www.comdirect.de

comdirect

Half-year report
2017

Key figures of comdirect group

Customers, assets under management and key products		2017 30.6.	2016 31.12.	Change in %
comdirect group*				
Customers	number	3,266,711	3,116,797	4.8
Custody accounts	number	2,013,659	1,867,163	7.8
Total assets under management	in €m	84,880	75,749	12.1
– of which: portfolio volume	in €m	63,924	57,249	11.7
– of which: deposit volume	in €m	20,956	18,500	13.3
Business-to-customer (B2C) business line				
Customers	number	2,224,868	2,080,949	6.9
Custody accounts	number	1,148,588	1,006,753	14.1
Current accounts	number	1,394,200	1,355,747	2.8
Total assets under management	in €m	53,562	45,998	16.4
– of which: portfolio volume	in €m	32,926	27,777	18.5
– of which: deposit volume	in €m	20,637	18,221	13.3
Credit volume	in €m	370	326	13.5
Business-to-business (B2B) business line				
Customers	number	1,041,843	1,035,848	0.6
Custody accounts	number	865,071	860,410	0.5
Total assets under management	in €m	31,318	29,751	5.3
– of which: portfolio volume	in €m	30,998	29,473	5.2
– of which: deposit volume	in €m	320	278	15.1
Orders and order volume		**Q1-Q2**	**Q1-Q2**	
Executed orders	number	13,391,272	11,907,907	12.5
– of which: B2C	number	7,937,988	7,490,018	6.0
– of which: B2B	number	5,453,284	4,417,889	23.4
Average order activity per custody account (B2C annualised)	number	14.7	15.6	– 5.8
Order volume per executed order (B2C)[1]	in €	5,079	4,560	11.4
Earnings ratios		**Q1-Q2**	**Q1-Q2**	
Net commission income	in €k	120,198	108,444	10.8
Net interest income before provisions for possible loan losses	in €k	47,818	62,094	– 23.0
Administrative expenses	in €k	133,450	128,194	4.1
Pre-tax profit	in €k	50,912	87,878	– 42.1
Net profit	in €k	40,712	66,307	– 38.6
Earnings per share	in €	0.29	0.47	– 38.3
Return on equity before tax (annualised)[2]	in %	17.4	31.9	–
Return on equity after tax (annualised)[3]	in %	13.9	24.0	–
Cost/income ratio	in %	72.4	59.6	–
Balance sheet key figures		**30.6.**	**31.12.**	
Balance sheet total	in €m	21,732	19,273	12.8
Equity	in €m	618	628	– 1.6
Equity ratio[4]	in %	2.7	3.0	–
Regulatory indicators under CRR/CRD IV[5]		**30.6.**	**31.12.**	
Risk weighted assets[6]	in €m	912	923	– 1.2
Eligible amount for operational and other risks	in €m	15	17	– 11.8
Core capital	in €m	488	438	11.4
Own funds for solvency purposes	in €m	488	438	11.4
Own funds ratio[7]	in %	44.6	38.8	–
Employees' figures		**30.6.**	**31.12.**	
Employees	number	1,431	1,332	7.4
Employees full-time basis	number	1,284.2	1,198.1	7.2

*) B2C: comdirect bank AG incl. former onvista group; B2B: ebase GmbH, contributions of onvista from the date of closing onwards (3 April 2017)
1) excluding CFD trades
2) Pre-tax profit/average equity (excluding revaluation reserves) in the reporting period
3) After-tax profit/average equity (excluding revaluation reserves) in the reporting period
4) Equity (excluding revaluation reserves)/balance sheet total
5) These figures are calculated on the basis of internal calculations; publication is voluntary and based on national and European implementation rules and the figures are not reported to the Supervisory Authority. The figures are based on a supervisory scope of consolidation formed exclusively for comparison purposes.
6) Risk weighted assets in accordance with Section 113 paragraph 6 CRR of the German Banking Act (KWG) (intragroup receivables are zero weighted)
7) Own funds for solvency purposes/(risk weighted assets + 12.5 x eligible amounts for operational and other risks)

Dear Shareholders,
Dear Friends of comdirect,

In May, comdirect became one of the first banks in Germany to launch a comprehensive robo-advisor. cominvest provides our customers with a solution to the low and zero-interest environment. We offer three support models according to the customer's preferences and the level of support they require. These range from free investment tips for self-directed customers, to investment recommendations as part of an advisory service, to comprehensive worry-free investment in the form of a cost-efficient asset management service. Our customers have the choice. At the same time we are demonstrating that professional securities investment and custody account management is not solely reserved for large assets, but works for virtually all customers from a minimum investment amount of €3,000.

The persistent low interest rate environment is a challenge not only for bank customers, but also for banks themselves, including comdirect. However, we were able to close out the first half-year with a good result of €50.9m before taxes and a return on equity (RoE) of 17.4%, 8.7% above the previous year's value adjusted for the non-recurring VISA effect. Our clear strategic focus on the securities business is therefore beginning to pay off gradually. This is demonstrated by the strong trade figures as well as the rise in assets under management by over €9bn in just six months. Net commission income has grown as a result, increasingly compensating for the declining net interest income. In addition, we utilised the market environment for the further realisation of valuation gains in financial investment. For the year as a whole, we are aiming for pre-tax profit of around €85m and RoE before tax of around 14%.

onvista bank and onvista media GmbH have been part of the comdirect group since the beginning of the second quarter, and have supported its growth. Customer numbers and portfolio volume are continuing to grow at both comdirect bank and onvista bank. We began to create simple and efficient structures in June as a result of the merger of onvista bank GmbH with comdirect bank AG. This has already enabled us to generate initial synergies. Together with onvista bank and onvista media GmbH, we will achieve our overarching strategic objective even more rapidly. We intend to be the top address for saving, investing and trading with securities in Germany, supporting our customers as a smart financial centre. Also with the financial portal onvista.de.

We will also systematically implement our strategy over the second half of the year. On the one hand, we intend to establish cominvest as a solution for medium and long-term cash investment. On the other hand, we want to place an even greater emphasis on trading. We intend to further strengthen our position in the German brokerage market with targeted measures, a differentiated customer approach and an attractive range of products and services.

Kind regards – and protect your savings. With cominvest, for example.

A. Walter

Arno Walter

Interim group management report as of 30 June 2017

Commercial and regulatory framework conditions

In the first half of 2017, economic framework conditions largely developed in line with the assumptions indicated in the 2016 outlook report. While the US Federal Reserve raised the base rate by 50 basis points in two stages in March and June to the new range of 1.00% to 1.25%, the European Central Bank (ECB) is maintaining its zero-interest rate policy. The bond purchases continued at an unchanged volume in the first half of the year despite expectations. At an average of –0.33% during the first half-year, the three-month EURIBOR, which is crucial for comdirect, was 11 basis points below that of the previous year (–0.22%). The yields on ten-year government bonds were positive, although only at a low level. The framework conditions for the deposit business therefore remained difficult.

The low level of volatility on the equity markets during the first half-year ensured restrained growth in order figures. By contrast, investment funds and exchange-traded funds (ETFs), remained a focus of investor interest. The BVI investment statistics show net fund inflows into retail funds (including ETFs) after the first five months of 2017 of €30.5bn as against €5.5bn in the previous year.

Measured against total assets under management and the number of executed orders, the comdirect group remained one of the leading direct banks throughout Germany. Its acquisition of the former onvista group (consisting of onvista bank GmbH, onvista AG and onvista media GmbH) concluded in April 2017 meant that comdirect had expanded its market position, gaining both customers and assets. With onvista.de of onvista media GmbH, comdirect has acquired one of the leading financial portals in Germany.

In view of the regulatory environment, the implementation of the EU General Data Protection Regulation (GDPR) and the Markets in Financial Instruments Directive – II (MiFID II) continue to be of particular relevance. In particular, the new regulatory standards require changes in relation to the processing of personal data and the sale of securities. In April, the Federal Financial Supervisory Authority (BaFin) published standards relating to video identification procedures via a circular. These especially concern the customer information to be checked and the internal processes in customer service.

The following comments relate – where not otherwise indicated – to the comparison of the figures for the first half of 2017 with those of the corresponding period in the previous year (first half of 2016), or with the figures as of 31 December 2016 where information on the balance sheet is given.

Significant events: Acquisition of the onvista group

Following the successful conclusion of the complete acquisition of onvista AG by Boursorama S.A. on 3 April 2017, the two wholly-owned subsidiaries onvista bank GmbH and onvista media GmbH were sold to comdirect bank AG by onvista AG. onvista bank GmbH was merged with comdirect bank AG. Registration in the commercial register took place on 12 June 2017. We will aim to simplify the structure under company law as well as the associated regulatory reporting system. onvista bank will be managed under the same name, as a division of comdirect. With its well-known financial portal www.onvista.de, onvista media GmbH is to be further expanded as a wholly-owned subsidiary of comdirect bank AG.

As of 3 April 2017, onvista bank served around 102k customers, managing assets of €3bn.

The acquisition of the former onvista group and the integration of onvista bank have an impact on the net assets, financial position and results of operations of the comdirect group. The material effects are explained in the interim group management report. Additional information can be found in the selected explanatory notes on pages 24 to 26.

The integration of onvista bank also led to adjustments in the area responsibilities of the members of the Board of Managing Directors. Responsibility for the organisational units (back office) of onvista bank was assumed by Dietmar von Blücher (CFO), while the customer-oriented departments (market) of onvista bank, as well as area responsibility for onvista media GmbH, rest with Dr Sven Deglow (CMO).

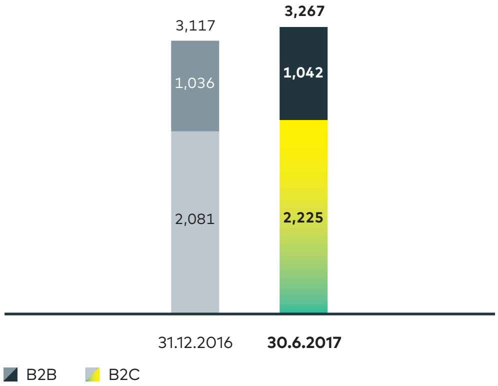
Overall assessment of the economic situation

comdirect achieved strong organic growth in the first half of 2017, additionally gaining customers and assets under management through the integration of onvista bank. By mid-2017, comdirect was serving 3.3m customers, around 150k more than at the end of 2016. Pre-tax profits exceeded the previous year's value, which was adjusted for the exceptional effect arising from the VISA transaction, by 8.7%. Return on Equity (RoE) amounted to 17.4%. Further stabilisation of net interest income could be seen in the second quarter, following a clearly declining trend at the beginning of the year. The overall decreasing earnings in the interest-related operations were compensated for to a large degree by increased commission income. This was the result of both the continuously growing portfolio volume and higher trade figures. The strategic focus on saving, investing and trading with securities is to this extent gradually paying off. The realisation of valuation gains also generated a good result from financial investments.

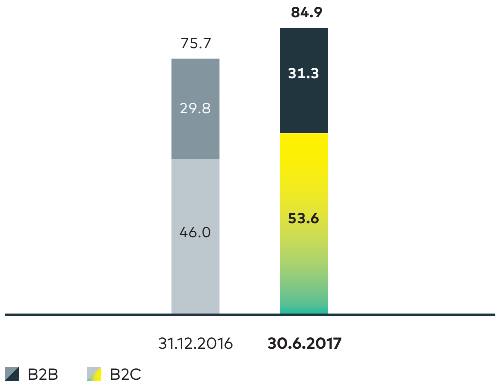
onvista bank, integrated since the beginning of the second quarter, contributed a slightly positive pre-tax profit including negative goodwill. Initial income synergies were generated here through mutual investment of customer funds and cost-cutting effects. The initial measures taken within the course of the integration mean that onvista bank is not expected to affect profits overall for the group's result in 2017.

comdirect expanded its service range for saving, investing and trading with securities in the second quarter with its digital asset management product cominvest – a comprehensive, innovative solution for securities investment and advice for all.

Customers of comdirect group
(in k)



Total assets under management of comdirect group
(in €bn)



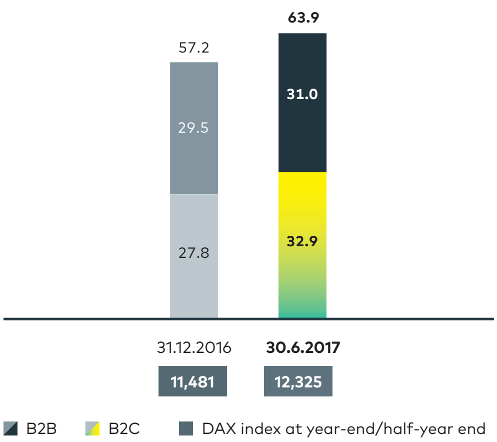
Business performance and earnings situation

Growth
In the first half-year, the number of executed orders in both business lines increased to 13.4m, thus exceeding the previous year's value (11.9m) by 12.5%. The number of custody accounts rose by 146k to 2.0m.

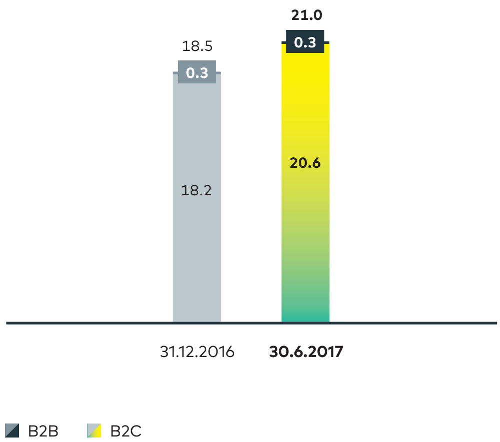
Total assets under management increased on the end-of-year figure by 12.1% to €84.9bn. This includes the assets under management taken over from onvista bank amounting to €3.0bn on acquisition. The organic growth was primarily due to increased portfolio volumes in the B2C and B2B business lines. Net fund inflows impacted at €4.0bn. Price effects also contributed to the volume increase. Deposits in the B2C business line increased 13.3% to €20.6bn.

The number of customers in the B2C business line increased significantly by 144k (+6.9%), to which the integration of onvista bank contributed considerably with 102k customers on acquisition. The number of customers remained largely the same in the B2B business line. As of 30 June 2017, comdirect therefore had a total of 3,267k customers, which is around 150k more than at the end of 2016 and 246k more than twelve months ago.

Portfolio volume
(in €bn)



Deposit volume
(in €bn)

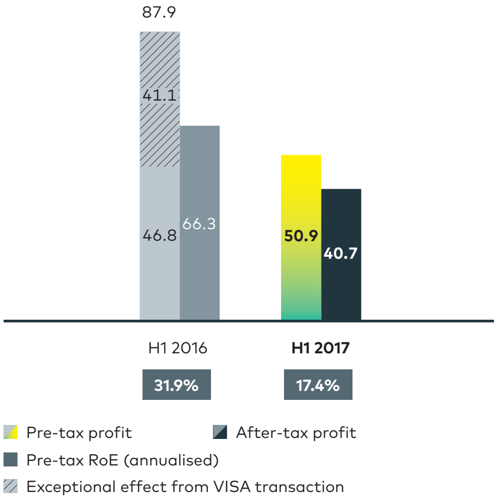


Result

Pre-tax profit in the first half of 2017 amounted to €50.9m. The previous year's high value (€87.9m) was due to non-recurrent income of around €41m from the VISA transaction (presented in detail in the 2016 group management report). Adjusted for the VISA exceptional effect, pre-tax profit in the first half of 2017 was 8.7% above the previous year's value. The annualised pre-tax return on equity amounted to 17.4% (previous year: 31.9%). Consolidated net profit amounted to €40.7m (previous year: €66.3m). This resulted in earnings per share of €0.29 (previous year: €0.47). comdirect group's total comprehensive income, including the changes to revaluation reserves recognised directly in equity, came to €24.7m (previous year: €37.6m).

Pre-tax and after-tax profit

(in €m)



Earnings performance

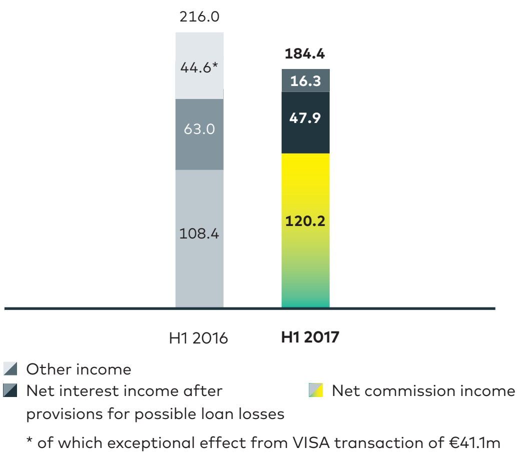
Compared with the first half of the previous year, earnings fell by 14.7% to €184.4m. Adjusted for the exceptional effect arising from the VISA transaction, there was however a rise of 5.3%.

Net interest income before provisions for possible loan losses amounted to €47.8m and was therefore, as expected in the current interest rate environment, significantly below the previous year's value (€62.1m). Compared to the first quarter of 2017 (€24.8m) however, net interest income fell by only €1.8m to €23.0m. After provisions for possible loan losses, net interest income stood at €47.9m (previous year: €63.0m). In the half-year under review, provisions for possible loan losses were positive at €88k as in the previous year (€903k). The main reason is the partial reversal of portfolio loan loss provisions due to a change in estimates relating to the parameters in the risk models.

At €120.2m, net commission income exceeded the previous year's value (€108.4m) by 10.8%. The integration of the former onvista group also contributed to this. The increase in portfolio volume also attracted greater sales follow-up commission in the funds business.

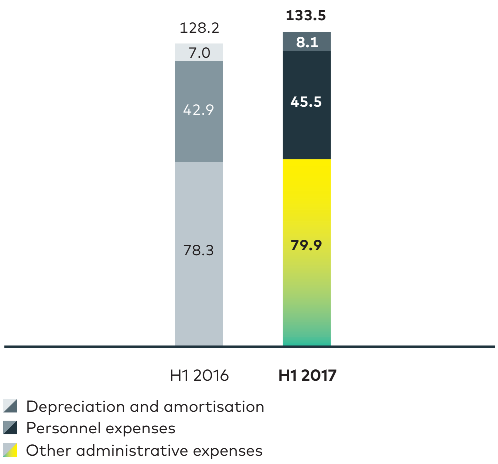
Earnings

(in €m)

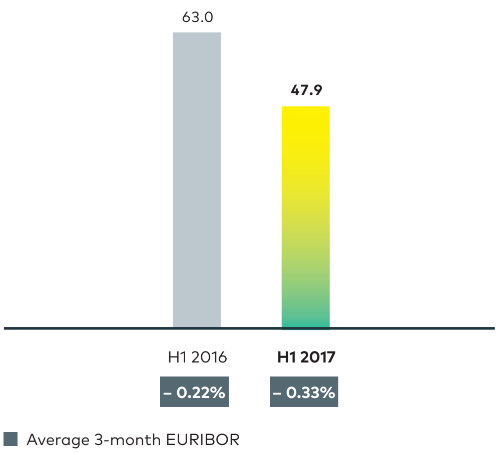


Administrative expenses

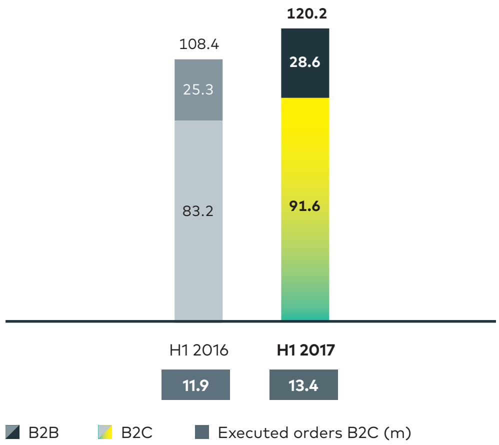
(in €m)



Net interest income after provisions for possible loan losses (in €m)



Net commission income
(in €m)

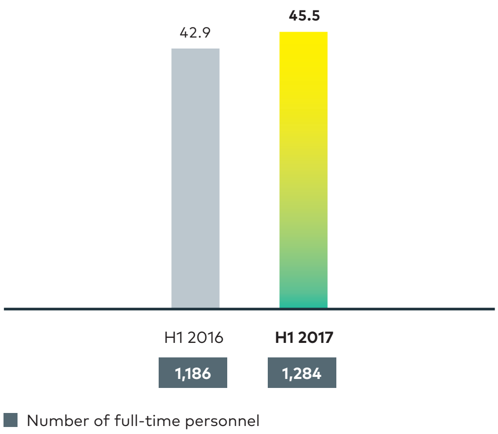


The positive result from financial investments was attributable to the realisation of share price gains in comdirect's own investments, as was the case in the first quarter. The earnings from the VISA transaction were included in the previous year. The increase in other operating result to €5.1m is primarily due to the reversal of several provisions and negative goodwill from the acquisition of the former onvista group (see "Disclosures relating to business combinations" on pages 24 to 26).

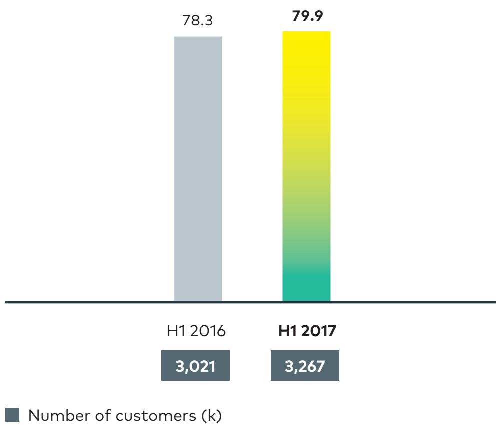
Development of expenditure

At €133.5m, administrative expenses were 4.1% above the comparable value for the first six months of 2016 (€128.2m). This is partly the result of increased other administrative and personnel expenses due to the integration of the former onvista group, and partly from increased administrative expenses and greater costs arising from the implementation of regulatory issues. Overall, other administrative expenses increased by 2.0% and personnel expenses by 6.1%. The cost/income ratio increased to 72.4% compared to the previous year's value of 59.6%, which was affected by the VISA transaction.

Personnel expenses
(in €m)



Other administrative expenses
(in €m)



Business performance and earnings situation in the segments

B2C business line (including former onvista group)
As a result of the integration of onvista bank, the number of executed orders rose compared to the previous year's value (11.9m) by 12.5% to 13.4m. The annualised order activity per custody account decreased from 15.6 in the previous year's period to 14.7. At €32.9bn mid-2017, the portfolio volume exceeded the 2016 year-end figure (€27.8bn). Of this, €2.6bn was attributable to onvista bank. The organic net fund inflows in portfolio volume amounted to €1.7bn in the first half-year, compared with €1.8bn in the previous year's period. The number of custody accounts rose by 14.1% to 1,149k in the first six months (end 2016: 1,007k). Compared with the end of 2016 (€18.2bn), the volume of deposits increased by 13.3%, to €20.6bn. Of this, €0.8bn is attributable to settlement accounts at onvista bank.

The volume of utilisation of credit products by private customers as of mid-2017 came to €370m as against €326m at year-end 2016.

In the first half of 2017, the B2C business line achieved pre-tax profit of €44.0m (previous year: €83.8m including VISA non-recurring income). The cost/income ratio amounted to 71.7% (previous year: 56.3%).

B2B business line
Due to net fund inflows and price effects, the portfolio volume in the B2B business line increased to €31.0bn (end 2016: €29.5bn).

Net commission income increased to €28.6m (previous year: €25.3m), to which higher trade figures also contributed in addition to the growing portfolio volume. Because of persistently low market interest rates, original net interest income from investments fell to €–225k (previous year: €137k). Negative interest rate effects arising from provisions for pensions amounted to an overall net interest income of €–351k (previous year: €–85k). The administrative expenses increased slightly to €22.1m (previous year: €21.6m).

With pre-tax profit of €6.9m, the B2B business line significantly exceeded the previous year's value (€4.1m). The cost/income ratio amounted to 76.2% (previous year: 84.1%).

Assets and financial situation

The integration of the former onvista group and the continued organic growth in deposits led to a 12.8% increase in the balance sheet total since year-end 2016 to €21.7bn.

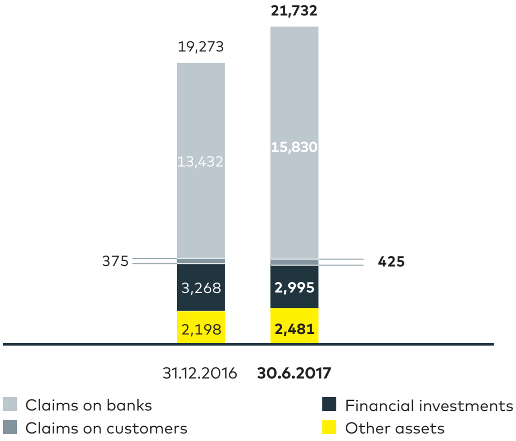
The financing side of the balance sheet was impacted by the deposits from onvista bank of around €786m (as of 30 June 2017). Overall, the deposits from private customers rose to €21.0bn as of 30 June (end 2016: €18.5bn).

Liabilities to banks, which reflect the balances of the current clearing accounts at Commerzbank, amounted to €11.7m (end 2016: €15.6m). Provisions stood at €37.0m (end 2016: €39.6m). Equity amounted to €617.6m (end 2016: €628.2m).

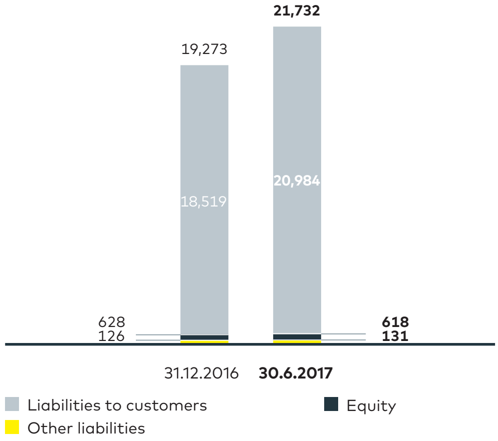
On the assets side, the greater claims on banks are partly due to the reinvestment of the deposits brought in by onvista bank. For the same reason, the liquidity position of €2,138m increased to €2,389m.

Due to maturities and disposals, the volume of financial investments declined from €3,268m to €2,995m.

Structure of consolidated balance sheet – assets (in €m)



Structure of consolidated balance sheet – liabilities and equity (in €m)



As part of the purchase price allocation required by IFRS, the intangible assets increased by a total of €24.0m. The amount is primarily due to previously unreported assets of the former onvista group in the form of its customer base, software and brand.

Strategy implementation and product development in the second quarter

B2C business line (including former onvista group)
The digital asset management product cominvest started being sold to customers in May 2017. The investment solution not only targets self-directed customers, but also customers looking for an advice solution or traditional asset management. cominvest creates investment proposals tailored to the customer profile based on five different risk profiles and a portfolio of over 4,000 securities, including actively managed funds, ETFs and exchange-traded commodities (ETCs). Customers can select from three different levels of support to implement their investment strategy. The cominvest portfolios are continuously optimised via an algorithm, which is permanently monitored by comdirect experts. This method allows professional asset management from an investment amount of just €3,000.

comdirect is the first bank in Germany to offer call-up of stock exchange prices via Alexa. This feature has been available since May. A total of over 10,000 share prices worldwide and selected euro exchange rates, indices and commodity prices can be called up in real-time via the securities name or security identification number (SIN).

Following the successful conclusion of the acquisition, the brand image of the former onvista group was renewed in April 2017 and adapted to the comdirect design. By changing the corporate design of onvista bank and onvista media GmbH, comdirect is also fulfilling a contract component with Boursorama S.A. The merger of onvista bank GmbH with comdirect bank AG took place on 12 June 2017.

B2B business line/ebase
In the second quarter, ebase expanded its range of information for sustainable investment with funds. Financial intermediaries and investors can select those funds with an investment policy oriented towards sustainability according to their preferred criteria; the new FNG quality seal also provides an overview of funds.

Outlook, risk and opportunity report

Forward-looking statements
We forecast future developments in the economy based on assumptions that are most plausible from today's perspective. However, the comdirect group's planning and all statements regarding future development are of course associated with uncertainty, especially in the current market situation. The actual development of the market environment or of the bank can vary from the assumed trends. comdirect does not intend to update the forward-looking statements or to correct them in the case that development is different to that expected.

Expected business performance and earnings situation
With regard to business and earnings performance and the central performance indicators, comdirect stands by the expectations outlined in the 2016 outlook report and the development of profits compared with 2016 after completing the first half of 2017, and now anticipates pre-tax profit of around €85m and a RoE before tax of around 14%.

Having declined significantly in the first six months, net interest income is likely to stabilise over the course of the year and will be more than compensated for by the expected rise in net commission income. The profit contribution of the former onvista group will be broadly balanced for 2017.

In the coming months, the strategic focus will be on establishing cominvest and on strengthening our positioning further in the trading business. The focus will also include continuing to onboard onvista bank, as well as further developing onvista media GmbH within the comdirect group.

In the second half of 2017 there will also be an emphasis on the implementation of regulatory issues, including for example MiFID II and GDPR.

Expected financial situation and risk status
The financial situation is expected to remain stable.

The position of the comdirect group in terms of risks and opportunities is essentially unchanged compared with the presentation in the 2016 annual report. The former onvista group was integrated into comdirect's risk management system. Its smaller size compared to comdirect means there are no significant changes to the risk parameters and risk situation. The risk report can be found on pages 57 to 70 of the annual report 2016, while note (50) regarding the risk reporting of financial instruments is on pages 130 to 134. The opportunity report can be found on pages 71 and 72.

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

Supplementary report

No major events or developments of special significance have occurred since the reporting date of 30 June 2017.

Condensed consolidated financial statements

Income statement

Income statement of comdirect group according to IFRS

€k	1.1. to 30.6.		1.4. to 30.6.	
	2017	2016	2017	2016
Interest income	56,814	71,223	27,866	34,105
Interest expenses	8,996	9,129	4,849	4,127
Net interest income before provisions for possible loan losses	**47,818**	**62,094**	**23,017**	**29,978**
Provisions for possible loan losses	88	903	376	995
Net interest income after provisions for possible loan losses	**47,906**	**62,997**	**23,393**	**30,973**
Commission income	217,953	179,571	112,909	90,002
Commission expenses	97,755	71,127	51,859	36,434
Net commission income	**120,198**	**108,444**	**61,050**	**53,568**
Trading result and result from hedge accounting	–528	–41	–297	35
Result from financial investments	11,680	42,470	6,568	41,875
Administrative expenses	**133,450**	**128,194**	**70,743**	**63,217**
Other operating result	5,106	2,202	3,514	917
Pre-tax profit	**50,912**	**87,878**	**23,485**	**64,151**
Taxes on income	10,200	21,571	3,145	15,114
Net profit	**40,712**	**66,307**	**20,340**	**49,037**

Undiluted/diluted earnings per share

	1.1. to 30.6.		1.4. to 30.6.	
	2017	2016	2017	2016
Net profit (in €k)	40,712	66,307	20,340	49,037
Average number of ordinary shares (number)	141,220,815	141,220,815	141,220,815	141,220,815
Undiluted/diluted earnings per share (in €)	**0.29**	**0.47**	**0.14**	**0.35**

No shares were issued in the financial year so that the average number of ordinary shares corresponds to the number of ordinary shares outstanding as of 31 December 2011.

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.	
	2017	2016	2017	2016
Net profit	**40,712**	**66,307**	**20,340**	**49,037**
Items which cannot be reclassified to the income statement				
– Changes in actuarial gains/losses recognised in equity	1,402	–3,866	1,580	–1,349
Items which can be reclassified to the income statement				
– Changes in the revaluation reserves after tax				
Change in value recognised in equity	–6,067	11,783	–4,178	2,161
Reclassification to the income statement	–11,322	–36,608	–6,406	–36,038
Other comprehensive income for the period	**–15,987**	**–28,691**	**–9,004**	**–35,226**
Comprehensive income	**24,725**	**37,616**	**11,336**	**13,811**

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

The tax contributions included in other comprehensive income for the period are as follows:

Other comprehensive income for the period €k	**Before tax**	**Tax**	**After tax**
1 January to 30 June 2017			
Actuarial gains and losses	1,666	–264	1,402
Change in the revaluation reserves	–21,291	3,902	–17,389
Other comprehensive income for the period	**–19,625**	**3,638**	**–15,987**
1 January to 30 June 2016			
Actuarial gains and losses	–5,349	1,483	–3,866
Change in the revaluation reserves	–21,575	–3,250	–24,825
Other comprehensive income for the period	**–26,924**	**–1,767**	**–28,691**

Other comprehensive income for the period €k	**Before tax**	**Tax**	**After tax**
1 April to 30 June 2017			
Actuarial gains and losses	2,223	–643	1,580
Change in the revaluation reserves	–11,650	1,066	–10,584
Other comprehensive income for the period	**–9,427**	**423**	**–9,004**
1 April to 30 June 2016			
Actuarial gains and losses	–1,852	503	–1,349
Change in the revaluation reserves	–33,405	–472	–33,877
Other comprehensive income for the period	**–35,257**	**31**	**–35,226**

Balance sheet

Balance sheet of comdirect group according to IFRS

€k		
Assets	**as of 30.6.2017**	**as of 31.12.2016**
Cash reserve	2,388,692	2,138,165
Claims on banks	15,830,111	13,432,413
Claims on customers	425,290	375,114
Trading assets	1,274	0
Financial investments	2,995,487	3,268,287
Intangible assets	48,291	24,255
Fixed assets	14,972	15,546
Current income tax assets	1,944	198
Deferred income tax assets	1,191	3,591
Other assets	25,025	15,886
Total assets	**21,732,277**	**19,273,455**
Liabilities and equity	**as of 30.6.2017**	**as of 31.12.2016**
Liabilities to banks	11,702	15,577
Liabilities to customers	20,983,982	18,518,937
Negative fair values from derivative hedging instruments	0	1,447
Trading liabilities	434	0
Provisions	36,989	39,583
Current income tax liabilities	203	2,429
Other liabilities	81,385	67,320
Equity	**617,582**	**628,162**
– Subscribed capital	141,221	141,221
– Capital reserve	223,296	223,296
– Retained earnings	182,377	146,394
– Revaluation reserves	29,976	47,365
– Consolidated profit 2016	0	69,886
– Net profit from 1.1. to 30.6.2017	40,712	–
Total liabilities and equity	**21,732,277**	**19,273,455**

Statement of changes in equity

€k	Sub-scribed capital	Capital reserve	Retained earnings	Reva-luation reserves[1]	Group result	Total
Equity as of 1.1.2016	**141,221**	**223,296**	**127,438**	**75,787**	**56,488**	**624,230**
Net profit from 1.1. to 31.12.2016	–	–	–	–	92,511	92,511
Change in actuarial gains/losses recognised in equity			–3,669	–	–	–3,669
Change in the revaluation reserves	–	–	–	–28,422	–	–28,422
Comprehensive income 2016	**–**	**–**	**–3,669**	**–28,422**	**92,511**	**60,420**
Profit distributions	–	–	–	–	–56,488	–56,488
Allocation to reserves/transfer from reserves	–	–	22,625	–	–22,625	0
Equity as of 31.12.2016/1.1.2017	**141,221**	**223,296**	**146,394**	**47,365**	**69,886**	**628,162**
Net profit from 1.1. to 30.6.2017	–	–	–	–	40,712	40,712
Change in actuarial gains/losses recognised in equity			1,402	–	–	1,402
Change in the revaluation reserves	–	–	–	–17,389	–	–17,389
Comprehensive income from 1.1. to 30.6.2017	**–**	**–**	**1,402**	**–17,389**	**40,712**	**24,725**
Profit distributions	–	–	–	–	–35,305	–35,305
Allocation to reserves/transfer from reserves	–	–	34,581	–	–34,581	0
Equity as of 30.6.2017	**141,221**	**223,296**	**182,377**	**29,976**	**40,712**	**617,582**

1) pursuant to IAS 39

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

1) pursuant to IAS 39

In the 2017 financial year, dividends of €35,305k (2016: €56,488k) were distributed to the shareholders of comdirect bank AG. This represents an amount per share of €0.25 (2016: €0.40).

In the financial year 2017, comdirect bank AG did not make use of either the existing authorisations of the annual general meeting to purchase own shares for the purpose of securities trading pursuant to Section 71 (1) No. 7 German Stock Corporation Act (AktG) or of the resolutions of the annual general meeting authorising the purchase of own shares pursuant to Section 71 (1) No. 8 German Stock Corporation Act (AktG) for purposes other than securities trading.

Condensed statement of cash flows

€k	2017	2016
Cash and cash equivalents as of 1.1.	**2,138,165**	**1,228,206**
Cash flow from operating activities	–86,066	51,117
Cash flow from investment activities	371,898	–5,818
Cash flow from financing activities	–35,305	–56,488
Cash and cash equivalents as of 30.6.	**2,388,692**	**1,217,017**

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

The cash flow from operating activities is essentially determined by the taking in of customer deposits and their reinvestment in the money and capital markets. In 2017, cash outflows from the transaction cost in connection with the acquisition of the onvista group amounted to €0.8m.

The sharp rise in cash flow from investment activities is due to the addition of cash amounting to €420,850k as well as the purchase price payment amounting to €42,000k as part of the acquisition of the onvista group. Additional information can be found in the selected explanatory notes on pages 24 to 26. The cash flow from investment activities also results from the acquisition and disposal of tangible and intangible assets.

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

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

Selected explanatory notes

Administrative expenses

€k	1.1. to 30.6.		1.4 to 30.6.	
	2017	2016	2017	2016
Personnel expenses	45,486	42,854	23,900	21,733
Other administrative expenses	79,867	78,333	42,418	38,085
– Sales	15,597	12,391	10,703	6,336
– External services	23,102	22,627	11,722	11,311
– Business operations	17,673	18,089	8,900	8,775
– IT expenses	15,078	16,082	7,129	7,284
– Mandatory contributions	7,956	7,924	3,608	3,583
– Others	461	1,220	356	796
Depreciation of office furniture and equipment and intangible assets	8,097	7,007	4,425	3,399
Total	**133,450**	**128,194**	**70,743**	**63,217**

Segment reporting by business line

€k	1.1. to 30.6.2017			
	B2C	B2B	Consolidation	comdirect group total
Interest income	56,779	151	–116	56.814
Interest expenses	8,610	502	–116	8.996
Net interest income before provisions for possible loan losses	48,169	–351		47,818
Provisions for possible loan losses	88	0		88
Net interest income after provisions for possible loan losses	48,257	–351		47,906
Commission income	105,402	112,756	–205	217,953
Commission expenses	13,760	84,107	–112	97,755
Net commission income	91,642	28,649	–93	120,198
Trading result and result from hedge accounting	–528	0		–528
Result from financial investments	11,210	470		11,680
Administrative expenses	111,439	22,104	–93	133,450
Other operating result	4,851	255		5,106
Pre-tax profit	**43,993**	**6,919**		**50,912**
Segment investments	13,019	2,466		15,485
Segment depreciation	5,620	2,477		8,097
Cost/income ratio	71.7%	76.2%		72.4%
Segment income	182,668	113,942		
– of which external income	182,459	113,829		
– of which inter-segmental income	209	113		
Segment expenses	138,675	107,023		

Segment reporting by business line

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

Segment reporting by business line

€k	1.4 to 30.6.2017 B2C	B2B	Consolidation	comdirect group total
Interest income	27,822	73	–29	27,866
Interest expenses	4,612	266	–29	4,849
Net interest income before provisions for possible loan losses	23,210	–193		23,017
Provisions for possible loan losses	376	0		376
Net interest income after provisions for possible loan losses	23,586	–193		23,393
Commission income	55,309	57,654	–54	112,909
Commission expenses	8,424	43,447	–12	51,859
Net commission income	46,885	14,207	–42	61,050
Trading result and result from hedge accounting	–297	0		–297
Result from financial investments	6,568	0		6,568
Administrative expenses	60,154	10,631	–42	70,743
Other operating result	3,368	146		3,514
Pre-tax profit	**19,956**	**3,529**		**23,485**
Segment investments	11,157	1,164		12,321
Segment depreciation	3,197	1,228		4,425
Cost/income ratio	75.4%	75.1%		75.4%
Segment income	96,384	57,970		
– of which external income	96,276	57,995		
– of which inter-segmental income	108	–25		
Segment expenses	76,428	54,441		

Segment reporting by business line

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

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

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

The B2C business segment comprises the activities of comdirect bank AG with its five special funds. These relate to services in brokerage, banking and advice in direct business with modern investors. After the acquisition of the onvista group, this includes business with the custody account customers of onvista bank GmbH, which was merged with comdirect bank AG during the reporting quarter. onvista media GmbH, which operates the associated onvista.de portal, is also allocated to the B2C business.

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

The figures for the B2B business segment were derived from the internal reporting of ebase GmbH and correspond to the contributions of ebase GmbH included in the income statement of the comdirect group.

As part of Treasury investments, the B2B business segment makes money market transactions with the B2C business segment. This generated interest income of €19k (previous year: €9k) and interest expenses of €97k (previous year: €0k) in the B2B business segment. The corresponding level of interest expenses and income was recorded in the B2C business segment.

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

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

€k	2016				2017	
	Q1	Q2	Q3	Q4	Q1	Q2
Interest income	37,118	34,105	33,266	30,552	28,948	27,866
Interest expenses	5,002	4,127	4,056	4,044	4,147	4,849
Net interest income before provisions for possible loan losses	**32,116**	**29,978**	**29,210**	**26,508**	**24,801**	**23,017**
Provisions for possible loan losses	–92	995	–426	597	–288	376
Net interest income after provisions for possible loan losses	**32,024**	**30,973**	**28,784**	**27,105**	**24,513**	**23,393**
Commission income	89,569	90,002	89,468	99,913	105,044	112,909
Commission expenses	34,693	36,434	38,009	44,404	45,896	51,859
Net commission income	**54,876**	**53,568**	**51,459**	**55,509**	**59,148**	**61,050**
Trading result and result from hedge accounting	–76	35	0	–1,310	–231	–297
Result from financial investments	595	41,875	5	697	5,112	6,568
Administrative expenses	**64,977**	**63,217**	**62,907**	**69,859**	**62,707**	**70,743**
Personnel expenses	21,121	21,733	22,675	22,543	21,586	23,900
Other administrative expenses	40,248	38,085	36,919	43,739	37,449	42,418
Sales	6,055	6,336	6,929	15,578	4,894	10,703
External services	11,316	11,311	10,609	11,004	11,380	11,722
Business operations	9,314	8,775	8,460	10,200	8,773	8,900
IT expenses	8,798	7,284	7,109	6,378	7,949	7,129
Mandatory contributions	4,341	3,583	3,428	341	4,348	3,608
Others	424	796	384	238	105	356
Depreciation of office furniture and equipment and intangible assets	3,608	3,399	3,313	3,577	3,672	4,425
Other operating result	1,285	917	1,688	1,615	1,592	3,514
Pre-tax profit	**23,727**	**64,151**	**19,029**	**13,757**	**27,427**	**23,485**
Taxes on income	6,457	15,114	5,432	1,150	7,055	3,145
Net profit	**17,270**	**49,037**	**13,597**	**12,607**	**20,372**	**20,340**

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

€k	2016				2017	
	Q1	Q2	Q3	Q4	Q1	Q2
Net profit	**17,270**	**49,037**	**13,597**	**12,607**	**20,372**	**20,340**
Items which cannot be reclassified to the income statement						
– Changes in actuarial gains/ losses recognised in equity	–2,517	–1,349	–1,109	1,306	–178	1,580
Items which can be reclassified to the income statement						
– Change in the revaluation reserves after tax						
Changes in value recognised in equity	9,622	2,161	3,659	–6,859	–1,889	–4,178
Reclassification to the income statement	–570	–36,038	94	–491	–4,916	–6,406
Other comprehensive income for the period	**6,535**	**–35,226**	**2,644**	**–6,044**	**–6,983**	**–9,004**
Comprehensive income	**23,805**	**13,811**	**16,241**	**6,563**	**13,389**	**11,336**

Fair value of financial instruments

The table below shows the fair values of financial instruments compared with their book values. The fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Where stock market prices were available, these were used for the measurement of financial instruments. In the event that no market price was available, measurements were carried out using internal measurement models with current market price parameters. In this connection, the net present value method was used in particular.

€k	Fair value		Book value	
	30.6.2017	**31.12.2016**	**30.6.2017**	**31.12.2016**
Loans and receivables				
Cash reserve	2,388,692	2,138,165	2,388,692	2,138,165
Claims on banks	15,914,006	13,534,510	15,830,111	13,432,413
Claims on customers	425,807	375,358	425,290	375,114
Total	**18,728,505**	**16,048,033**	**18,644,093**	**15,945,692**
Available for sale financial assets				
Financial investments[1]	2,995,487	3,268,287	2,995,487	3,268,287
Total	**2,995,487**	**3,268,287**	**2,995,487**	**3,268,287**
Liabilities measured at amortised cost				
Liabilities to banks	11,702	15,577	11,702	15,577
Liabilities to customers	21,011,706	18,551,148	20,983,982	18,518,937
Total	**21,023,408**	**18,566,725**	**20,995,684**	**18,534,514**
Financial assets and liabilities at fair value through profit or loss				
Trading assets	1,274	0	1,274	0
Negative fair values from derivative hedging instruments	0	1,447	0	1,447
Trading liabilities	434	0	434	0
Total	**1,708**	**1,447**	**1,708**	**1,447**

1) Including Preferred Stocks of VISA Inc. USA. These holdings were reported under the "Investments" item in the 2016 Annual Report. The previous year's values have been adjusted.

The nominal value of the financial instruments due on demand is their fair value. These instruments include the cash reserve, overdraft facilities and demand deposits under the balance sheet item "claims on banks" in the amount of €361,290k (2016: €273,662k), "claims on customers" in the amount of €390,734k (2016: €358,383k), "liabilities to banks" in the amount of €11,702k (2016: €15,577k) and "liabilities to customers" in the amount of €20,452,257k (2016: €17,974,328k).

Allocation of fair values to hierarchy levels is presented in the note "fair value hierarchy".

Fair value hierarchy
The table below shows how the individual classes of financial instruments are allocated to the appropriate level of the fair value hierarchy and to the corresponding measurement category in accordance with IAS 39.

Level 1:
Prices quoted in active markets (not adjusted) for identical assets or liabilities.

Level 2:
Exemplary prices calculated with the exception of the quoted prices included in Level 1, which can be observed for assets or liabilities either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3:
Model-based prices calculated for assets or liabilities, which are not based on observable market data (non-observable input data).

€k	30.6.2017			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets				
Loans and receivables				
Cash reserve	2,388,692	0	2,388,692	0
Claims on banks	15,914,006	0	15,914,006	0
Claims on customers	425,807	0	391,251	34,556
Fair value through profit or loss				
Trading assets	1,274	0	1,274	0
Available for sale				
Financial investments[1)]	2,995,487	1,995,106	989,535	10,846
Total assets	**21,725,266**	**1,995,106**	**19,684,758**	**45,402**
Liabilities				
Liabilities measured at amortised cost				
Liabilities to banks	11,702	0	11,702	0
Liabilities to customers	21,011,706	0	21,011,706	0
Fair value through profit or loss				
Negative fair values from derivative hedging instruments	0	0	0	0
Trading liabilities	434	0	434	0
Total liabilities	**21,023,842**	**0**	**21,023,842**	**0**

1) Including Preferred Stocks of VISA Inc. USA. These holdings were reported under the "Investments" item in the 2016 Annual Report. The previous year's values have been adjusted.

€k	31.12.2016			
	Total	Level 1	Level 2	Level 3
Assets				
Loans and receivables				
Cash reserve	2,138,165	0	2,138,165	0
Claims on banks	13,534,510	0	13,534,510	0
Claims on customers	375,358	0	358,383	16,975
Available for sale				
Financial investments[1)]	3,268,287	2,306,289	952,253	9,745
Total assets	**19,316,320**	**2,306,289**	**16,983,311**	**26,720**
Liabilities				
Liabilities measured at amortised cost				
Liabilities to banks	15,577	0	15,577	0
Liabilities to customers	18,551,148	0	18,551,148	0
Fair value through profit or loss				
Negative fair values from derivative hedging instruments	1,447	0	1,447	0
Total liabilities	**18,568,172**	**0**	**18,568,172**	**0**

1) Including Preferred Stocks of VISA Inc. USA. These holdings were reported under the “Investments” item in the 2016 Annual Report. The previous year’s values have been adjusted.

No securities were reclassified in the reporting period from level 1 into level 2. This would happen if quoted market prices were unavailable. On the other hand, securities with fair values of €27m were reclassified from level 2 to level 1, as an active market was available due to increased market activity.

Among the financial investments, Preferred Stocks of VISA Inc. USA with a fair value of €10,846k (2016: €9,745k) are allocated to level 3 of the valuation hierarchy.

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

More information on the level classifications can be found in the notes relating to the valuation of financial instruments on pages 26 to 27.

Accounting standards and other information

Accounting standards

The comdirect group's half-year report as of 30 June 2017 was prepared pursuant to Section 51 (1) of the Frankfurt stock market rules and regulations in accordance with the provisions of Section 37y No. 2 and Section 37w (3) of the German Securities Trading Act (WpHG). It is also in accordance with International Accounting Standard 34 (IAS 34) approved and published by the International Accounting Standards Board (IASB). The same accounting and measurement methods were applied as for the consolidated financial statements of the comdirect group as of 31 December 2016.

Effects of the new standards on the comdirect group's consolidated financial statements

Due to outstanding EU endorsements, no new IFRS standards needed to be applied during the reporting period.

In connection with IFRS 9 coming into force as of 1 January 2018, we expect a tangible rise in the volume of provisions for possible loan losses, in particular as a result of applying the Lifetime Expected Credit Loss.

With regard to the measurement categories of IFRS 9, we anticipate fewer financial instruments being measured at fair value than is the case today, primarily due to bond portfolios being allocated to the "Hold" business model. These portfolios are currently allocated to the "Available for Sale" category. The revaluation reserves allocable as of 31 December 2017 to these securities are written off on the first application of IFRS 9; the financial instruments are then measured at amortised cost. This results in a moderate balance sheet contraction at the date of first application.

After the reporting date, a new release of the software solution for the valuation of Treasury financial instruments was put into operation. The requirements of IFRS 9 for the classification and valuation of financial instruments is therefore accounted for.

The software solution for calculating and booking expected credit losses was tested during the reporting period. The adjustments resulting from this testing will be implemented as part of a further release scheduled for the third quarter.

Consolidated companies

The scope of consolidation of the comdirect group expanded in the first half of 2017. This is the result of the acquisition of the onvista group, consisting of onvista AG, onvista bank GmbH and onvista media GmbH, closing as of 3 April 2017. onvista bank GmbH was merged with comdirect bank AG on 12 June 2017.

As of the reporting date, the scope of consolidation therefore includes the following companies:

- onvista AG domiciled in Frankfurt am Main
- onvista media GmbH domiciled in Frankfurt am Main.

comdirect bank AG holds all outstanding shares in each of the consolidated group units that were added.

Disclosures relating to business combinations

Acquisition of the onvista group

In Germany, the onvista group operates an established online platform for brokerage transactions and a financial information portal. As of closing, onvista bank had total assets under management of approximately €3.0bn and a total of around 102k customers, who are offered the full range of products in securities trading.

The acquisition of the former onvista group supports comdirect's growth ambitions in the German online brokerage market. With onvista media GmbH, comdirect is acquiring one of Germany's leading financial portals, with the aim of offering a larger platform for financial information, marketing and new customer acquisition.

Financial effects of the acquisition of the onvista group

For the purposes of preparing the interim financial statements, the acquisition was based on a consideration transferred on the date of acquisition of €39,663k. It comprises a cash transfer of €42,000k and a preliminary claim from a purchase price adjustment of €2,337k. comdirect bank AG has agreed with Boursorama S.A. that final consideration for the acquisition is to be determined on the basis of equity reported in the consolidated financial statements of the former onvista group (closing accounts) dated 31 March 2017, in accordance with commercial law. Small adjustments to the values above are likely to arise from the ongoing process.

With the former onvista group, €420.9m in cash was acquired.

Since 3 April 2017, the former onvista group has generated earnings of €7.0m and a profit contribution before income taxes of €0.7m. The majority of the earnings is due to commission from the securities business.

If onvista AG had already been consolidated as of 1 January 2017, it would have contributed earnings of €11.8m and a result of €– 0.3m for the reporting period. These figures have been determined solely for comparison purposes and on the basis of additional estimates. They are not a reliable indication of actual operating results or future results. Due to the merger of onvista bank GmbH as of 12 June 2017 and the integration of the Treasury activities from 3 April 2017 into the comdirect group, the determination of the profit contribution includes internally allocated interest contributions.

The profit contributions include, as income, the difference from the initial consolidation, which amounts to €1,271k.

The assets reported and liabilities assumed at the date of acquisition can be seen in the table below.

€k	
Cash reserve	420,850
Claims on banks	146,983
Claims on customers	72,014
Financial investments	96,540
Intangible assets	23,978
Fixed assets	635
Other assets	1,643
Total assets	**762,643**
Liabilities to banks	4,530
Liabilities to customers	699,608
Provisions	4,420
Income tax liabilities	7,273
Other liabilities	5,878
Total liabilities	**721,709**
Net assets at current market value	**40,934**
Consideration	**39,663**
Negative difference (negative goodwill)	**1,271**

After assessing all available information, there is, on the basis of the best knowledge available when preparing the financial statements, negative goodwill of €1,271k, which has been recognised in these financial statements as part of the "other operating result", increasing results. This is primarily due to the cautious valuations of companies in the financial industry that are prevailing in the market environment, at the date of acquisition.

The table below shows the valuation of the acquired claims at the date of acquisition:

€k	**Cash reserve**	**Claims on customers**	**Claims on banks**	**Trade receivables**
Gross receivable	420,850	72,014	146,983	698
Valuation allowance	0	–132	0	–45
Balance sheet disclosure	**420,850**	**71,882**	**146,983**	**653**

All receivables were categorised as profitable at the date of acquisition.

Disclosures on accounting methods relating to business combinations
Business combinations are reported according to the acquisition method as soon as the group has obtained control. This took place with closing of the transaction on 3 April 2017. Prior to this date, there had been no significant possibility of influence on business activity. The comdirect group is entitled to the economic success generated by the former onvista group only from the date of closing onwards.

Transaction costs incurred in the course of the business combination are immediately reported as expenses.

Discretionary decisions relating to the determination of the fair value of the identifiable acquired assets and assumed liabilities are required in connection with the reporting of business combinations. The valuations required for this are based on the information available at the date of acquisition, as well as on expectations and assumptions.

In the course of the transaction, previously unreported assets were identified and recognised in the comdirect group's consolidated financial statements. In addition to the customer base of the former onvista bank GmbH, these concern internally generated software, the onvista.de portal, the value of the onvista brand and an advantageous contract.

Assumptions had to be made, in particular relating to the future behaviour of customers of onvista bank GmbH, useful economic lives of intangible assets and achievable revenues.

Furthermore, financial instruments had to be valued at their fair value as of the closing date. In the course of this, deviations from the values previously reported by the former onvista group arose in particular in the case of promissory notes, since the promissory notes were recognised at amortised cost as receivables in the "Loans and Receivables" category.

Disclosures relating to the measurement of financial instruments
The fair value is measured at a financial instrument price determined on an active market (level 1 valuation hierarchy). For debt instruments, these are primarily transaction prices and quotations on the interbank market. For equity instruments, the fair value is measured using market prices, and for fund units, the fund's net asset value is used.

If no quoted prices for identical or similar financial instruments are available, valuation models that use market data as parameters to the greatest extent possible are used to determine the fair value (level 2 valuation hierarchy). The comdirect group primarily uses the discounted cash flow method. Discounting is performed at interest rates and credit spreads observable on the market. The interest rates have been transferred generally from the 3-month swap curve. The instrument or issuer-specific credit spreads are determined using, for example, the Pfandbrief curve or highly liquid bonds of an issuer.

If current verifiable market data is insufficient for valuation with valuation models, unobservable inputs are also to be applied (level 3 valuation hierarchy). These initial inputs are from the perspective of the seller of an asset or a liability and take into account the assumptions that market participants would use for pricing. The risks inherent to the valuation method that is used and the incorporated input factors are to be included here.

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

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

The value of preferred stocks of VISA Inc. USA can be derived from their stock exchange price due to the later exchange to common stocks of VISA Inc. USA. Because they are listed in US dollars, the exchange rate to euros has an effect on the fair value. There is uncertainty regarding the later exchange ratio. This is affected by possible losses of VISA Inc. from legal risks in connection with the transaction. The probability of a loss occurring and its expected size 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 1 percentage point would result in the fair value of the preferred stocks being reduced by €121k.

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

During the reporting period, a contribution to other comprehensive income of €1,084k arose from the preferred stocks of VISA Inc. USA as value change with neutral effect on profit within the items that can be reclassified in the income statement.

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

Disclosures relating to selected balance sheet items

Net interest income
Interest expenses have been incurred for customer deposits, negative interest from assets-side financial instruments as well as net interest expenses for pensions and similar obligations. The negative interest amounted to €4,016k (2016: €1,507k).

Result from financial investments
A result from financial investments of €11,680k (2016: €42,470k) is shown in the reporting period. This is to a large extent the result of the disposal of retail fund holdings. The previous year's value was affected by the disposal of holdings in VISA Europe Ltd.

Result from hedge accounting and trading result
In the reporting period, foreign currency forwards were held to hedge currency rate-related changes in the market value of several retail funds with the same volume. Hedge accounting was applied for these instruments (micro fair value hedges). The spot component of each foreign currency forward was designated in the hedge for this purpose.

Value fluctuations arising from the hedged risk are reported in the result from hedge accounting. In the case of the hedged item, other changes in the fair value are reported in the revaluation reserves; in the case of the hedging transaction, they are reported in the trading result.

A limited number of bonds are held in foreign currency. Effects of changes in exchange rates to be accounted for through profit or loss pursuant to IAS 21 are also reported in the trading result.

As of the reporting date, the above produced a result from hedge accounting of €–1k (previous year: €0k) and a trading result of €–527k (previous year: €–41k).

As of the reporting date, no financial instruments were listed in hedge accounting.

Asset impairment
As in the previous year, no impairment losses were included in the first half-year.

Provisions for possible loan losses
In the balance sheet, the provisions for possible loan losses are deducted from the respective receivables. The provisions for possible loan losses amounting to €2,505k (31 December 2016: €2,308k) relate in full to claims on customers.

Provisions were also recognised for risks relating to unutilised credit lines of €3,100k (31 December 2016: €4,000k).

The reduction in provisions is the result of the partial reversal of portfolio loan loss provisions which was due to a validation of applied parameters in the risk models. The change in estimates amounted to €717k. The effect on future periods depends on the development of the lending volumes and open lines as well as the credit quality.

Other disclosures

Annual general meeting
At the proposal of the Board of Managing Directors and the Supervisory Board, the annual general meeting in Hamburg on 11 May 2017 resolved to use the distributable profit of comdirect bank AG of €69.9m for a dividend of €0.25 per share and to transfer the excess amount of €34.6m to other retained earnings.

Given the maximum terms of audit mandates introduced by Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 (EU Statutory Auditor Directive), the auditor of the annual financial statements and consolidated financial statements of comdirect bank AG must be changed.

As proposed by the Supervisory Board, the annual general meeting of comdirect bank AG therefore elected Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Hamburg branch, as the auditors of the annual financial statements and consolidated financial statements for the 2017 financial year. They were also chosen to review the condensed consolidated financial statements and the interim management report for the group for the first half of the 2017 financial year.

Related party disclosures
The parent company of comdirect bank AG is Commerz Bankenholding Nova GmbH, Frankfurt/Main. The ultimate parent company is Commerzbank AG, Frankfurt/Main.

comdirect bank AG uses services provided by Commerzbank AG through a general agreement effective as of 1 January 1999, as well as through service level agreements on this basis.

On 6 August 2007, a master agreement was concluded with Commerzbank AG which superseded the existing general agreement. The individual contracts concluded under the general agreement remain in place until expiry of their respective term. New individual contracts are concluded on the basis of this master agreement.

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

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

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

During the reporting period, there were financial relations with related natural persons (members of the Board of Managing Directors and the Supervisory Board and members of their immediate family), including through the use of products of comdirect group as part of the normal product and service offering. All products and services were provided on the basis of normal third-party terms and conditions and are of secondary importance for the company. The related parties did not accrue any unjustified advantage from their position with the comdirect group, nor did the comdirect group suffer any financial losses.

For further information, please see note (19) in our annual report for financial year 2016.

Declaration of the Board of Managing Directors

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

Quickborn, 31 July 2017
The Board of Managing Directors

Arno Walter

Dietmar von Blücher

Dr Sven Deglow

Martina Palte

Review Report[1]

To comdirect bank AG, Quickborn

We have reviewed the interim condensed consolidated financial statements, comprising the income statement, the statement of comprehensive income, balance sheet, the statement of changes in equity, the condensed statement of cash flows, and selected explanatory notes, and the interim group management report of comdirect bank AG, Quickborn, for the period from January 1 to June 30 2017, which are part of the six-monthly financial report pursuant to Sec. 37w WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]. 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 group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company's management. 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 the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review 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 provisions of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

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 provisions of the WpHG applicable to interim group management reports.

Hamburg, 31 July 2017

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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

1) This is a translation of the review report issued in German. The latter is the sole authoritative version.

Financial calendar 2017

31 January	Press-/Analysts' conference in Frankfurt/Main
28 March	Annual report 2016
26 April	Quarterly statement
11 May	Annual General Meeting in Hamburg
1 August	Half-year report
2 November	Nine-month statement

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You can download our annual and interim reports as well as our quarterly statements in German or in English from our website at www.comdirect.de/ir/publications.

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

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

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