www.comdirect.de

comdirect

Half-year report 2018

Key figures of comdirect group

Key performance indicators		2018 30.6.	2017 31.12.	Change in %
comdirect group*				
Customers	number	3,446,442	3,337,580	3.3
Custody accounts	number	2,172,784	2,076,195	4.7
Total assets under control	in €m	94,656	91,373	3.6
– of which: portfolio volume	in €m	70,365	69,118	1.8
– of which: deposit volume	in €m	24,291	22,254	9.2
Business-to-customer (B2C) business segment				
Customers	number	2,386,321	2,286,182	4.4
Custody accounts	number	1,291,028	1,202,203	7.4
Current accounts	number	1,478,802	1,430,877	3.3
Total assets under control	in €m	62,596	59,019	6.1
– of which: portfolio volume	in €m	38,704	37,094	4.3
– of which: deposit volume	in €m	23,892	21,924	9.0
Credit volume	in €m	531	447	18.8
Orders and order volume (B2C)		**1.1.-30.6.**	**1.1.-30.6.**	
Executed orders	number	10,903,710	7,937,988	37.4
Average order activity per custody account (annualised)	number	17.5	14.7	19.0
Order volume per executed order [1]	in €	5,009	5,079	–1.4
Key financial figures		**1.1.-30.6.**	**1.1.-30.6.**	
Business-to-customer (B2C) business segment				
Net commission income	in €k	107,891	91,642	17.7
Net interest income before provisions for possible loan losses	in €k	56,900	48,169	18.1
Administrative expenses	in €k	130,119	111,439	16.8
Cost/income ratio	in %	75,7	71,7	–
Pre-tax profit	in €k	41,443	43,993	–5.8
Discontinued activities (B2B)				
Pre-tax profit	in €k	6,508	6,919	–5.9
comdirect group*				
Pre-tax profit	in €k	47,951	50,912	–5.8
Net profit	in €k	35,315	40,712	–13.3
Earnings per share	in €	0.25	0.29	–13.8
Return on equity before tax (annualised) [2]	in %	15.5	17.4	–
Return on equity after tax (annualised) [3]	in %	11.4	13.9	–
Balance sheet key figures		**30.6.**	**31.12.**	
Balance sheet total	in €m	25,074	23,033	8.9
Equity	in €m	625	639	–2.2
Equity ratio [4]	in %	2.5	2.7	–
Regulatory indicators under CRR/CRD IV [5]		**30.6.**	**31.12.**	
Risk weighted assets [6]	in €m	1,031	994	3.7
Eligible amount for operational and other risks	in €m	12	12	0.0
Core capital	in €m	540	470	14.9
Own funds for solvency purposes	in €m	540	470	14.9
Own funds ratio [7]	in %	45.7	40.9	–
Employee figures*		**30.6.**	**31.12.**	
Employees	number	1,472	1,443	2.0
Employees full-time basis	number	1,328.0	1,295.4	2.5

* comdirect group, consisting of B2C: comdirect bank AG and B2B: ebase GmbH (discontinued activities according to IFRS 5); contributions of former onvista group from 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,

Innovation is in our DNA. We demonstrated this again in the half-year by launching new smart products and services. The demands on us are growing with the technological possibilities. For example, we raised our mobile banking to a new level in the second quarter, underlining our position as smart financial companion for the generation mobile. comdirect is one of the few banks working as a cooperation partner in the launch of Google Pay in Germany. With the Google Pay app, the comdirect credit card is now on hand at all times on Android smartphones. We have also just recently been able to offer our customers the newest form of banking via Google Transaction. Making a bank transfer from your sofa via Google Home is now a possibility.

The figures at the end of the first half-year prove that comdirect is a growth company. We gained over 100k net new customers (B2C) in the first half of 2018 compared with 42k net new customers in the comparable period of 2017 (excluding the non-recurring inorganic growth effect resulting from the onvista acquisition). This means that we were able to more than double our organic customer growth. Our net fund inflows (B2C) are also at a record level of €5.1bn, and at €62.6bn, assets under control (B2C) are 6.1% above the year-end value of €59.0bn. These successes validate our growth strategy.

Because the market environment is currently positive for us and our growth, we intend to focus even more intensely on the further development and expansion of our core business in the future. For this reason we signed an agreement for the sale of our subsidiary ebase on 10 July 2018. The transaction is subject to the approval of the banking supervisory authorities and antitrust authorities as well as fulfilment of the contractually agreed closing conditions, and it is intended to be completed in the current year. A positive non-recurring income of at least €85m is expected at closing of the ebase transaction. We will be expanding our investment volume in 2018 by up to €30m. As a result, we will be further accelerating our growth course and securing our future profitability.

Overall we were able to generate a good group pre-tax profit of €48.0m and return on equity (RoE) of 15.5% in the first half of 2018. At €107.9m, net commission income (B2C) was higher than in the same period of the previous year (€91.6m). Net interest income after provisions from possible loan losses came to €56.5m in the first half of the year and was raised primarily in the second quarter to a new level of €30.2m. For the year as a whole, we are working towards a pre-tax profit of around €145m and pre-tax return on equity of around 22% including the growth investments and the non-recurring income resulting from the sale of ebase.

As Germany's best bank (€uro magazine test winner), it is our aim for the second half of the year to convince as many new and existing customers as possible of the benefits of our products and services. We will continue to focus on the goal of being the top address in saving, investing and trading with securities. To this end, we will be driving forward our trading offensive systematically and attracting more and more people to securities investment with initiatives like finanz-heldinnen.

Best regards – and join us in celebrating that you are a shareholder in Germany's best bank (€uro magazine test winner),

Arno Walter

Group interim management report as of 30 June 2018

Significant events: Disposal of European Bank for Financial Services GmbH (ebase)

On 10 July 2018, comdirect bank AG contractually agreed the sale of European Bank for Financial Services GmbH (ebase) to FNZ Group. The sale is still subject to the approval of the banking supervisory authorities and antitrust authorities and fulfilment of the contractually agreed closing conditions. Efforts are being made to conclude the transaction before the end of 2018. With the sale of ebase, comdirect is focusing on its faster growing core business, which had already been strengthened in the previous year with the acquisition of the former onvista group.

Of the agreed purchase price of around €151m, positive non-recurring income before taxes of at least €85m is expected on conclusion of the transaction after accounting for expected costs, the transaction closing date and the book value of the assets and liabilities of ebase. Up to €30m of this is to be spent on growth investments in the core business in the 2018 financial year.

In connection with the agreed sale, ebase will be reported in the interim financial statements as of 30 June 2018 as a discontinued activity. The previous year's values were adjusted accordingly in the income statement. Further details on this can be found in the explanations relating to the interim financial statements on page 33.

Commercial and regulatory framework conditions

Economic framework conditions developed as anticipated during the reporting period. The European Central Bank (ECB) left the base rate unchanged despite the growth slowdown in the eurozone, but announced a halving of the volume of bond purchases and the expiry of the purchase programme at the end of 2018. Due to the development of the economy and inflation, the US Federal Reserve increased the base rate in two stages by a further 50 basis points to the new range of between 1.75% and 2.00%.

At – 0.33%, the three-month EURIBOR, which is the decisive rate for some of comdirect's investments, stood at the previous year's level in the first half of 2018. The yields of ten-year government bonds rapidly shrank after rising at the beginning of the year, while the swap spreads remained high in structural terms.

The investment tax reform came into force at the beginning of the year. This contributed to the fact that net fund inflows to retail funds of €11.5bn did not achieve the high comparative value for 2017 (€30.1bn), according to BVI investment statistics of May 2018.

After punctual implementation of the requirements of MiFID II (Markets in Financial Instruments Directive – II) and MiFIR (Markets in Financial Instruments Regulation) at the beginning of 2018, the regulatory requirements were strongly influenced by the necessary adjustments as part of the General Data Protection Regulation (GDPR) that came into force on 25 May 2018. The GDPR regulates the processing of personal data by private companies and public offices. Another focus project was the implementation of the revised Payment Services Directive (PSD2), which among other things aims for greater security-measures for electronic payment transactions and strengthened competition. Some of the new regulations became effective in mid-2018.

Overall assessment of the economic situation of comdirect group

The growth of comdirect group continued in the first six months of 2018, especially in continued activities (B2C). comdirect group's customer base increased 3.3% to 3,446k, essentially driven by the growth of continued activities (B2C). The customer base in continued activities (B2C) increased by over 100k compared with the end of 2017 to 2,386k. The growth was distributed virtually equally between both quarters of the first half of 2018.

The continuation of activating measures for the brokerage business (for example trading offensive, cominvest, risk analysis in the custody account manager) continues to help take us towards becoming the top address for saving, investing and trading with securities. comdirect's evolution into a smart financial companion for the generation mobile also progressed well, with highlights such as the cooperation with Google Pay and new features being added to the comdirect app.

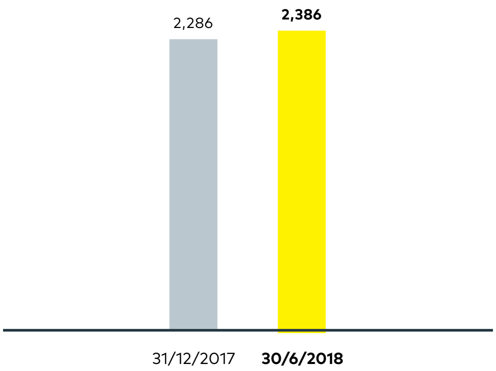
At €41.4m, pre-tax profit from the continued activity (B2C) remained slightly below the previous year's value of €44.0m. Including the pre-tax profit of the discontinued activities (B2B) of €6.5m (previous year: €6.9m), comdirect group generated a pre-tax profit of €48.0m, compared with the previous year's value of €50.9m.

Unless otherwise indicated, the following details refer only to the continued activities and therefore the B2C business segment.

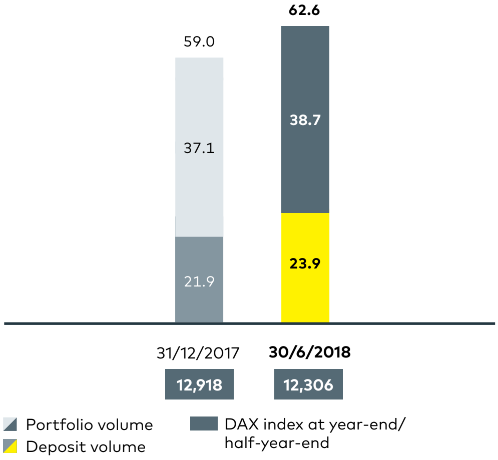
Due to the first-time integration of the former onvista group across the whole half-year, among other things, the total income of the B2C business segment also increased by €16.1m over the previous year's figure to €171.6m. The rise in net interest income and the greater net commission income significantly overcompensated for the expected significantly lower result from the disposal of financial assets.

Compared with the previous year's value, administrative expenses of the B2C business segment increased by €18.7m to €130.1m. The development of expenses was essentially influenced by growth investments. Similiar to the effect seen on income, the first-time consolidation of the former onvista group across two quarters also impacted administrative expenses compared with the previous year. In addition, expenses increased due to both the higher mandatory contributions to the deposit insurance scheme caused in part by greater deposit volumes as well as growing trade figures and the higher processing costs associated with them. Further growth initiatives in the core business were also pushed forward around the end of the second quarter, and are to be continued in the remainder of the year in the amount of up to €30m.

Customers of the B2C business segment
(in k)



Portfolio volume and deposit volume of the B2C business segment
(in €bn)



Business performance and income situation

Growth of the B2C business segment
In particular, a greater rise in custody account opening of 7.4% since the end of 2017 was associated with the growth in the number of customers in the first half of 2018. At €62.6bn, assets under control (AuC) were 6.1% above the value at the end of 2017. The portfolio volume grew by €1.6bn to €38.7bn despite negative market value effects. This was primarily due to a record net fund inflow to the custody accounts of €3.1bn, which clearly exceeded the previous year's value (€1.7bn) when adjusted for first-time consolidation effects. The increase in deposit volume of €2.0bn to €23.9bn was attributable for the most part to current accounts and securities and settlement accounts. Compared with the end of 2017 (€447m), the volume in the lending business increased significantly to €531m.

At 10.9m, the number of executed B2C orders significantly exceeded the half-year value for 2017 (7.9m) by 37.4%.

Pre-tax income of the B2C business segment
In the B2C business segment, pre-tax profit of €41.4m was slightly below the previous year's value of €44.0m. The annualised pre-tax return on equity (RoE) amounted to 13.8% (previous year: 15.5%).

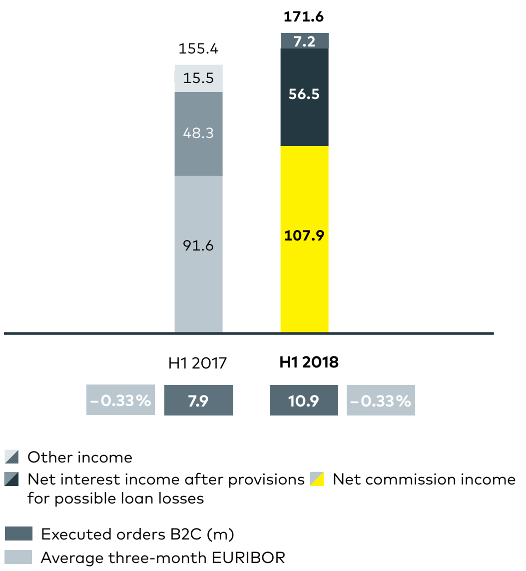
Income performance of the B2C business segment
Against the comparable value from 2017 (€155.4m), the total income increased 10.4% to €171.6m.

The net interest income before provisions for possible loan losses of €56.9m (previous year: €48.2m) reflects volume effects in the deposit and lending business and the moderate adjustment of the investment strategy. The net appropriations to provisions for possible loan losses of €–0.4m (previous year net reversals of €0.1m) are partly the result of the growing lending business. The appropriations as a result of the growing lending business were partially compensated for by adjustments of the parameters in the risk model. After provisions for possible loan losses, net interest income amounted to €56.5m (previous year: €48.3m).

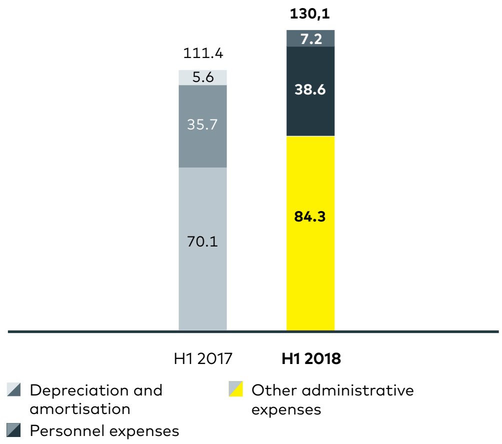
The net commission income was increased by 17.7% to €107.9m (previous year: €91.6m). Alongside the integration of the former onvista group across the entire reporting period, the rise in trade figures had an effect. In addition, commission from payment transactions as part of the contractual redesign relating to a card provider increased.

At a total of €7.2m, further income components were significantly below the previous year's value (€15.5m). While a result from financial investments of €11.2m was reported in the previous year, the income contributions from the disposal of financial assets in the reporting period totalled €–0.3m. In compensation, a valuation result of €2.8m was reported, essentially resulting from the growth in value of debt instruments. In the previous year, the trading result and the result from hedge accounting reported amounted to €–0.5m. The other operating result of €4.7m was at about the same level as the previous year's value (€4.9m).

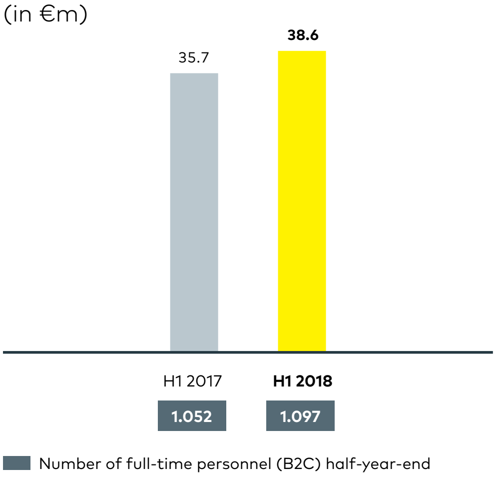
Total income of the B2C business segment
(in €m)



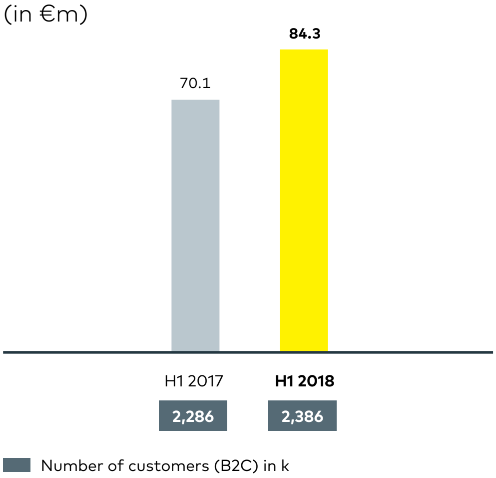
Administrative expenses of the B2C business segment
(in €m)



Personnel expenses of the B2C business segment
(in €m)



Other administrative expenses of the B2C business segment
(in €m)



Development of expenses of the B2C business segment

The rise in administrative expenses to €130.1m (previous year: €111.4m) was in particular due to the integration of the former onvista group across the entire half-year period as well as to increased mandatory contributions to the deposit insurance scheme – partly due to greater deposit volumes. Additional growth-dependent expenditures as a consequence of higher trade figures and increased customer acquisition had a similar effect. Other administrative expenses consequently increased by €14.2m. In particular the integration of the former onvista group over six months led, alongside increased employee numbers and regular salary adjustments, to a rise in personnel expenses of €2.9m. The cost/income ratio rose to 75.7% (previous year: 71.7%).

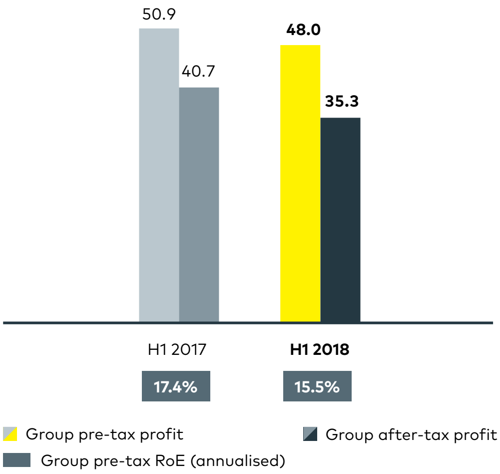
Income from discontinued activities

At €6.5m, the discontinued activities (ebase) generated a pre-tax profit similar to that of the previous year (€6.9m). A rise in administrative expenses of €0.7m was offset by growth in the net commission income of €0.5m. Further details can be found in the Notes in the section "Disclosures on discontinued activities (IFRS 5)" from page 33 onwards.

Group result

In the first half-year of 2018, the comdirect group achieved a pre-tax profit of €48.0m (previous year: €50.9m). The result for the period of comdirect group of €35.3m (previous year: €40.7m) produces earnings per share of €0.25 (previous year: €0.29). comdirect group's total comprehensive income, including the changes to revaluation reserves recognised through other comprehensive income came to €34.9m (previous year: €24.7m).

Group pre-tax and after-tax profit
(in €m)



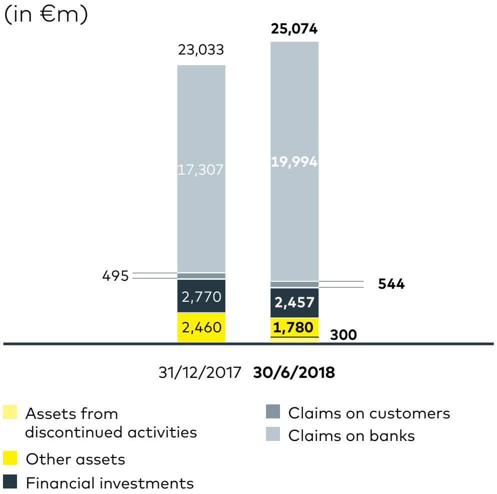
Assets and financial situation
The consolidated balance sheet extended due to the continued growth of the customer deposits to €25.1bn (end of 2017: €23.0bn).

On the financing side of the balance sheet, the liabilities to customers increased by €1.6bn to €23.9bn due to the growth in deposits. The liabilities to banks amounted to €1.2m. Compared with the end of 2017, the provisions decreased €5.4m to €28.1m. The off-balance sheet commitments from irrevocable loan commitments in the brokerage business amounted to €1.3bn (end 2017: €1.2bn). Equity decreased slightly to €625.4m (end of 2017: €638.9m). This was also due to the first-time application of IFRS 9 and the associated decline in revaluation reserves resulting from reclassification of financial instruments (detailed presentation in the Notes on pages 26 to 31). In line with the resolution of the annual general meeting of 4 May 2018, a dividend of €0.25 per share was paid out to the shareholders. This was equivalent to a total payout of €35.3m.

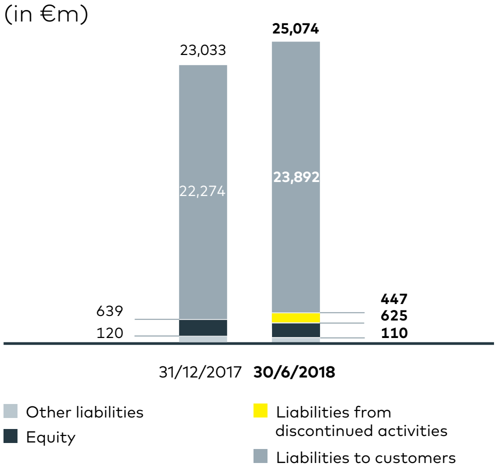
On the assets side, the claims on banks increased €2.7bn to €20.0bn compared with the 2017 reporting date. The increases in deposit volume were predominantly invested in companies of the Commerzbank Group. By contrast, at €2.5bn, the volume of financial investments was below the figure for the end of 2017 (€2.8bn). The rise in claims on customers of €48.4m to €543.6m reflects the greater utilisation of loans against securities and the growing consumer loan business.

The investments in property, plant and equipment as well as intangible assets in the B2C business segment totalled €8.3m (previous year: €13.0m; includes effects from the acquisition of the former onvista group) and were attributable for the most part to internally generated and acquired software.

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



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



Strategy implementation and product development in the second quarter

Banking
In June 2018, comdirect was launch partner of Google Pay in Germany, highlighting anew its role as a smart financial companion for the generation mobile. Any comdirect customer can make contactless payments using Google Pay at participating over-the-counter retail outlets; all they need is an Android smartphone that has their Visa card information stored in the Google Pay app. Google Pay means that the trend towards contactless payment via Near Field Communications (NFC) will see another significant boost.

Brokerage
comdirect further improved its trading app in brokerage, for example by introducing "TAN freedom for securities orders", and also continued its trading offensive by expanding the tradable derivatives range with products on US underlying assets.

As a driver of innovation, comdirect continues to focus on speech interaction and voice assistance, expanding its leadership in this area. For example, a watch list can now be stored using Amazon Alexa and call-up of current price information via push notification can be set up.

The cominvest digital asset management system continued to develop positively in the second quarter. Despite index levels that have been falling since the beginning of the year, assets under management at cominvest increased to almost €350m as a result of the higher number of custody account openings and net fund inflows to portfolio accounts.

The onvista.de financial portal further improved interlinking with comdirect's product offering, integrating morgage advice among other things. In addition, its functionality was expanded by the integration of comparison calculators, for example for custody accounts and daily money.

Outlook, risk and opportunity report

Forward-looking statements
comdirect forecasts future developments in the economy based on assumptions that are most plausible from today's perspective. However, comdirect'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 event that development is different to that expected.

Expected economic framework conditions
comdirect anticipates a stable economic environment in the second half of 2018. Economists at Commerzbank expect only subdued growth in the eurozone and a similarly slow increase in core inflation. Overall, the interest rate environment is expected to remain low in 2018. Since the bond yields are also likely to move sidewards, comdirect is not anticipating serious changes to the framework conditions for banking. The equity markets are expected to follow a positive trend over the long term despite regular strains caused by political uncertainties. In long sideways phases, low volatility can however lead to a less active level of trading.

Expected business performance and income performance
The ebase transaction, which is intended to be concluded in the second half of 2018, has an influence on comdirect's income situation and thus on the forecast statements made in the 2017 annual report. On the one hand, positive non-recurring income before tax of at least €85m is expected in the group pre-tax profit following the deconsolidation of ebase. On the other hand, the investment volume in the core business up to €30m will lead to a rise in administrative expenses in the B2C business segment. Even in light of this additionally planned growth expenditure in 2018, there will still be a significantly positive effect on the group pre-tax profit given the conclusion of the transaction in the second half of 2018 compared with the previous forecast statements in the 2017 annual report.

The growth investments serve to accelerate comdirect's evolution into a smart financial companion and a leading provider of mobile banking as well as reaching the goal of becoming the top address for saving, investing and trading with securities.

The expectations made of the key performance indicators for the B2C business segment are expected to be entirely achieved; trading activity was already significantly above the previous year in the first half of the year, net fund inflows were above the level of the first half of 2017, and assets under control have already increased by 6.1% in the first half of 2018.

The net interest income in the B2C business segment is expected to exceed the level of the previous year; the same applies to the net commission income, which is expected to be significantly above the previous year's level. As a result of the additional growth investments, administrative expenses will be higher than forecast in the 2017 annual report and therefore higher than in the 2017 financial year. With regard to the other income components the forecast statements retain their overall validity; the value is expected to be significantly below that of 2017. The pre-tax return on equity for the B2C business segment will as a consequence be below the value of 2017. At the level of comdirect group, including the earnings contributions of ebase as a discontinued activity until the deconsolidation, comdirect expects pre-tax profit of over €60m taking into consideration the additional growth investments of up to €30m. Assuming the transaction is concluded as planned in 2018 and an associated positive non-recurring income of at least €85m is achieved, pre-tax consolidated profit of around €145m is expected. Pre-tax and after-tax return on equity will therefore be significantly above the respective value for 2017.

Expected financial situation and risk status
The financial situation will continue to be influenced materially by the deposit business and the reinvestment.

The position of the continued activities in terms of risks and opportunities halfway through the year corresponds largely to the presentation of the risk status for comdirect group including ebase in the 2017 annual report, since this was mainly influenced by the B2C business. Significant changes in the risk score and risk situation are not expected for the second half of the year. The risk report can be found on pages 40 to 52 of the annual report 2017, while note (51) regarding the risk reporting of financial instruments is on pages 116 to 120. The opportunity report can be found on pages 53 and 54.

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 comdirect group.

Supplementary report

For events of special importance following the reporting date of 30 June 2018 please refer to the presentation in the Notes.

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.	
	2018	**2017[1]**	**2018**	**2017[1]**
Interest income, effective interest method	62,892	–	32,268	–
Interest income, other	1,121	–	803	–
Total interest income	**64,013**	**56,779**	**33,071**	**27,822**
Interest expenses	7,113	8,610	3,376	4,612
Net interest income before provisions for possible loan losses	**56,900**	**48,169**	**29,695**	**23,210**
Provisions for possible loan losses	–420	88	523	376
Net interest income after provisions for possible loan losses	**56,480**	**48,257**	**30,218**	**23,586**
Commission income	129,881	105,402	59,349	55,309
Commission expenses	21,990	13,760	10,705	8,424
Net commission income	**107,891**	**91,642**	**48,644**	**46,885**
Valuation result	2,800	–	2,816	–
Result from the disposal of financial assets measured at amortised cost	–586	–	–14	–
Result from the disposal of financial assets measured at fair value through other comprehensive income	248	–	209	–
Disposals and valuation result from financial assets	**2,462**	**–**	**3,011**	**–**
Trading result and result from hedge accounting	–	–528	–	–297
Result from financial investments	–	11,210	–	6,568
Other operating result[2]	4,729	4,851	757	3,368
Total income[2]	**171,562**	**155,432**	**82,630**	**80,110**
Personnel expenses[2]	38,617	35,724	19,866	19,040
Other administrative expenses[2]	84,265	70,095	43,526	37,917
Depreciation of office furniture and equipment and intangible assets[2]	7,237	5,620	3,695	3,197
Administrative expenses	**130,119**	**111,439**	**67,087**	**60,154**
Pre-tax profit from continued activities	**41,443**	**43,993**	**15,543**	**19,956**
Taxes on income	10,770	7,786	4,161	2,108
After-tax profit from continued activities	**30,673**	**36,207**	**11,382**	**17,848**
Pre-tax profit from discontinued activities	6,508	6,919	3,109	3,529
After-tax profit from discontinued activities	4,642	4,505	2,236	2,492
Pre-tax profit	**47,951**	**50,912**	**18,652**	**23,458**
Net profit	**35,315**	**40,712**	**13,618**	**20,340**

1) Previous periods adjusted due to reporting pursuant to IFRS 5: Contributions of ebase GmbH separately as income from discontinued activities; disclosures relating to continued activities without contributions of ebase.

2) Voluntary changes in the method of presentation taking into account the respective value from the previous period for continued activities. Additional details can be found in the Notes in the section "Changes to accounting methods and changes in the method of presentation".

Undiluted/diluted earnings per share

	1.1. to 30.6.		1.4. to 30.6.	
	2018	**2017**	**2018**	**2017**
Net profit (in €k)	35,315	40,712	13,618	20,340
Average number of ordinary shares (number)	141,220,815	141,220,815	141,220,815	141,220,815
Undiluted/diluted earnings per share (in €)	**0.25**	**0.29**	**0.10**	**0.14**

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 2017.

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.	
	2018	2017[1]	2018	2017[1]
Net profit	**35,315**	**40,712**	**13,618**	**20,340**
Items which cannot be reclassified to the income statement				
– Changes in actuarial gains/losses recognised in equity	–167	240	–77	279
– Other comprehensive income for the period from equity instruments	636	–	2,161	–
Items which can be reclassified to the income statement				
– Changes in the revaluation reserves after tax				
– Changes in value recognised in equity	49	–6,228	916	–4,165
– Reclassification to the income statement	–169	–10,852	–134	–6,406
Other comprehensive income for the period from continued activities	**349**	**–16,840**	**2,866**	**–10,292**
Other comprehensive income for the period from discontinued operations	–761	853	–379	1,288
Total other comprehensive income	**–412**	**–15,987**	**2,487**	**–9,004**
Comprehensive income	**34,903**	**24,725**	**16,105**	**11,336**

1) Previous periods adjusted due to reporting pursuant to IFRS 5: Contributions of ebase GmbH separately as other comprehensive income for the period from discontinued activities; disclosures relating to continued activities without contributions of ebase.

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 2018			
Actuarial gains and losses	–234	67	–167
Other comprehensive income for the period from equity instruments	646	–10	636
Other comprehensive income for the period from debt instruments	–168	48	–120
Other comprehensive income for the period	**244**	**105**	**349**
1 January to 30 June 2017			
Actuarial gains and losses	282	–42	240
Other comprehensive income for the period from equity instruments	–9,147	1,315	–7,832
Other comprehensive income for the period from debt instruments	–11,361	2,113	–9,248
Other comprehensive income for the period	**–20,226**	**3,386**	**–16,840**

Other comprehensive income for the period €k	**Before tax**	**Tax**	**After tax**
1 April to 30 June 2018			
Actuarial gains and losses	–108	31	–77
Other comprehensive income for the period from equity instruments	2,193	–32	2,161
Other comprehensive income for the period from debt instruments	1,100	–318	782
Other comprehensive income for the period	**3,185**	**–319**	**2,866**
1 April to 30 June 2017			
Actuarial gains and losses	394	–115	279
Other comprehensive income for the period from equity instruments	–5,559	–438	–5,997
Other comprehensive income for the period from debt instruments	–5,714	1,140	–4,574
Other comprehensive income for the period	**–10,879**	**587**	**–10,292**

Balance sheet

Balance sheet of comdirect group according to IFRS

€k Assets	as of 30.6.2018	as of 1.1.2018	as of 31.12.2017
Cash reserve	1,694,431	2,362,901	2,362,901
Claims on banks	19,994,019	17,306,556	17,306,695
Claims on customers	543,589	494,972	495,214
Financial investments	2,456,735	2,752,329	2,770,145
Intangible assets	37,792	50,098	50,098
Fixed assets	17,552	18,596	18,596
Current income tax assets	4,387	4,352	4,352
Deferred income tax assets	4,963	5,200	0
Other assets	21,237	24,533	24,533
Assets from discontinued activities	299,573	–	–
Total assets	**25,074,278**	**23,019,537**	**23,032,534**

Liabilities and equity	as of 30.6.2018	as of 1.1.2018	as of 31.12.2017
Liabilities to banks	1,173	9,288	9,288
Liabilities to customers	23,891,803	22,274,039	22,274,039
Provisions	28,140	33,611	33,501
Current income tax liabilities	8,356	234	234
Deferred income tax liabilities	0	0	74
Other liabilities	72,436	76,514	76,514
Liabilities from discontinued activities	446,921	–	–
Equity	**625,449**	**625,851**	**638,884**
Subscribed capital	141,221	141,221	141,221
Capital reserve	223,296	223,296	223,296
Retained earnings	220,210	184,885	182,078
Revaluation reserves	5,407	4,905	20,745
Consolidated profit 2017	0	71,544	71,544
Consolidated profit 2018	35,315	–	–
Total liabilities and equity	**25,074,278**	**23,019,537**	**23,032,534**

The first-time application of IFRS 9 as of 1 January 2018 results in effects on comdirect group's opening statement of financial position for the current financial year. These are explained in detail in the Notes (from page 29 onwards).

Statement of changes in equity

€k	Sub-scribed capital	Capital reserve	Retained earnings	Reva-luation reserves	Group result	Total
Equity as of 1.1.2017	**141,221**	**223,296**	**123,769**	**47,365**	**92,511**	**628,162**
Net profit from 1.1. to 31.12.2017	–	–	–	–	71,544	71,544
Change in actuarial gains/losses recognised in equity	–	–	1,103	–	–	1,103
Change in the revaluation reserves	–	–	–	–26,620	–	–26,620
Comprehensive income 2017	**–**	**–**	**1,103**	**–26,620**	**71,544**	**46,027**
Profit distributions	–	–	–	–	–35,305	–35,305
Allocation to reserves/transfer from reserves	–	–	57,206	–	–57,206	0
Equity as of 31.12.2017	**141,221**	**223,296**	**182,078**	**20,745**	**71,544**	**638,884**
Effects arising from first-time application of IFRS 9	0	0	2,807	–15,840	0	–13,033
Equity as of 1.1.2018	**141,221**	**223,296**	**184,885**	**4,905**	**71,544**	**625,851**
Net profit from 1.1. to 30.6.2018	–	–	–	–	35,315	35,315
Change in actuarial gains/losses recognised in equity	–	–	–928	–	–	–928
Change in the revaluation reserves	–	–	–	516	–	516
Contributions from the disposal of equity instruments in the measurement category FVOCI	–	–	14	–14	0	0
Comprehensive income from 1.1. to 30.6.2018	**–**	**–**	**–914**	**502**	**35,315**	**34,903**
Profit distributions	–	–	–	–	–35,305	–35,305
Allocation to reserves/transfer from reserves	–	–	36,239	–	–36,239	0
Equity as of 30.6.2018	**141,221**	**223,296**	**220,210**	**5,407**	**35,315**	**625,449**

€k	Sub-scribed capital	Capital reserve	Retained earnings	Reva-luation reserves	Group result	Total
Equity as of 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**

In the 2018 financial year, dividends of €35,305k (2017: €35,305k) were distributed to the shareholders of comdirect bank AG. This represents an amount per share of €0.25 (2017: €0.25).

In the financial year 2018, 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	2018	2017
Cash and cash equivalents as of 1.1.	**2,362,901**	**2,138,165**
Cash flow from operating activities	–455,595	–86,066
Cash flow from investment activities	–10,611	371,898
Cash flow from financing activities	–35,305	–35,305
Cash and cash equivalents as of 30.6.	**1,861,390**	**2,388,692**

Cash and cash equivalents correspond to the balance sheet item "Cash reserve" and include cash on hand and balances held at central banks. As of 30 June 2018, this item includes a contribution of €167m from discontinued activities which, in accordance with IFRS 5, is not recognised in the cash reserve but within the item assets from discontinued activities. The cash flows disclosed encompass both the continued and discontinued activities.

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 cash flow from investment activities results from the acquisition and disposal of tangible and intangible assets. The previous year's high cash flow figure 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 for the acquisition of the onvista group.

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

Revenues in business involving customers

€k	1.1. to 30.6.		1.4. to 30.6.	
	2018	2017	2018	2017
Commission income	**243,506**	**218,158**	**115,335**	**112,963**
Brokerage business	106,309	87,861	47,034	45,142
Payment transactions	13,484	10,239	7,462	5,460
Placement business	5,037	4,377	2,126	2,382
Other commissions	5,051	2,925	2,727	2,325
Commission income from discontinued activities	**113,625**	**112,756**	**55,986**	**57,654**

The commission revenues listed have been generated from the utilisation of bank services by our customers and have arisen predominantly at a particular point in time. Period-dependent commission is also shown as revenue in the brokerage business, in particular for custody account management and from sales follow-up commission.

In individual cases, revenue is reported in other operating result to a minor extent.

The revenues from discontinued activities essentially comprise sales and sales follow-up commission, transaction fees and fees for the custody account management.

Administrative expenses[1]

€k	1.1. to 30.6.		1.4. to 30.6.	
	2018	2017[2]	2018	2017[2]
Sales	17,143	14,945	11,571	10,365
External services	24,649	23,195	12,250	11,764
Business operations	16,661	12,854	7,592	6,720
IT expenses	12,835	11,059	5,761	5,185
Mandatory contributions	11,849	7,684	5,779	3,581
Other	1,128	358	573	302
Total	**84,265**	**70,095**	**43,526**	**37,917**

1) The items "Personnel expenses", "Other administrative expenses and depreciation on office furniture and equipment" and "Intangible assets" are shown in the income statement (voluntary change in the method of presentation).
2) Previous periods adjusted due to reporting pursuant to IFRS 5: All values excluding contributions of ebase GmbH.

Segment reporting

For better clarity, the tables below also show the values for the discontinued activities. They are also reconciled with the income statement values. Pursuant to the requirements of IFRS 5, the contributions of the former B2B business segment are also deducted from the respective line items and the earnings contribution is instead reported in a total amount as earnings from discontinued activities.

Segment reporting from 1.1. to 30.6.2018

€k	B2C	B2B	Consolidation	IFRS 5 effects	comdirect group total
Interest income	64,013	191	–74	–117	64,013
Interest expenses	7,113	610	–74	–536	7,113
Net interest income before provisions for possible loan losses	**56,900**	**–419**		**419**	**56,900**
Provisions for possible loan losses	–420	0		0	–420
Net interest income after provisions for possible loan losses	**56,480**	**–419**		**419**	**56,480**
Commission income	129,881	113,791	–166	–113,625	129,881
Commission expenses	21,990	84,483	–36	–84,447	21,990
Net commission income	**107,891**	**29,308**	**–130**	**–29,178**	**107,891**
Disposals and valuation result from financial assets	**2,462**	**0**		**0**	**2,462**
Other operating result[1]	**4,729**	**513**		**–513**	**4,729**
Total income[1]	**171,562**	**29,402**	**–130**	**–29,272**	**171,562**
Administrative expenses	**130,119**	**22,894**	**–130**	**–22,764**	**130,119**
Pre-tax profit from continued activities	**41,443**	**6,508**		**–6,508**	**41,443**
Pre-tax profit from discontinued activities	**–**	**–**		**6,508**	**6,508**
Pre-tax profit	**41,443**	**6,508**			**47,951**
Segment investments	8,276	2,341			10,617
Segment depreciation	7,237	2,386			9,623
Cost/income ratio	75.7%	77.9%			75.7%
Segment income	205,296	115,055			
– of which external income	205,260	114,852			
– of which inter-segmental income	36	203			
Segment expenses	163,853	108,547			

1) Voluntary changes in the method of presentation. Additional details can be found in the Notes in the section "Changes to accounting methods and changes in the method of presentation".

Segment reporting from 1.4. to 30.6.2018

€k	B2C	B2B	Consoli-dation	IFRS 5 effects	comdirect group total
Interest income	33,071	99	–42	–57	33,071
Interest expenses	3,376	311	–42	–269	3,376
Net interest income before provisions for possible loan losses	**29,695**	**–212**		**212**	**29,695**
Provisions for possible loan losses	523	0		0	523
Net interest income after provisions for possible loan losses	**30,218**	**–212**		**212**	**30,218**
Commission income	59,349	56,152	–78	–56,074	59,349
Commission expenses	10,705	41,696	–18	–41,678	10,705
Net commission income	**48,644**	**14,456**	**–60**	**–14,396**	**48,644**
Disposals and valuation result from financial assets	**3,011**	**0**		**0**	**3,011**
Other operating result[1]	**757**	**219**		**–219**	**757**
Total income[1]	**82,630**	**14,463**	**–60**	**–14,463**	**82,630**
Administrative expenses	**67,087**	**11,354**	**–60**	**–11,294**	**67,087**
Pre-tax profit from continued activities	**15,543**	**3,109**		**–3,109**	**15,543**
Pre-tax profit from discontinued activities	**–**	**–**		**3,109**	**3,109**
Pre-tax profit	**15,543**	**3,109**			**18,652**
Segment investments	3,571	1,208			4,779
Segment depreciation	3,695	1,201			4,896
Cost/income ratio	81.7%	78.5%			81.7%
Segment income	98,023	56,723			
– of which external income	98,005	56,623			
– of which inter-segmental income	18	100			
Segment expenses	82,480	53,614			

1) Voluntary changes in the method of presentation. Additional details can be found in the Notes in the section "Changes to accounting methods and changes in the method of presentation".

Segment reporting from 1.1. to 30.6.2017

€k	B2C	B2B	Consoli-dation	IFRS 5 effects[2]	comdirect group total
Interest income	56,779	151	–116	–35	56,779
Interest expenses	8,610	502	–116	–386	8,610
Net interest income before provisions for possible loan losses	**48,169**	**–351**		**351**	**48,169**
Provisions for possible loan losses	88	0		0	88
Net interest income after provisions for possible loan losses	**48,257**	**–351**		**351**	**48,257**
Commission income	105,402	112,756	–205	–112,551	105,402
Commission expenses	13,760	84,107	–112	–83,995	13,760
Net commission income	**91,642**	**28,649**	**–93**	**–28,556**	**91,642**
Trading result and result from hedge accounting	–528	0		0	–528
Result from financial investments	11,210	470		–470	11,210
Other operating result[1]	4,851	255		–255	4,851
Total income[1]	**155,432**	**29,023**	**–93**	**–28,930**	**155,432**
Administrative expenses	**111,439**	**22,104**	**–93**	**–22,011**	**111,439**
Pre-tax profit from continued activities	**43,993**	**6,919**		**–6,919**	**43,993**
Pre-tax profit from discontinued activities	**–**	**–**		**6,919**	**6,919**
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%			71.7%
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			

1) Voluntary changes in the method of presentation. Additional details can be found in the Notes in the section "Changes to accounting methods and changes in the method of presentation".
2) Changed presentation compared with the reporting in the previous period for reconciliation with the group figures adjusted in accordance with IFRS 5.

Two business segments were previously the focus of management: Business to Customer (B2C) and Business to Business (B2B).

The B2C business segment still comprises the activities of comdirect bank AG and its five special funds. These relate to services in brokerage, banking and advice in direct business with modern investors. Since the acquisition of the onvista group, this has also included onvista media GmbH, which operates the associated onvista.de portal, and onvista AG.

The B2B business segment encompassed the activities of ebase GmbH. Through its B2B partners, ebase offers comprehensive and tailored solutions for asset accumulation and investments.

The agreed sale of ebase means that its business activities from the point of view of comdirect group will be classified as a discontinued activity. B2B therefore no longer represents an operating business segment.

Segment reporting from 1.4. to 30.6.2017

€k	B2C	B2B	Consoli-dation	IFRS 5 effects[2)]	comdirect group total
Interest income	27,822	73	–29	–44	27,822
Interest expenses	4,612	266	–29	–237	4,612
Net interest income before provisions for possible loan losses	**23,210**	**–193**		**193**	**23,210**
Provisions for possible loan losses	376	0		0	376
Net interest income after provisions for possible loan losses	**23,586**	**–193**		**193**	**23,586**
Commission income	55,309	57,654	–54	–57,600	55,309
Commission expenses	8,424	43,447	–12	–43,435	8,424
Net commission income	**46,885**	**14,207**	**–42**	**–14,165**	**46,885**
Trading result and result from hedge accounting	–297	0		0	–297
Result from financial investments	6,568	0		0	6,568
Other operating result[1)]	3,368	146		–146	3,368
Total income[1)]	**80,110**	**14,160**	**–42**	**–14,118**	**80,110**
Administrative expenses	**60,154**	**10,631**	**–42**	**–10,589**	**60,154**
Pre-tax profit from continued activities	**19,956**	**3,529**		**–3,529**	**19,956**
Pre-tax profit from discontinued activities	**–**	**–**		**3,529**	**3,529**
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			

1) Voluntary changes in the method of presentation. Additional details can be found in the Notes in the section "Changes to accounting methods and changes in the method of presentation".
2) Changed presentation compared with the reporting in the previous period for reconciliation with the group figures adjusted in accordance with IFRS 5.

Management and reporting is now done exclusively via the B2C business segment. It encompasses all continued activities. Further reportable segments were not identified.

As part of treasury investments, ebase makes money market transactions with the B2C business segment. This generated interest income of €74k from discontinued activities (previous year: €19k) and interest expenses in the amount of €0k (previous year: €97k). The corresponding level of interest expenses and income was recorded in the B2C business segment.

In both segments, segment assets and segment debt 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	2017[1]				2018	
	Q1	Q2	Q3	Q4	Q1[1]	Q2
Interest income, effective interest method	–	–	–	–	30,624	32,268
Interest income, other	–	–	–	–	318	803
Total interest income	28,957	27,822	27,520	27,394	30,942	33,071
Interest expenses	3,998	4,612	4,336	3,923	3,737	3,376
Net interest income before provisions for possible loan losses	**24,959**	**23,210**	**23,184**	**23,471**	**27,205**	**29,695**
Provisions for possible loan losses	–288	376	1,755	–394	–943	523
Net interest income after provisions for possible loan losses	**24,671**	**23,586**	**24,939**	**23,077**	**26,262**	**30,218**
Commission income	50,093	55,309	56,626	61,747	70,532	59,349
Commission expenses	5,336	8,424	9,175	6,605	11,285	10,705
Net commission income	**44,757**	**46,885**	**47,451**	**55,142**	**59,247**	**48,644**
Valuation result	–	–	–	–	–16	2,816
Result from the disposal of financial assets measured at amortised cost	–	–	–	–	–572	–14
Result from the disposal of financial assets measured at fair value through other comprehensive income	–	–	–	–	39	209
Disposals and valuation result from financial assets	**–**	**–**	**–**	**–**	**–549**	**3,011**
Trading result and result from hedge accounting	–231	–297	–99	–65	–	–
Result from financial investments	4,642	6,568	3,835	6,418	–	–
Other operating result[2]	1,483	3,368	2,768	1,666	3,972	757
Total income[2]	**75,322**	**80,110**	**78,894**	**86,238**	**88,932**	**82,630**
Personnel expenses	16,684	19,040	19,966	19,811	18,751	19,866
Administrative expenses	32,178	37,917	37,069	43,707	40,739	43,526
Sales	4,580	10,365	4,757	7,794	5,572	11,571
External services	11,431	11,764	12,463	12,285	12,399	12,250
Business operations	6,134	6,720	7,566	10,525	9,069	7,592
IT expenses	5,874	5,185	6,768	5,944	7,074	5,761
Mandatory contributions	4,103	3,581	4,861	6,673	6,070	5,779
Others	56	302	654	486	555	573
Depreciation of office furniture and equipment and intangible assets	2,423	3,197	3,465	3,867	3,542	3,695
Administrative expenses	**51,285**	**60,154**	**60,500**	**67,385**	**63,032**	**67,087**
Pre-tax profit from continued activities	**24,037**	**19,956**	**18,394**	**18,853**	**25,900**	**15,543**
Taxes on income	5,678	2,108	5,123	6,016	6,609	4,161
After-tax profit from continued activities	**18,359**	**17,848**	**13,271**	**12,837**	**19,291**	**11,382**
Pre-tax profit from discontinued activities	**3,390**	**3,529**	**3,147**	**3,555**	**3,399**	**3,109**
After-tax profit from discontinued activities	**2,013**	**2,492**	**2,205**	**2,519**	**2,406**	**2,236**
Pre-tax profit	**27,427**	**23,485**	**21,541**	**22,408**	**29,299**	**18,652**
Result for the period after taxes/ consolidated net profit	**20,372**	**20,340**	**15,476**	**15,356**	**21,697**	**13,618**

1) Previous periods adjusted due to reporting pursuant to IFRS 5: Contributions of ebase GmbH separately as income from discontinued activities; disclosures relating to continued activities without contributions of ebase.
2) Voluntary changes in the method of presentation taking into account the respective value from the previous period for continued activities. Additional details can be found in the Notes in the section "Changes to accounting methods and changes in the method of presentation".

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

€k	2017[1]				2018	
	Q1	Q2	Q3	Q4	Q1	Q2
Result for the period before taxes/ consolidated net profit	**20,372**	**20,340**	**15,476**	**15,356**	**21,697**	**13,618**
Items which cannot be reclassified to the income statement						
– Changes in actuarial gains/ losses recognised in equity	−39	279	−62	−28	−90	−77
– Other comprehensive income for the period from equity instruments	–	–	–	–	−1,525	2,161
Items which can be reclassified to the income statement						
– Change in the revaluation reserves after tax						
Changes in value recognised in equity	−2,063	−4,165	2,065	−1,442	−867	916
Reclassification to the income statement	−4,446	−6,406	−3,580	−6,255	−35	−134
Other comprehensive income for the period from continued activities	**−6,548**	**−10,292**	**−1,577**	**−7,725**	**−2,517**	**2,866**
Other comprehensive income for the period from discontinued operations	−435	1,288	−273	45	−382	−379
Other comprehensive income for the period	**−6,983**	**−9,004**	**−1,850**	**−7,680**	**−2,899**	**2,487**
Comprehensive income	**13,389**	**11,336**	**13,626**	**7,676**	**18,798**	**16,105**

1) Previous periods adjusted due to reporting pursuant to IFRS 5: All values excluding contributions of ebase GmbH.

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. In order to present the development since the beginning of the year in a more transparent fashion, comparable disclosures pursuant to IFRS 9 have been added as of 1 January 2018.

€k	Fair value		Book value	
	30.6.2018	**1.1.2018**	**30.6.2018**	**1.1.2018**
Financial investments measured at amortised cost				
Cash reserve	1,694,431	2,362,901	1,694,431	2,362,901
Claims on banks	20,102,254	17,430,089	19,994,019	17,306,556
Claims on customers	545,791	496,772	543,589	494,972
Financial investments: Bond portfolios with the "Hold" business model	1,509,288	1,974,945	1,497,711	1,957,129
Financial instruments measured at amortised cost from discontinued activities	271,002	–	270,983	–
Total	**24,122,766**	**22,264,707**	**24,000,733**	**22,121,558**
Financial instruments, measured at fair value through other comprehensive income				
Financial investments: Bond portfolios with the "Hold and Sell" business model	871,717	737,132	871,717	737,132
Financial investments: Equities, for which fair value measurement recognised directly in other comprehensive income (without recycling) has been selected	47,062	30,474	47,062	30,474
Total	**918,779**	**767,606**	**918,779**	**767,606**
Financial instruments, measured at fair value in profit or loss				
Financial investments: Fund units and other debt instruments	40,245	27,594	40,245	27,594
Total	**40,245**	**27,594**	**40,245**	**27,594**
Liabilities measured at amortised cost				
Liabilities to banks	1,173	9,288	1,173	9,288
Liabilities to customers	23,912,915	22,274,063	23,891,803	22,274,039
Liabilities measured at amortised cost from discontinued activities	430,180	–	430,180	–
Total	**24,344,268**	**22,283,351**	**24,323,156**	**22,283,327**

Previous year's figures pursuant to IAS 39

€k	Fair value	Book value
	31.12.2017	**31.12.2017**
Loans and receivables		
Cash reserve	2,362,901	2,362,901
Claims on banks	17,430,089	17,306,695
Claims on customers	496,772	495,214
Total	20,289,762	20,164,810
Available for sale financial assets		
Financial investments	2,770,145	2,770,145
Total	**2,770,145**	**2,770,145**
Liabilities measured at amortised cost		
Liabilities to banks	9,288	9,288
Liabilities to customers	22,274,063	22,274,039
Total	**22,283,351**	**22,283,327**

For financial instruments due on demand, the nominal value is essentially their fair value. These instruments include the cash reserve, overdraft facilities and demand deposits of the balance sheet items claims on banks of €235,973k (2017: €313,533k), claims on customers of €430,447k (2017: €439,431k), liabilities to banks of €1,173k (2017: €9,288k) and liabilities to customers of €23,342,158k (2017: €21,750,163k).

In the case of the short-term financial instruments included in the other assets and liabilities, the book value essentially corresponds to the fair value. They are essentially trade payables and liabilities.

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 IFRS 9.

Level 1:

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

Level 2:

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

Level 3:

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

€k	30.6.2018			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets				
Loans and receivables				
Cash reserve	1,694,431	0	1,694,431	0
Claims on banks	20,102,254	0	20,102,254	0
Claims on customers	545,791	0	440,331	105,460
Financial investments: Bond portfolios with the “Hold” business model	1,509,288	1,166,312	342,976	0
Financial instruments measured at amortised cost from discontinued activities	271,002	269,967	1,035	0
Financial instruments, measured at fair value through other comprehensive income				
Financial investments: Bond portfolios with the “Hold and Sell” business model	871,717	343,303	528,414	0
Financial investments: Equities, for which fair value measurement recognised directly in other comprehensive income (without recycling) has been selected	47,062	47,062	0	0
Financial instruments, measured at fair value in profit or loss				
Financial investments: Fund units and other debt instruments	40,245	25,226	0	15,019
Total assets	**25,081,790**	**1,851,870**	**23,109,441**	**120,479**
Liabilities				
Fair value through profit or loss				
Liabilities to banks	1,173	0	1,173	0
Liabilities to customers	23,912,915	0	23,912,915	0
Liabilities measured at amortised cost from discontinued activities	430,180	0	430,180	0
Total liabilities	**24,344,268**	**0**	**24,344,268**	**0**

Comparable disclosures pursuant to IFRS 9

In order to be able to better understand the development of the fair values and level since the beginning of the year, the table below gives the comparable values pursuant to IFRS 9 as of 1 January 2018.

€k	1.1.2018			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets				
Financial instruments measured at amortised cost				
Cash reserve	2,362,901	0	2,362,901	0
Claims on banks	17,430,089	0	17,430,089	0
Claims on customers	496,772	0	439,870	56,902
Financial investments: Bond portfolios with the “Hold” business model	1,974,945	1,574,940	400,005	0
Financial instruments measured at fair value through other comprehensive income				
Financial investments: Bond portfolios with the “Hold and Sell” business model	737,132	189,226	547,906	0
Financial investments: Equities, for which fair value measurement recognised directly in other comprehensive income (without recycling) has been selected	30,474	30,474	0	0
Financial instruments, measured at fair value in profit or loss				
Financial investments: Fund units	27,594	15,064	0	12,530
Total assets	**23,059,907**	**1,809,704**	**21,180,771**	**69,432**
Liabilities				
Liabilities measured at amortised cost				
Liabilities to banks	9,288	0	9,288	0
Liabilities to customers	22,274,063	0	22,274,063	0
Total liabilities	**22,283,351**	**0**	**22,283,351**	**0**

Previous year’s figures pursuant to IAS 39

€k	31.12.2017			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets				
Loans and receivables				
Cash reserve	2,362,901	0	2,362,901	0
Claims on banks	17,430,089	0	17,430,089	0
Claims on customers	496,772	0	439,870	56,902
Available for sale				
Financial investments	2,770,145	1,809,704	947,911	12,530
Total assets	**23,059,907**	**1,809,704**	**21,180,771**	**69,432**
Liabilities				
Liabilities measured at amortised cost				
Liabilities to banks	9,288	0	9,288	0
Liabilities to customers	22,274,063	0	22,274,063	0
Fair value through profit or loss				
Negative fair values from derivative hedging instruments	0	0	0	0
Total liabilities	**22,283,351**	**0**	**22,283,351**	**0**

In the reporting period, securities with a fair value of €19m were reclassified from level 1 to level 2, as quoted market prices were unavailable. On the other hand, securities with fair values of €130m were reclassified from level 2 to level 1, as an active market was available due to increased market activity.

The consumer loans taken out by customers and the preferred stocks of VISA Inc. USA are allocated to level 3 of the valuation hierarchy. Consumer loans are reported in claims on customers while the VISA preferred stocks are reported in financial instruments – both measured at fair value in profit or loss. There are no other allocations to Level 3.

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

The value of preferred stocks of VISA Inc. USA can be derived from their stock exchange price due to the later exchange to common stocks of VISA Inc. USA. Because they are listed in US dollars, the exchange rate to euros has an effect on the fair value. There is uncertainty regarding the later exchange ratio. This is affected by possible losses of VISA Inc. from legal risks in connection with the transaction. The probability of a loss occurring and its expected amount are estimated for pricing. In both cases, they are non-observable parameters with future effects. They have low sensitivities. Discounts to be accounted for arising from the illiquidity of the preferred stocks are also non-observable. An increase in the liquidity discount of 10% (2017: 10%) of 1 percentage point would have resulted in the fair value of the preferred stocks being reduced €167k (2017: €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 of €2,453k arose from the preferred stocks of VISA Inc. USA as value change in the income statement with effect on profit within the valuation result item. In the previous year the interests were allocated to the available for sale measurement category pursuant to IAS 39. The contribution to other comprehensive income amounted to €1,084k after taxes.

Accounting standards and other information

Accounting standards

comdirect group's half-year report as of 30 June 2018 was prepared pursuant to Section 51 (1) of the Frankfurt securities exchange rules and regulations in accordance with the provisions of Sections 115 and 117 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). With the exception of the following changes, the same accounting and measurement methods were applied as for the consolidated financial statements of comdirect group as of 31 December 2017.

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

Effects of IFRS 9

Basic principles and recognition

Since 1 January 2018, comdirect group has applied IFRS 9 "Financial instruments" for the accounting of financial assets and financial liabilities. IFRS 9 includes requirements for the recognition, measurement and impairment of financial instruments and for the accounting of hedging relationships. It therefore replaces IAS 39 "Financial instruments: recognition and measurement".

In accordance with IFRS 9 in conjunction with IAS 32, a financial instrument is a contract by which one company holds a financial asset and another holds a financial liability or equity instrument at the same time.

A financial asset or financial liability is always reported on the balance sheet if comdirect group becomes a contractual party of the financial instrument.

Financial assets and financial liabilities are measured at fair value when they are recognised initially.

Following their first-time recognition, financial assets are measured either at amortised cost or at fair value, depending on their classification, while changes in their value are shown in other comprehensive income or in the income statement. After initial recognition, financial liabilities are measured at amortised cost as a rule, and at fair value through profit or loss in exceptional cases only.

For additions and disposals of financial assets under the balance sheet item "Financial investments", trade date accounting is used. Additions and disposals of all other financial assets are reported as of the settlement date.

Financial assets are derecognised if rights to cash flows have expired or lapsed, or if contractual rights have been transferred, meaning that the majority of risks and rewards are transferred. The approach for continuing involvements can be considered in case of only a partial transfer of risks and rewards and retention of dispositive power. There are no continuing involvements within comdirect group.

Financial liabilities are derecognised when they are extinguished, that is, when the obligations specified in the contract are either fulfilled or cancelled or expire.

Measurement – financial assets

The classification and associated measurement of financial assets is based on the business model underlying the financial assets and on the characteristics of the contractual cash flows of the financial assets.

IFRS 9 differentiates between three business models here. While the objective of the first business model is to hold financial assets for the purpose of collecting the contractual cash flows (“Hold” business model), the financial assets in the second business model are held for the purpose of both collecting the contractual cash flows and selling them (“Hold and Sell” business model). Financial assets which cannot be assigned to either of the two aforementioned business models are assigned to the third business model (“Miscellaneous” business model). In particular, financial assets which are held for trading purposes fall under this category. This business model does not exist at comdirect group.

When assessing the characteristics of the contractual cash flows of financial assets, their SPPI compliance (solely payment of principal and interest) is to be examined. They are compliant if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost (AC)

Financial assets are measured at amortised cost if they are assigned to the “Hold” business model and their contractual cash flows are SPPI-compliant.

All financial instruments in the balance sheet items “Cash reserve”, “Claims on banks” and “Claims on customers” of comdirect group are assigned to the “Hold” business model and fulfil the SPPI criterion, with the result that they are measured at amortised cost. Bond portfolios in the balance sheet item “Financial investments” which are assigned to the “Hold” business model and whose contractual cash flows are SPPI-compliant are also measured at amortised cost. Financial instruments within other assets are also allocated to this IFRS category.

Fair value through other comprehensive income (FVOCI) with recycling

Financial assets which are assigned to the “Hold and Sell” business model and whose contractual cash flows are SPPI-compliant are measured at fair value, while all changes in fair value are shown through other comprehensive income in other comprehensive income from the period until the financial asset is derecognised. If the financial asset is derecognised, the cumulative gain or loss shown previously in other comprehensive income for the period is reclassified from equity to profit or loss.

At comdirect group, bond portfolios in the balance sheet item “Financial investments” which are assigned to the “Hold and Sell” business model and whose contractual cash flows are SPPI-compliant are measured at fair value through other comprehensive income.

Fair value through profit or loss (mFVPL)

Financial assets which are assigned neither to the “Hold” business model nor to the “Hold and Sell” business model and are therefore assigned to the “Miscellaneous” business model, or whose contractual cash flows are not SPPI-compliant, are measured at fair value, while all changes are shown in the income statement. In addition, financial assets can be designated irrevocably as measured at fair value through profit or loss when they are recognised for the first time if this removes or significantly reduces incongruences in measurement or recognition (fair value option).

Although investment fund units held by comdirect group in the balance sheet item “Financial investments” are assigned to the “Hold and Sell” business model, they are measured at fair value through profit or loss as their contractual cash flows are not SPPI-compliant. In addition, VISA preferred stocks, which were acquired in 2016 as part of the disposal of member interests, are measured at fair value through profit or loss since they are not classified as equity instruments according to the criteria of IAS 32 and do not meet the SPPI criterion. There are no financial instruments held for trading or for which the fair value option is used.

Fair value through other comprehensive income (FVOCI) without recycling
Changes in the fair value of equity instruments which are not held for trading purposes can be measured through other comprehensive income in other comprehensive income without a later reclassification from equity to profit or loss.

comdirect group makes use of this option and measures all equity instruments in the balance sheet item "Financial investments" at fair value through other comprehensive income as of the reporting date. With regard to equity instruments, later recycling to the income statement does not occur in this category.

Measurement – financial liabilities
Financial liabilities are measured at amortised cost as a rule. The exceptions to this are financial liabilities held for trading purposes and those for which the fair value option has been utilised. The measurement effect from financial liabilities designated in the fair value option, which results from the company's own credit risk, is recognised outside profit or loss in retained earnings. Other changes in the fair value are recognised in profit or loss in the income statement.

comdirect group measures its financial liabilities using the effective interest method at amortised cost. These include the balance sheet items "Liabilities to banks", "Liabilities to customers" and "Financial instruments" within other liabilities. Measurement at fair value through profit or loss as a result of an existing trading intention or the utilisation of the fair value option does not occur.

Impairment
The provisions of IFRS 9 for the accounting of expected credit risks (provisions for possible loan losses) are based on an expected credit loss model. According to this, provisions for possible loan losses equal to the amount of the expected loss should be recognised for all loans, off-balance sheet business and finance guarantees not measured at fair value through profit or loss.

The expected credit losses are calculated as a rule in three stages based on the categorisation of debt instruments which are not measured at fair value through profit or loss as well as off-balance-sheet loan commitments. While debt instruments with no default criteria are assigned to stage 1 and stage 2, stage 3 comprises debt instruments which have been identified as in default. Financial assets which are already credit-impaired upon receipt (purchased or originated credit-impaired financial assets, POCI) are not assigned to any of the three stages and are treated and reported separately. Nevertheless, comdirect group does not have any financial instruments classifiable as POCI. There are also no financial guarantees within comdirect group.

At comdirect group, each and every financial instrument is assigned to stage 1 upon receipt as a rule. Furthermore, this stage includes all financial instruments which have a low credit risk, that is, which have an investment grade internal credit rating. For debt instruments in stage 1, provisions for possible loan losses equal to the 12-month expected credit loss are recognised.

Financial instruments whose credit risk has significantly increased and which do not have a low credit risk are assigned to stage 2. The provisions for possible loan losses for these financial instruments are recognised at an amount equal to the lifetime expected credit loss.

Key parameters for the calculation of expected credit losses in stages 1 and 2 are:

• the customer-specific probability of default (PD);
• the loss given default (LGD);
• the exposure at default (EAD).

The PD is the relevant indicator when assessing a significant increase in the credit risk for categorisation to stage 2. Statistical methods are used here to specify thresholds that represent a critical degree of deviation from a mean PD development.

As a rule, all financial instruments in default are assigned to stage 3 and the amount of their provisions for possible loan losses is calculated over the lifetime expected credit loss, as in stage 2. In stage 3, this is based on the cash flows still expected.

In the case of debt instruments of the "Amortised cost" category, the provisions for possible loan losses directly reduce the book value. With debt instruments which are measured at fair value through other comprehensive income the revaluation reserves is adjusted. Provisions are made for expected credit losses resulting from loan commitments. They are reported in the item "Provisions for possible loan losses" in the income statement.

Hedging relationships

For the accounting of hedging relationships, comdirect group has utilised the option of continuing to apply the provisions of IAS 39. Accordingly, the accounting principles presented in the 2017 annual report (see p. 87 f.) are applicable. There were no hedging relationships as of the reporting date.

Effects of the first-time adoption of IFRS 9 on comdirect group's consolidated financial statements

The following tables show the reconciliation of the book values of assets, liabilities and equity between IAS 39 as of 31 December 2017 and IFRS 9 as of 1 January 2018. Changes in measurement and in the method of presentation resulting from IFRS 9 affect the reporting period. In accordance with the transition regulations of IFRS 9, no previous year values were adjusted.

Reconciliation of financial assets

€k **Assets**	**Presentation IAS 39**	**Book value IAS 39 31.12.2017**	**Presentation IFRS 9**	**Reclassification**	**Revaluation**	**Book value IFRS 9 1.1.2018**
Cash reserve	LAR	2,362,901	AC	2,362,901	0	2,362,901
Claims on banks	LAR	17,306,695	AC	17,306,695	– 139	17,306,556
Claims on customers	LAR	495,214	AC	495,214	– 242	494,972
Financial investments		2,770,145		2,770,145	–17,816	2,752,329
	AFS		mFVPL[1]	27,594	0	27,594
	AFS		FVOCI with recycling	737,132	0	737,132
	AFS		AC	1,974,945	– 17,816	1,957,129
	AFS		FVOCI without recycling	30,474	0	30,474
Intangible assets		50,098		50,098	–	50,098
Fixed assets		18,596		18,596	–	18,596
Current income tax assets		4,352		4,352	–	4,352
Deferred income tax assets		0		0	5,200	5,200
Other assets		24,533		24,533	0	24,533
of which financial instruments	LAR	20,482	AC	20,842	0	20,842
Total		**23,032,534**		**23,032,534**	**–12,997**	**23,019,537**

1) VISA preferred stocks previously reported under equity instruments are now classified as debt instruments under IFRS 9 and allocated to the mFVPL measurement category. The adjustment is necessary, since under IFRS 9 the assessment of equity and debt capital takes place on the basis of the issuer.

Reconciliation of financial liabilities and equity

€k Liabilities and equity	Presentation IAS 39	Book value IAS 39 31.12.2017	Presentation IFRS 9	Reclassification	Revaluation	Book value IFRS 9 1.1.2018
Liabilities to banks	OLI	9,288	AC	9,288	0	9,288
Liabilities to customers	OLI	22,274,039	AC	22,274,039	0	22,274,039
Provisions		33,501		33,501	110	33,611
Current income tax liabilities		234		234	–	234
Deferred income tax liabilities		74		74	– 74	0
Other liabilities		76,514		76,514	0	76,514
of which financial instruments	OLI	48,557	AC	48,557	0	48,557
Equity		**638,884**		**638,884**	**– 13,033**	**625,851**
Subscribed capital		141,221		141,221	–	141,221
Capital reserve		223,296		223,296	–	223,296
Retained earnings[1]		182,078		182,078	2,807	184,885
Revaluation reserves[1]		20,745		20,745	– 15,840	4,905
Consolidated net profit 2017		71,544		71,544	–	71,544
Total		**23,032,534**		**23,032,534**	**– 12,997**	**23,019,537**

1) VISA preferred shares previously reported under equity instruments are now classified as debt instruments under IFRS 9 and allocated to the mFVPL measurement category. The adjustment is necessary, since under IFRS 9 the assessment of equity and debt capital takes place on the basis of the issuer.

Under IAS 39, all of comdirect group's bonds have been assigned to the measurement category "Available for sale". They have been measured at fair value through other comprehensive income. Under IFRS 9, selected bond portfolios have been assigned to the "Hold" business model, with the result that they have been measured at amortised cost since 1 January 2018. This results in a reduction in the book value in the amount of €17.7m.

This corresponds to a reduction in the revaluation reserves, which is lower as a result of taking deferred taxes into consideration. Due to the netting out of deferred taxes on the assets and liabilities side, income tax assets rose by €5.2m.

Reconciliation of equity according to cause

€k	Presentation IAS 39	Presentation IFRS 9	Retained earnings	Revaluation reserves
As of 31 December 2017 (IAS 39)			**182,078**	**20,745**
Financial investments	AFS	with FVPL[1]	3,623	– 3,623
	AFS	FVOCI with recycling	– 509	509
	AFS	AC	– 102	–17,714
Claims on banks	LAR	AC	– 139	0
Claims on customers	LAR	AC	– 242	0
Loan provisions			– 110	0
Deferred tax effects			286	4,988
As of 1 January 2018 (IFRS 9)			**184,885**	**4,905**

1) VISA preferred shares previously reported under equity instruments are now classified as debt instruments under IFRS 9 and allocated to the mFVPL measurement category. The adjustment is necessary, since under IFRS 9 the assessment of equity and debt capital takes place on the basis of the issuer.

In addition to the effects outlined above from the measurement of bonds at amortised cost, there are further effects on equity as a result of the conversion of provisions for possible loan losses under IFRS 9 to an expected credit loss model. In addition, the scope is extended to include instruments which are measured at fair value through other comprehensive income (FVOCI) with recycling. No provisions were made for these instruments under IAS 39.

Within financial investments, debt instruments are now measured at fair value through profit or loss under IFRS 9. Under IAS 39, these were measured at fair value through other comprehensive income. This results in a reduction in the revaluation reserves in the amount of €3.6m and an increase in retained earnings of the same amount.

Reconciliation of provisions for possible loan losses

€k	Presentation IAS 39	Presentation IFRS 9	Provisions for possible loan losses and security impairments IAS 39 31 December 2017	Revaluation	Provisions for possible loan losses IFRS 9	of which Stage 1	of which Stage 2	of which Stage 3
Financial investments	AFS	FVOCI with recycling	0	508	508	246	262	0
	AFS	AC	0	102	102	72	30	0
Claims on banks	LAR	AC	0	139	139	139	0	0
Claims on customers	LAR	AC	1,927	242	2,169	1,037	476	656
Provisions for possible loan losses for off-balance-sheet risks in the lending business			1,865	110	1,975	1,564	373	38
Total			**3,792**	**1,101**	**4,893**	**3,058**	**1,141**	**694**

The increase in provisions for possible loan losses essentially results from the extension of the scope of application to include debt instruments which are measured at fair value through other comprehensive income, which led to the amounts recorded in financial investments as at 1 January 2018 totalling €0.6m, as well as from the conversion to an expected credit loss model under IFRS 9 and the associated application of lifetime expected credit losses in stages 2 and 3.

Financial instruments which have been reclassified as measured at amortised cost

Financial instruments with a fair value of €1,974.9m have been reclassified as a result of the first-time application of IFRS 9 and are now measured at amortised cost. Under IAS 39, the instruments were recognised at fair value through other comprehensive income. Without reclassification, these instruments would have contributed an amount of €–4,683k after taxes to other comprehensive income for the period.

Effects of IFRS 15

IFRS 15 Revenue from Contracts with Customers introduces a principle-based five-stage model that regulates the nature, amount and timing of collection of income and replaces the standards IAS 11 and 18, IFRIC interpretations 13, 15 and 18, as well as SIC-31. This standard additionally calls for the disclosure of comprehensive qualitative and quantitative information regarding contractual agreements, performance obligations and significant discretionary decisions and assessments.

The clarification of IFRS 15 published in 2016 addresses three issues (identification of payment obligations, principal/agent considerations and licences) and aims to facilitate transition for modified contracts and concluded contracts. It was adopted into EU law in October 2016. Application is mandatory for financial years that begin on or after 1 January 2018.

IFRS 15 is applied retrospectively by comdirect in a modified form. Application does not result in any significant effects on comdirect group's consolidated financial statements.

Changes in accounting methods and estimates

Changes in the method of presentation
There were several changes in the method of presentation of elements of financial statements in the reporting period compared with the previous year. Alongside changes in the method of presentation arising from the first-time adoption of IFRS 9, these are the result of the imminent disposal of ebase GmbH and the associated reporting pursuant to IFRS 5 and voluntary changes in the method of presentation towards improving the presentation and readability of the income statement. The adjustments will be made retrospectively if required by IFRS 5 or IAS 8. In accordance with the transition regulations of IFRS 9, no previous year values were adjusted in this regard.

Changes in the method of presentation as part of applying new standards
As a result of changes in the requirements of IAS 1.82 (a) related to IFRS 9, the items "Interest income, effective interest method" and "Interest income, other" were introduced in the income statement. In the previous year, the values were totalled and presented in the item "Interest income".

Based on the requirements of IAS 1.82 (aa), the item "Result from the disposal of financial assets measured at amortised cost" was introduced. There were no contributions from comparable circumstances in the previous year.

The amounts determined pursuant to IFRS 9 are given in the item "Provisions for possible loan losses" for 2018. The previous year's value was determined based on the regulations of IAS 39.

comdirect does not hold instruments for trading purposes. Contrary to the previous year, however, the adoption of IFRS 9 means that individual financial assets must be measured at fair value through profit or loss. The item "Valuation result" has therefore been introduced, which includes contributions from the fair value measurement of financial instruments, effects of foreign currency translation and any contributions from hedging relationships. In the previous year, the item "Trading result and result from hedge accounting" included effects from foreign currency translation and contributions from hedging relationships.

In the previous year, earnings contributions from the disposal of financial instruments, which were reported in the balance sheet item "Financial investments", were shown in the item "Result from financial investments". Due to the requirements of IFRS 9, the amounts are not comparable with the current year. The item "Result from the disposal of financial assets measured at fair value through other comprehensive income" was therefore added again to the income statement.

To summarise, a total item "Disposal and valuation result from financial assets" was added to the income statement for the disclosures mentioned for the values of the reporting period to allow identification of further contributions from financial instruments in a single amount alongside the net interest income after provision for possible loan losses.

The item "Other comprehensive income for the period from equity instruments" was added to "Other comprehensive income for the period". It results from the first-time adoption of IFRS 9 and includes contributions from equity instruments which are measured at fair value through other comprehensive income.

The item "Contributions from the disposal of equity instruments in the measurement category FVOCI" was added to the statement of changes in equity as a result of the introduction of IFRS 9. Changes in retained earnings in relation to equity instruments which are measured at fair value through other comprehensive income are presented here.

The first-time adoption of IFRS 9 did not lead to retrospective adjustment of previous year values.

Changes in the method of presentation from the application of IFRS 5

Changes in the method of presentation resulting from IFRS 5 are outlined in the section "Disclosures on discontinued activities".

Voluntary changes in the method of presentation

Contrary to the previous year, the item "Other operating result" is shown before administrative expenses in order to include the new total item "Total income". This information was previously given in the management report. This did not result in any changes to amounts. However, the previous year's value must be adjusted due to the requirements of IFRS 5.

Total income comprises the income statement items "Net interest income after provisions for possible loan losses", "Net commission income", "Disposal and valuation result from financial assets" and "Other operating result". The previous year's figure includes the items "Trading result and result from hedge accounting" and "Result from financial investments" instead of the item "Disposal and valuation result from financial assets".

The sub-items "Personnel expenses", "Other administrative expenses" and "Depreciation of office furniture and equipment and intangible assets" were initially added to the item "Administrative expenses" in the income statement. Until now, these disclosures were only made in the Notes. The previous year's values were changed due to the requirements of IFRS 5.

Changes in estimates

In the reporting quarter, there was a partial reversal of provisions for credit risk due to a validation of the parameters applied in the risk models. The change in estimates amounted to €662k. The effect on future periods depends on the development of the lending volumes and overdraft facilities as well as the credit quality.

Disclosures on discontinued activities (IFRS 5)

On 10 July 2018, comdirect bank AG agreed on a sale of its wholly-owned subsidiary European Bank for Financial Services GmbH (ebase) with financial technology provider FNZ Group, domiciled in London. The reason for the sale is a stronger focus on the core business of comdirect bank.

The sale is subject to the approval of banking supervisory authorities and antitrust authorities and fulfilment of the contractually agreed closing conditions. Efforts are being made to conclude the transaction during the current financial year.

The sale price is at around €151m. On the date of closing, this is likely to result in a non-recurring contribution to pre-tax consolidated profit, taking into account expected costs and the book value of the assets and liabilities of ebase GmbH, of at least €85m.

Until all of the suspensive conditions occur, the former B2B business segment will be managed and presented as a discontinued activity as defined by IFRS 5.

As a result, all contributions to comprehensive income are no longer presented in the individual line items but instead separately as aggregated contributions from discontinued activities. The contributions from continuing activities correspond to those from B2C, the only remaining business segment. New reportable segments were not identified.

In addition to the disclosures on the remaining B2C business segment, the tables section of the Notes includes disclosures on the income and expenses from discontinued activities. It also reconciles the figures for presentation purposes as per the requirements of IFRS 5 in the income statement. Taxes on income from discontinued activities amounted to €1,866k (2017: €2,414k).

Earnings per share of €0.03 relate to the discontinued activities (first half of 2017: €0.03). There is no difference between basic and diluted earnings per share.

In the balance sheet, the assets and liabilities of the former B2B business segment are each presented separately as an aggregated figure. The previous year's figures did not need to be adjusted.

The assets and liabilities from discontinued activities comprise the following:

As of 30 June	**€m**
Cash reserve	167.0
Claims on banks	59.3
Claims on customers	35.0
Financial investments	9.8
Intangible assets	13.1
Fixed assets	1.2
Income tax assets	2.8
Other assets	11.4
Total assets	**299.6**
Liabilities to banks	6.4
Liabilities to customers	423.7
Provisions	12.8
Other liabilities	4.0
Total liabilities	**446.9**

ebase GmbH holds overnight money and fixed term deposits totalling €186.1m with comdirect bank AG. The value of claims on banks from discontinued activities provides the value included in the consolidated financial statements following consolidation of the claims of ebase against comdirect. Following deconsolidation of ebase after successful closing, the previously consolidated liabilities of comdirect with regard to ebase GmbH are reported in comdirect's consolidated financial statements without ebase.

The following cash flows were generated from discontinued activities:

€k	**1 January– 30 June 2018**	**1 January– 30 June 2017**
Cash flow from operating activities	54,084	117,282
Cash flow from investing activities	– 2,323	– 2,466
Total cash flow	**51,761**	**144,816**

Consolidated companies
There were no changes in comdirect group's scope of consolidation during the reporting period. In the previous year, there were changes to the scope of consolidation arising from the acquisition of the onvista group and subsequent merger of onvista bank GmbH into comdirect bank AG.

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 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). 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.

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
Where not otherwise explicitly mentioned, the amounts are presented in relation to the remaining operating segment B2C in the following details. As a result of the application of IFRS 5, previous year's values for items of the income statement had to be adjusted accordingly.

Financial investments
Financial investments include equity instruments with a value of €47m (31 December 2017: €30m). These are liquid, European securities that are expected to generate recurring dividend payments. The equity instruments are measured at fair value through other comprehensive income. In the reporting period, disposals of such instruments resulted in the recognition of €–14k under IFRS 9 without recycling through other comprehensive income. The instruments mentioned generated dividend income of €1,033k (2017: €0k) in the reporting period.

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 from discontinued activities amounted to €2,543k (2017: €3,758k).

Disposals and valuation result from financial assets
The result from the disposal of financial assets (measured at fair value through other comprehensive income) was €248k in the reporting period.

In addition, the result from the disposal of financial assets (measured at amortised cost) was €–586k. Of this figure, €1,552k was attributable to income and €2,138k to expenses.

The earnings contributions result from selective sales as part of treasury activities from portfolios with the "Hold and Sell" business model and individual repayments as a result of the harmonisation of model assets in portfolios with the "Hold" business model.

A result from financial investments of €11,210k from continued activites is shown in the previous period. This resulted from the disposal of financial assets which were measured at fair value through other comprehensive income under IAS 39.

The valuation result in the current year includes changes in the value of financial instruments which are measured at fair value through profit or loss, effects of foreign currency translation and valuation results from hedging relationships. The valuation result was €2,800k in the reporting period. There were no hedging relationships in the reporting period.

In the previous period, "Trading result and result from hedge accounting" essentially included €– 528k contributions from the value change of non-designated components of hedging derivatives (non-spot components) and effects from foreign currency translation. It also included a result from hedge accounting of €–1k from currency risk hedging.

Provisions for possible loan losses
The calculated expected credit losses are deducted from the respective claims in the balance sheet if they relate to financial instruments which are measured at amortised cost. Instruments which are measured at fair value through other comprehensive income are reflected in the revaluation reserves. The corresponding expense or income from the allocation or reversal of provisions is reported in the income statement under the item "Provisions for possible loan losses".

Of the total provisions for possible loan losses of €4,688k (1 January 2018: €4,893k), an amount of €4,040k (1 January 2018: €4,145k) relates to the retail lending business.

The total amount of provisions for possible loan losses includes provisions for risks relating to unutilised credit lines of €1,287k (1 January 2018: €1,975k).

Growth in the lending business with retail customers led in the reporting period to increases in expected credit losses.

This was counteracted in the reporting period by a partial reversal of provisions for credit risks of €662k, which was due to a validation of applied parameters in the risk models.

The expected credit loss was distributed across the individual stages as follows:

€k	**30.6.2018**	**1.1.2018**
Stage 1	2,973	3,058
Stage 2	928	1,141
Stage 3	787	694

As of 31 December 2017, the volume of provisions for possible loan losses amounted to €3,792k of which €610k was attributable to defaulted involvements.

Asset impairment
As in the previous year, no impairment losses from intangible assets or tangible assets were included in the first half-year.

Other disclosures

Annual general meeting
On the proposal of the Board of Managing Directors and Supervisory Board, the annual general meeting on 4 May 2018 passed a resolution that the distributable profit of comdirect bank AG of €113.4m be used for a dividend of €0.25 per share and that the remaining amount be allocated to other retained earnings. For the consolidated financial statements of comdirect group in accordance with IFRS, this results in an allocation to retained earnings of €36.2m.

As proposed by the Supervisory Board, the annual general meeting of comdirect bank AG also elected Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Hamburg branch, as the auditors of the annual financial statements and consolidated financial statements for the 2018 financial year. They were also chosen to review the condensed financial statements and the interim management report for the group for the first half of the 2018 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 concluded separately 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 companies of comdirect group, 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 comdirect group, nor did comdirect group suffer any financial losses.

For further information, please see note (19) in the 2017 annual report.

Supplementary report

On 10 July 2018, comdirect bank AG agreed on a sale of its wholly-owned subsidiary ebase (European Bank for Financial Services GmbH) with financial technology provider FNZ Group, domiciled in London. Further details can be found in the section Disclosures on discontinued activities (IFRS 5).

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 2018

The Board of Managing Directors

Arno Walter

Dietmar von Blücher

Matthias Hach

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, the 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 1 January 2018 to 30 June 2018, which are part of the six-monthly financial report pursuant to Sec. 115 WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]. The preparation of the interim condensed consolidated financial statements in accordance with IFRSs [International Financial Reporting Standards] 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 2018

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 2018

30 January	Press-/Analysts' conference in Frankfurt/Main
26 March	Annual report 2017
25 April	Quarterly statement
4 May	Annual General Meeting in Hamburg
1 August	Half-year report
30 October	Nine-month statement

Contacts

Investor Relations
Simone Glass
Telefon + 49 (0) 41 06 - 704 19 66
E-Mail investorrelations@comdirect.de

Benedikt von Davier
Phone + 49 (0) 41 06 - 704 19 80
Email investorrelations@comdirect.de

Lea Wischmann
Phone + 49 (0) 41 06 - 704 13 83
Email investorrelations@comdirect.de

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

Translation
English Business AG, Hamburg

Photography
Marion Losse, Hamburg

Press
Annette Siragusano
Phone + 49 (0) 41 06 - 704 19 60
Email presse@comdirect.de

Ullrike Hamer
Phone + 49 (0) 41 06 - 704 15 45
Email presse@comdirect.de

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.

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