative expenses

€k	1.1. to 30.6.		1.4. to 30.6.	
	2020	2019	2020	2019
Sales	12,839	23,288	4,821	9,839
External services	37,658	28,700	18,938	14,186
Business operations	13,240	13,399	6,411	5,979
IT expenses	13,535	12,788	5,647	6,262
Mandatory contributions	14,164	14,006	9,208	7,559
Others	975	950	299	305
Total	92,411	93,131	45,324	44,130

Financial investments

In the reporting period, all equity instruments recognised within financial investments were sold as part of restructuring the portfolios to reduce risk. Equity instruments were previously measured at fair value through other comprehensive income. The book value of the equity instruments as of 31 December 2019 came to €48.9m.

Disposals of the instruments resulted in the recognition of an amount of €1,481k (2019: €67k) directly in retained earnings without recycling in accordance with IFRS 9 in the reporting period. Disposal proceeds from equity instruments in the reporting period amounted to €46.4m.

Dividend income of €325k was generated from sold instruments in the reporting period. No dividend income was generated in 2019 from instruments sold in the previous year period. The dividend income from equities in the portfolio as of 30 June 2019 totalled €1,092k in the comparative period in 2019.

Fair value of financial instruments

The following table compares the fair values of financial instruments to their book values.

€k	Fair Value		Book value	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019
Financial assets measured at amortised cost				
Cash reserve	6,068,945	3,602,207	6,068,945	3,602,207
Claims on banks	26,212,605	24,329,933	25,610,645	23,878,767
Claims on customers	764,490	767,235	760,205	765,489
Bond portfolios with business model "Hold"	491,697	634,062	482,172	625,690
Total	33,537,737	29,333,437	32,921,967	28,872,153
Financial assets measured at fair value through OCI				
Bond portfolios with business model "Hold and Sell"	208,068	690,380	208,068	690,380
Equities for which fair value measurement recognised directly in other comprehensive income (without recycling) has been selected	0	48,907	0	48,907
Total	208,068	739,287	208,068	739,287
Financial assets measured at fair value through profit or loss				
Funds and other debt instruments	22,640	33,682	22,640	33,682
Positive fair values from derivative financial instruments	793	208	793	208
Total	23,433	33,890	23,433	33,890
Financial liabilities measured at amortised cost				
Liabilities to banks	10,042	4,487	10,042	4,487
Liabilities to customers	32,206,726	28,886,533	32,197,537	28,874,386
Total	32,216,768	28,891,020	32,207,579	28,878,873
Financial liabilities measured at fair value through profit or loss				
Negative fair values from derivative financial instruments	1,175	1,286	1,175	1,286
Total	1,175	1,286	1,175	1,286

The nominal value of financial instruments due on demand is essentially equal to their fair value. These instruments include the cash reserve, bank overdrafts and demand deposits in the balance sheet item claims on banks in the amount of €202,977k (31 December 2019: €408,054k), claims on customers of €529,444k (31 December 2019: €564,382k), liabilities to banks of €10,042k (31 December 2019: €4,487k) and liabilities to customers of €32,033,589k (31 December 2019: €28,539,874k).

The book value of short-term financial instruments included in other assets and liabilities is essentially equal to their fair value. These are essentially trade accounts receivable and payable.

The market turbulence caused by the coronavirus pandemic did not have any material effects on the fair values of financial instruments. For instruments due on demand, this is drawn from the nominal value. There was no significant increase in credit risks. Financial instruments valued at market rates were also stable, with the relevant markets remaining liquid.

The allocation of fair values to level categories is shown in the Note Fair value hierarchy.

Fair value hierarchy

The table below shows how the individual financial instruments are allocated to the appropriate level of the fair value hierarchy and to the corresponding measurement category in accordance with IFRS 9.

Level 1:

Prices quoted in active markets (not adjusted) for identical assets or liabilities.

Level 2:

Exemplary prices calculated with the exception of the quoted prices included in Level 1, which can be observed for assets or liabilities either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3:

Exemplary prices calculated for assets or liabilities, which are not based on observable market data (non-observable input data).

€k	30.6.2020			
	Total	Level 1	Level 2	Level 3
Assets				
Financial assets measured at amortised cost				
Cash reserve	6,068,945	0	6,068,945	0
Claims on banks	26,212,605	0	26,212,605	0
Claims on customers	764,490	0	529,444	235,046
Bond portfolios with business model "Hold"	491,697	390,905	100,792	0
Discontinued activities	0	0	0	0
Financial assets measured at fair value through OCI				
Bond portfolios with business model "Hold and Sell"	208,068	207,340	728	0
Equities for which fair value measurement recognised directly in other comprehensive income (without recycling) has been selected	0	0	0	0
Financial assets measured at fair value through profit or loss				
Funds and other debt instruments	22,640	0	0	22,640
Positive fair values from derivative financial instruments	793	0	793	0
Total assets	33,769,238	598,245	32,913,307	257,686
Liabilities and equity				
Financial liabilities measured at amortised cost				
Liabilities to banks	10,042	0	10,042	0
Liabilities to customers	32,206,726	0	32,206,726	0
Financial liabilities measured at fair value through profit or loss				
Negative fair values from derivative financial instruments	1,175	0	1,175	0
Total liabilities	32,217,943	0	32,217,943	0

€k	31.12.2019			
	Total	Level 1	Level 2	Level 3
Assets				
Financial assets measured at amortised cost				
Cash reserve	3,602,207	0	3,602,207	0
Claims on banks	24,329,933	0	24,329,933	0
Claims on customers	767,235	0	562,844	204,391
Bond portfolios with business model "Hold"	634,062	467,375 ¹⁾	166,687 ¹⁾	0
Financial assets measured at fair value through OCI				
Bond portfolios with business model "Hold and Sell"	690,380	409,018 ¹⁾	281,362 ¹⁾	0
Equities for which fair value measurement recognised directly in other comprehensive income (without recycling) has been selected	48,907	48,907	0	0
Financial assets measured at fair value through profit or loss				
Funds and other debt instruments	33,682	11,460	0	22,222
Positive fair values from derivative financial instruments	208	0	208	0
Total assets	30,106,614	936,760¹⁾	28,943,241¹⁾	226,613
Liabilities and equity				
Financial liabilities measured at amortised cost				
Liabilities to banks	4,487	0	4,487	0
Liabilities to customers	28,886,533	0	28,886,533	0
Financial liabilities measured at fair value through profit or loss				
Negative fair values from derivative financial instruments	1,286	0	1,286	0
Total liabilities	28,892,306	0	28,892,306	0

1) These values were adjusted retrospectively compared to the presentation in the 2019 annual report.

The classification of bonds in the fair value hierarchy as of 31 December 2019 was retrospectively adjusted in the table above. By mistake, not all available information was taken into consideration in the evaluation and so there are multiple cases of classification to Level 2 of the fair value hierarchy when Level 1 would in fact have been more appropriate. The values as of the reporting date 31 December 2019 were adjusted retrospectively. This relates to fair values with a total volume of €590m. €461m of this is attributable to bonds with the "Hold" business model and €129m to bonds with the "Hold and sell" business model. Information on transfers between the fair value hierarchy levels was calculated on the basis of the adjusted figures.

In course of the first half of the year, the fair value levels of comdirect group remained stable even in the face of the market distortions caused by the spread of the coronavirus.

In the reporting period, securities with a fair value of €1m (2019: €195m) were reclassified from Level 1 to Level 2 as quoted market prices were no longer available. By contrast, securities with a fair value of under €1m (2019: €174m) were reclassified from Level 2 to Level 1, as an active market is available due to increased market activity.

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

In the case of consumer loans, this is the result in particular of individual customer behaviour not observable on the market, which is expressed as individual default risk. This leads to an adjustment of the discounting interest rate as part of determining fair value with the discounted cash flow method. In addition to interest, credit and liquidity risks, the discount curve applied also takes

into account administrative expenses and a profit margin. Compared with the other influencing factors of the fair values, in particular interest rate risk, the default risk relating to the overall portfolio largely recedes into the background.

The value of preferred stocks of VISA Inc. USA can be derived from their stock exchange price due to the later exchange to common stocks of VISA Inc. USA. Because they are listed in US dollars, the exchange rate to euros has an effect on the fair value. There is uncertainty regarding the later exchange ratio. This is affected by possible losses of VISA Inc. from legal risks in connection with the transaction. The probability of a loss occurring and its expected amount are estimated for pricing. In both cases, they are non-observable parameters with future effects. They have low sensitivities. Discounts to be accounted for arising from the illiquidity of the preferred stocks are also non-observable. An increase in the liquidity discount of 10% (2019: 10%) by 1 percentage point would have resulted in the fair value of the preferred stocks being reduced by €252k (31 December 2019: €247k).

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

In the reporting period, fluctuations in the value of preferred stocks of VISA Inc. USA from fluctuations in the equity price of VISA Inc. and the USD exchange rate of €419k (2019: €4,848k) were economically hedged using derivatives. Overall, changes in the values of the instruments described contributed €285k to the valuation result (2019: €113k).

Impairment of assets

As in the previous year, no expenses from the impairment of intangible assets or tangible assets were to be taken into account in the first half of the year.

Provisions for possible loan losses

The overall volume of provisions for possible loan losses declined to €4,689k in the reporting period (31 December 2019: €5,286k). This includes provisions for risks arising from unused credit lines in the amount of €1,199k (31 December 2019: €1,329k).

The primary reason for the decrease in the volume of provisions for possible loan losses is the lower volume of financial investments in connection with risk reduction measures in the treasury portfolio.

The volume of retail loans was stable overall in the reporting period. As described in the section on the development of the financial situation and risk status, the coronavirus pandemic has had no critical impact to date. The economic assumptions, which are based on the provisions for possible loan losses, take the impact of COVID-19 into account.

Overall, the development of provisions for possible loan losses in the retail loan business was unremarkable, decreasing slightly in the reporting period from €3,265k as of 31 December 2019 to €3,100k as of the end of the reporting period. The decrease in provisions for risks arising from unused credit lines also affects the retail loan business.

Moderate costs of €366k were therefore recognised in the income statement for the reporting period. The previous year's figure (net income of €9k) was affected by a partial reversal of provisions for credit risks in the amount of €1,243k due to a validation of the parameters used in the risk models.

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

€k	2019				2020	
	Q1	Q2	Q3	Q4	Q1	Q2
Interest income accounted for using the effective interest method	34,016	35,281	36,127	35,398	34,666	32,432
Interest income, other	376	801	238	141	405	39
Total interest income	34,392	36,082	36,365	35,539	35,071	32,471
Interest expenses	3,247	4,398	4,587	5,017	4,857	5,818
Net interest income before provisions for possible loan losses	31,145	31,684	31,778	30,522	30,214	26,653
Provisions for possible loan losses	685	-676	-333	-1,271	-212	-154
Net interest income after provisions for possible loan losses	31,830	31,008	31,445	29,251	30,002	26,499
Commission income	63,663	66,857	70,464	72,970	129,967	127,016
Commission expenses	13,514	13,080	13,095	14,549	19,896	16,647
Net commission income	50,149	53,777	57,369	58,421	110,071	110,369
Valuation result	127	87	344	-458	660	386
Result from the disposal of financial assets measured at amortised cost	0	-37	0	0	0	617
Result from the disposal of financial assets measured at fair value through other comprehensive income	3,753	3,989	5,562	12	7,416	368
Disposals and valuation result from financial assets	3,880	4,039	5,906	-446	8,076	1,371
Other operating result	1,427	501	1,772	3,112	2,734	1,859
Total income	87,286	89,325	96,492	90,338	150,883	140,098
Personnel expenses	21,048	22,110	20,549	23,744	21,289	21,789
Other administrative expenses	49,001	44,130	41,396	46,324	47,087	45,324
Sales	13,449	9,839	8,641	9,173	8,018	4,821
External services	14,514	14,186	13,348	15,127	18,720	18,938
Business operations	7,420	5,979	5,878	8,532	6,829	6,411
IT expenses	6,526	6,262	6,602	6,926	7,888	5,647
Mandatory contributions	6,447	7,559	6,068	5,733	4,956	9,208
Others	645	305	859	833	676	299
Depreciation on fixed assets and intangible assets	4,749	4,636	4,879	5,329	4,648	4,687
Administrative expenses	74,798	70,876	66,824	75,397	73,024	71,800
Pre-tax profit from continued activities	12,488	18,449	29,668	14,941	77,859	68,298
Taxes on income	2,156	4,297	9,852	3,437	21,998	19,807
After-tax profit from continued activities	10,332	14,152	19,816	11,504	55,861	48,491
Pre-tax profit from discontinued activities	5,606	5,006	104,444	0	0	0
After-tax profit from discontinued activities	4,049	3,493	102,119	-1,326	0	0
Pre-tax consolidated profit	18,094	23,455	134,112	14,941	77,859	68,298
Consolidated net profit	14,382	17,644	121,935	10,178	55,861	48,491

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

€k	2019				2020	
	Q1	Q2	Q3	Q4	Q1	Q2
Consolidated net profit	14,382	17,644	121,935	10,178	55,861	48,491
Items which cannot be reclassified to the income statement						
Changes in actuarial gains/losses recognised in equity	-193	-128	-173	60	621	-338
Other comprehensive income for the period from equity instruments	3,947	931	1,035	1,986	-2,902	0
Items which can be reclassified to the income statement						
Changes in the revaluation reserves after tax						
Changes in value recognised in equity	6,106	4,879	2,599	-2,675	1,475	1,862
Reclassification to the income statement	-2,646	-2,788	-3,907	-6	-5,206	-258
Other comprehensive income for the period from continued activities	7,214	2,894	-446	-635	-6,012	1,266
Other comprehensive income for the period from discontinued activities	-1,732	-1,885	0	0	0	0
Total other comprehensive income	5,482	1,009	-446	-635	-6,012	1,266
Comprehensive income	19,864	18,653	121,489	9,543	49,849	49,757

Segment reporting

Until the sale of ebase was closed in 2019, management focused on two business segments: business-to-customer (B2C) and business-to-business (B2B).

The B2C business segment comprised the activities of comdirect bank AG. Brokerage, banking and advice services are performed here in direct business with modern investors. Since the acquisition of the onvista group, this has also included onvista Media GmbH, which operates the onvista.de portal, and comdirect Versicherungsmakler AG (formerly: onvista AG). In addition, the remaining special fund CDBS-Cofonds was allocated to the B2C business segment.

The B2B business segment comprised the activities of ebase GmbH.

Management and reporting now relates exclusively to the B2C business segment, which comprises all continued activities. No other reportable segments were identified.

Segment assets and segment debt are not relevant management indicators as defined by IFRS 8, and are therefore not shown. Due to the one-segment-activity, the entire profit before and after tax as stated in the income statement is solely attributable to this one segment.

Supplementary report

There were no events or developments of special significance after the reporting date.

Responsibility statement by the legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles for half-year financial reporting, the consolidated half-year financial statements give a true and fair view of the net assets, financial position and results of operations of the group, and the group interim management report includes a fair view of the development and performance of the business and the position of the group, together with a description of the material opportunities and risks associated with the expected development of the group for the remainder of the financial year.

Quickborn, 29 July 2020

The Board of Managing Directors



Frauke Hegemann



Matthias Hach

Further information

Certificate of audit review

To comdirect bank AG, Quickborn,

We have reviewed the interim condensed consolidated financial statements of comdirect bank AG, Quickborn, which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the condensed statement of cash flows and selected explanatory notes, and the interim group management report for the period from 1st January 2020 to 30th June 2020, which are part of the half-year financial report pursuant to Sec. 115 WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]. The executive directors are responsible for the preparation of the interim condensed consolidated financial statements in accordance with IFRSs on interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports. Our responsibility is to issue a report on the interim condensed consolidated financial statements and the interim group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and of the interim group management report in compliance with German Generally Accepted Standards for the Review of Financial Statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of Company's employees and analytical assessments and therefore does not provide the assurance that we would obtain from an audit of financial statements. Since, in accordance with our engagement, we have not performed an audit of financial statements, we cannot issue an auditor's report.

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Hamburg, 30 July 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Bühring	Meyer
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

2020 financial calendar

29 January	Accounts/analyst press conference
20 March	2019 annual report
28 April	Quarterly statement
5 May	Virtual annual general meeting
30 July	Half-year report
27 October	Nine-month statement

Contacts

Investor Relations

Simone Glass
Tel + 49 (0) 41 06 – 704 19 66
e-mail investorrelations@comdirect.de

Benedict Sprock
Tel + 49 (0) 41 06 – 704 14 72
e-mail investorrelations@comdirect.de


Press

Annette Siragusano
Tel + 49 (0) 41 06 – 704 19 60
e-mail presse@comdirect.de

Ullrike Hamer
Tel + 49 (0) 41 06 – 704 15 45
e-mail presse@comdirect.de

Produced in-house with firesys.

comdirect bank AG
Pascalkehre 15
25451 Quickborn
www.comdirect.de



comdirect bank AG
Pascalkehre 15
D-25451 Quickborn
Germany

www.comdirect.de