



Quarterly statement

2020

comdirect

Key figures of comdirect group

		2020 31.3.	2019 31.12.	Change in %
Customers, total assets under control and key products				
Business-to-customer (B2C) business segment				
Customers	number	2,829,191	2,742,652	3.2
Custody accounts	number	1,664,348	1,561,934	6.6
Current accounts	number	1,724,195	1,695,571	1.7
Total assets under control	in €m	75,081	80,176	-6.4
of which: portfolio volume	in €m	44,023	51,304	-14.2
of which: deposit volume	in €m	31,057	28,871	7.6
Credit volume	in €m	735	743	-1.1
Orders, order volume and net fund flow (B2C)				
Executed orders	number	12,036,887	5,670,151	112.3
Average order activity per custody account	number	29.8	16.0	86.3
Order volume per executed order ¹⁾	in €	4,747	4,552	4.3
Net fund flow	in €m	5,151	2,660	93.7
Key financial figures				
Continued activities				
Net commission income	in €k	110,071	50,149	119.5
Net interest income before provisions for possible loan losses	in €k	30,214	31,145	-3.0
Total income	in €k	150,883	87,286	72.9
Administrative expenses	in €k	73,024	74,798	-2.4
Cost/income ratio	in %	48.3	86.4	-
Pre-tax profit	in €k	77,859	12,488	523.5
Discontinued activities				
Pre-tax profit	in €k	0	5,606	-100.0
comdirect group²⁾				
Pre-tax profit	in €k	77,859	18,094	330.3
Consolidated net profit	in €k	55,861	14,382	288.4
Earnings per share	in €	0.40	0.10	288.4
Return on equity before tax ³⁾	in %	39.5	11.3	-
Return on equity after tax ⁴⁾	in %	28.3	9.0	-
Balance sheet key figures				
Balance sheet total	in €m	32,204	29,759	8.2
Equity	in €m	818	768	6.5
Equity ratio ⁵⁾	in %	2.5	2.6	-
Regulatory indicators under CRR/CRD IV⁶⁾				
Risk weighted assets ⁷⁾	in €m	947	1,381	-31.4
Eligible amount for operational and other risks	in €m	17	17	1.9
Core capital	in €m	551	550	0.3
Own funds for solvency purposes	in €m	551	550	0.3
Own funds ratio ⁸⁾	in %	47.3	34.5	-
Employee figures (B2C)				
Employees	number	1,268	1,278	-0.8
Full-time equivalent (FTE)	number	1,156	1,167	-0.9

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/>	
Business and income situation in Q1 2020	2
Growth	2
Pre-tax profit	2
Development of total income	3
Development of administrative expenses	4
Consolidated profit	4
<hr/>	
Outlook	5
Supplementary report	5
<hr/>	
Condensed consolidated interim financial statements	6
Income statement	6
Balance sheet	7
Notes	8
<hr/>	
Further information	9
2020 financial calendar	9
Contacts	9

Letter to shareholders

Dear shareholders,
Dear friends of comdirect,

What seemed unthinkable just in January is now reality: The spread of coronavirus has fundamentally changed the way our society lives. comdirect has been affected by these grave events as well. We took measures early on to protect the health of our employees and to slow the spread of the virus. Around 75% of our employees were working from home office as of the end of the quarter.

The fact that comdirect, as a digital industry company, had already established structures that enable staff to work away from the office has paid off here. Our corporate culture also helped us to adapt quickly and flexibly to the new situation. Working across the various sections of the Bank, including virtually, transparent communications and, not least, a culture of cooperation mean that even now we can focus on what has always been at the heart of comdirect: our customers.

We achieved further strong growth in net new customers in the first quarter of 2020, raising our total customer base by around 87k to 2.8m. The number of people using comdirect for their securities transactions has risen in particular: 102k new custody accounts were opened at comdirect in the first quarter of 2020. Volatile markets meant strong trading activity, which is reflected in our net commission income of €110.1m: Total assets under control are up 9% on the prior-year figure despite lower market prices. In total, the profit for the quarter in core business amounts to €77.9m, a very impressive figure.

Although we have enjoyed profitable growth over recent months, together with our Supervisory Board, we have decided to adhere to the ECB's recommendation of proposing to our annual general meeting that the dividend payment be suspended in order to strengthen our robust business model for the future. For the first time, this year's annual general meeting on 5May 2020 will be held virtually – also a consequence of the coronavirus crisis. There, a resolution is to be adopted on transferring the shares held by non-controlling shareholders to Commerzbank AG in return for an appropriate cash settlement, a process referred to under merger law as a squeeze-out. The merger agreement and report were published on 20March 2020.

Finally, I would like to tell you about a change in comdirect's Board of Managing Directors: Dietmar von Blücher, comdirect's CFO/CIO, left the company by his own request as of 31March 2020. I would like to thank him for his dedication over the past four years. Dietmar von Blücher has contributed to the Bank's ongoing development over the past four years. His duties will be assumed by the Chief Representative Thore Ludwig, who has already worked for comdirect for many years, most recently as the Divisional Manager of Treasury and business partners.

I wish you all strength and, above all, health in these challenging times.

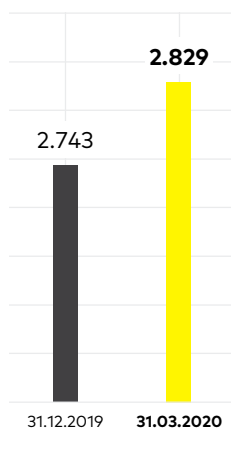
Best regards,

Frauke Hegemann

Business and income situation in Q1 2020

Growth

Number of customers (B2C)
(in k)



86.5k
net new customers

The opening quarter of 2020 was defined by market distortion on account of the effects of the coronavirus pandemic. The extremely vigorous trading activity on the part of our customers that this triggered led to 12.0m executed orders, a record figure in the Bank's history (same quarter of the previous year: 5.7m).

Despite the greater uncertainty, our customers have built up their securities holdings. This led to a net fund flow in custody accounts of €3.0bn (previous year: €2.0bn). However, owing to significant price losses on securities exchanges, at €44.0bn, the portfolio volume fell short of the figure as of the end of the last financial year (€51.3bn). The deposit volume rose to €31.1bn in the first three months of this year (end of 2019: €28.9bn). Total assets under control thus amounted to €75.1bn as of the end of the reporting period (end of 2019: €80.2bn).

In the opening quarter of 2020, we outperformed the very strong growth of the same quarter of the previous year and further accelerated our rate of growth with 86.5k net new customers. The number of customers thus rose to a new record of 2,829k as of the end of the reporting period. The total number of custody accounts climbed even more rapidly by 102k as against the end of 2019 (1,562k) to 1,664k.

Pre-tax profit

comdirect group's pre-tax profit amounted to €77.9m in the reporting period, clearly bettering the prior-year figure as a result of market distortion (€12.5m from continued activities and €18.1m in the group). The annualised return on equity (ROE) before taxes was 39.5% (previous year: 8.0% from continued activities and 11.3% in the group).

Development of total income

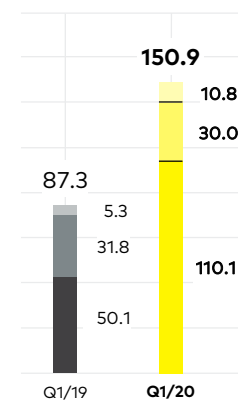
The rise in total income from continued activities of 72.9% to €150.9m (previous year: €87.3m) is dominated by the growth in net commission income, which was driven by market distortion and the resulting high ordering activity on the part of our customers.

The slight decline in net interest income before provisions for possible loan losses of 3.0% to €30,2m (previous year: €31.1m) essentially related to higher interest expenses. Provisions for possible loan losses benefited from the partial reduction of bond positions in the reporting quarter. The coronavirus pandemic has had no conspicuous impact on lending business with private customers to date. Net expenses for provisions for possible loan losses amounted to €0.2m in total (previous year: net income of €0.7m). Accordingly, net interest income after provisions for possible loan losses totalled €30.0m (previous year: €31.8m).

Net commission income amounted to €110.1m in the reporting period, significantly higher than the previous year's figure of €50.1m. As a result of trading activity due to market conditions, commission income was more than double the previous year's figure at €130.0m in total (€63.7m). Driven by higher execution costs due to trading, commission expenses climbed from €13.5m in the same quarter of the previous year to currently €19.9m.

Other income components amounted to €10.8m in total in the reporting period, improving on the previous year's figure of €5.3m. The main factor behind this was the rise in the disposals and valuation result from financial assets to €8.1m (previous year: €3.9m). The other operating result amounted to €2.7m (previous year: €1.4m).

Total income from continued activities (in €m)



○ Other income components

● Net interest income

● Net commission income

↑ 72.9 %
growth

Development of administrative expenses

Administrative expenses were down year-on-year at €73.0m (€74.8m).

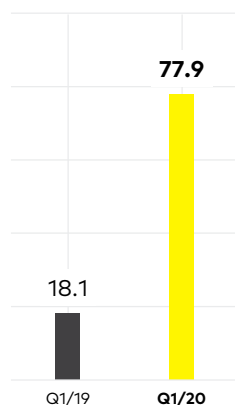
Other administrative expenses were below the prior-year figure at €47.1m (€49.0m), in particular as a result of lower sales expenses and mandatory contributions to deposit insurance schemes. Expenses for external services rose from €14.5m to €18.7m in the reporting quarter, primarily on account of execution costs for securities transactions.

Both personnel expenses (€21.3m) and depreciation (€4.6m) were at the same level as in the previous year (personnel expenses: €21.0m; depreciation €4.7m).

The cost/income ratio (CIR) was 48.3% in the reporting quarter thanks to much higher income (previous year: 86.4% from continued activities).

Consolidated profit

Pre-tax consolidated profit
(in €m)



comdirect group generated a pre-tax consolidated profit of €77.9m in the first quarter of 2020 (previous year: €12.5m from continued activities and €18.1m in the group). Its consolidated net profit amounted to €55.9m (previous year: €10.3m from continued activities and €14.4m in the group).

39.5 %

pre-tax ROE
(annualised)

Outlook

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 is planning a merger with comdirect bank AG.

The first quarter 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 quarter under review has been significantly influenced by the resulting high trading activity of our customers. At the same time, however, forecast conditions have become substantially more precarious.

In the quarter under review, our expectations were exceeded significantly due to the exceptional trading activity. In April, trading continued at above-average levels, albeit below the extraordinarily high levels of March. For the remainder of the year, we expect the average trading activity to soften and the trading activity of our customers to normalise.

On the basis of further scenario analysis, we expect to be able to exceed our initial forecast for the financial year 2020 of €100-120m due to the extraordinary capital market upheavals during the month of March, despite the current macro-economic environment as well as continued uncertainties.

We expect a pre-tax profit in the range of €130-150m. This increase is based on an assumption of a significantly higher net commission income when compared with the forecast from the end of last year. This should more than offset the expected further decline in net interest income. For all other result components, we reiterate our forecast published in our annual report 2019.

comdirect group's risks and opportunities have not changed significantly since the 2019 annual report. The risk report can be found from page 40 of the 2019 annual report and note (51) on risk reporting on financial instruments from page 131. The report on opportunities begins on page 53.

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

There were no events or developments of special significance after 31 March 2020.

Condensed consolidated interim financial statements

Income statement

Income statement of comdirect group according to IFRS

€k	1.1. to 31.3.	
	2020	2019
Interest income accounted for using the effective interest method	34,666	34,016
Interest income, other	405	376
Total interest income	35,071	34,392
Interest expenses	4,857	3,247
Net interest income before provisions for possible loan losses	30,214	31,145
Provisions for possible loan losses	-212	685
Net interest income after provisions for possible loan losses	30,002	31,830
Commission income	129,967	63,663
Commission expenses	19,896	13,514
Net commission income	110,071	50,149
Valuation result	660	127
Result from the disposal of financial assets measured at amortised cost	0	0
Result from the disposal of financial assets measured at fair value through other comprehensive income	7,416	3,753
Disposals and valuation result from financial assets	8,076	3,880
Other operating result	2,734	1,427
Total income	150,883	87,286
Personnel expenses	21,289	21,048
Other administrative expenses	47,087	49,001
Depreciation on fixed assets and intangible assets	4,648	4,749
Administrative expenses	73,024	74,798
Pre-tax profit from continued activities	77,859	12,488
Taxes on income	21,998	2,156
After-tax profit from continued activities	55,861	10,332
Pre-tax profit from discontinued activities	0	5,606
After-tax profit from discontinued activities	0	4,049
Pre-tax consolidated profit	77,859	18,094
Consolidated net profit	55,861	14,382

Balance sheet

Balance sheet of comdirect group according to IFRS

Assets

€k	as of 31.03.2020	as of 31.12.2019
Cash reserve	6,700,149	3,602,207
Claims on banks	23,786,726	23,878,767
Claims on customers	750,737	765,489
Positive fair values from derivative financial instruments	2,127	208
Financial investments	852,667	1,398,659
Intangible assets	42,756	43,343
Fixed assets	28,834	30,544
Current income tax assets	1,031	1,001
Deferred income tax assets	0	4,331
Other assets	39,447	33,961
Total assets	32,204,474	29,758,510

Liabilities and equity

€k	as of 31.03.2020	as of 31.12.2019
Liabilities to banks	92,209	4,487
Liabilities to customers	31,136,685	28,874,386
Negative fair values from derivative financial instruments	0	1,286
Provisions	29,797	25,128
Current income tax liabilities	10,988	7,983
Deferred tax liabilities	7,128	0
Other liabilities	109,378	76,800
Equity	818,289	768,440
Subscribed capital	141,221	141,221
Capital reserve	223,296	223,296
Retained earnings	232,759	230,657
Revaluation reserves	1,013	9,127
Consolidated net profit 2019	164,139	164,139
Consolidated net profit 2020	55,861	0
Total liabilities and equity	32,204,474	29,758,510

Notes

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

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

Further information

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

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