

Annual Report 2008

> Key figures of comdirect bank group

		2008	2007	Change in %
Customer figures as of 31.12.				
Total customers		1,349,297	1,000,722	34.8
Customers in the comdirect online business line		1,342,690	996,599	34.7
Customers in the comdirect offline business line		46,585	32,469	43.5
comdirect online business line				
Placed orders		11,543,089	12,581,115	-8.3
Executed orders		9,231,378	9,950,097	-7.2
Average order activity per custody account		13.7	15.9	-13.8
Share of fund transactions in executed orders	in %	33.2	30.6	-
Order volume per executed order	in €	4,304	5,273	-18.4
Total assets under custody as of 31.12.	in € million	20,342	20,373	-0.2
of which: portfolio volume (excluding funds)	in € million	6,756	8,666	-22.0
of which: funds volume	in € million	3,120	4,022	-22.4
of which: deposit volume	in € million	10,466	7,686	36.2
Credit volume as of 31.12.	in € million	202	216	-6.8
Number of custody accounts as of 31.12.		697,806	645,893	8.0
Number of securities savings plans as of 31.12.		118,128	150,196	-21.4
Number of current accounts as of 31.12.		425,149	337,578	25.9
Number of Tagesgeld PLUS ("call money plus") accounts as of 31.12.		814,516	400,414	103.4
comdirect offline business line				
Advisers as of 31.12.		199	202	-1.5
Offices as of 31.12.		32	27	18.5
Commission income	in € thousand	25,964	22,997	12.9
Earnings ratios				
Net commission income	in € thousand	138,441	152,724	-9.4
Net interest income before provisions	in € thousand	162,372	127,164	27.7
Administrative expenses	in € thousand	208,748	187,437	11.4
Pre-tax profit	in € thousand	77,760	90,480	-14.1
Net profit	in € thousand	57,692	57,697	0.0
Earnings per share	in €	0.41	0.41	0.0
Balance sheet key figures as of 31.12.				
Balance sheet total	in € million	11,070	8,233	34.5
Equity	in € million	476	478	-0.5
Equity ratio ¹⁾	in %	4.4	5.9	-
Regulatory indicators under Basel II²⁾ as of 31.12.				
Risk weighted assets ³⁾	in € million	563	n.a.	-
Eligible amount for operational risks	in € million	18	n.a.	-
Own funds ⁴⁾	in € million	384	n.a.	-
Own funds ratio ⁵⁾	in %	49.1	n.a.	-
Relative ratios				
Return on equity before tax ⁶⁾	in %	16.0	16.3	-
Cost/income ratio	in %	72.6	67.0	-
Earnings per customer	in €	243.8	307.9	-20.8
Employees' figures as of 31.12.				
Employees		906	824	10.0
of which: in the comdirect online business line		835	786	6.2
of which: in the comdirect offline business line		71	38	86.8
Employees full-time basis		806.4	721.5	11.8

1) Equity ratio = Equity (excluding revaluation reserve) / balance sheet total

2) These figures are calculated on the basis of internal calculations; publication is voluntary and the figures are not reported to the Supervisory Authority based on national implementation conversion

3) Risk weighted assets in accordance with Section 10c of the German Banking Act (KWG) (intragroup receivables are zero weighted)

4) Own funds currently correspond to core capital at comdirect bank AG

5) Own funds ratio = own funds / (risk weighted assets + 12.5 x eligible amounts for operational risks)

6) Return on equity = pre-tax profit / average equity (excluding revaluation reserve) in the reporting period

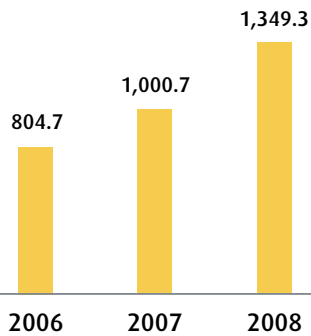
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> 2008: A year of growth

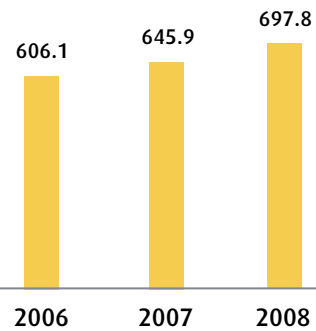
comdirect customers

in thousand



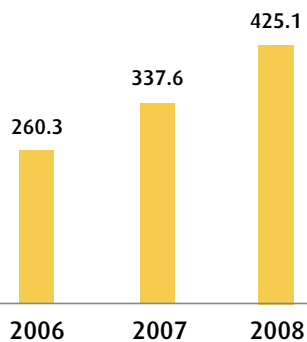
Custody accounts

in thousand



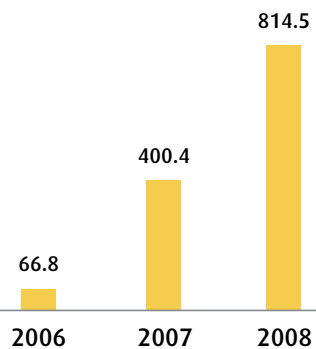
Current accounts

in thousand



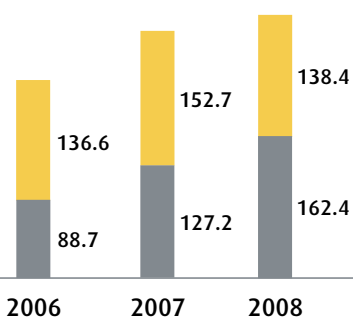
Tagesgeld PLUS

in thousand



Net commission and net interest income

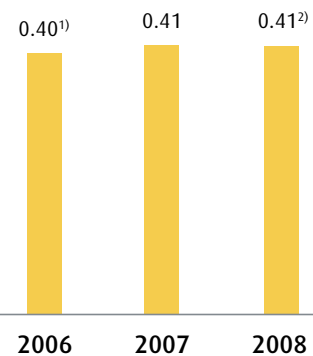
in € million



■ Net commission income
■ Net interest income before provisions

Dividend

in € per share



¹⁾ Excluding special dividend
²⁾ Dividend proposal

comdirect's business model which is focused on strong growth has proven robust during the financial market crisis. We have increased our investment in growth compared to the previous year by around €20m to over **€70,000,000** and expanded the number of customers by **34.8%**. In brokerage, comdirect executed **9,231,378** trades and opened almost **52,000** new custody accounts. In banking, we increased the number of Tagesgeld PLUS accounts by **103%**, with growth of **26%** in current accounts. The deposit volume rose by **€2.8bn**. In advice, comdirect attracted more than **14,000** new customers. Despite higher investment in growth, pre-tax profit of **€77.8m** clearly outstripped the target of €70m. Consolidated net profit matches the record level of the previous year at **€57.7m**. Key factor: the sharp rise in net interest income which accounted for over **50%** of total earnings for the first time. Customer satisfaction also reached a new record level. As a result of the high quality of its products, services and advice, comdirect ranked **No. 1** in the "Beste Bank 2008" (€uro) competition.



Michael Mandel, CEO of comdirect bank

The comvalue growth programme is followed by the complus programme. With complus we are building the next generation comdirect bank – offering a clear range of products and services, direct customer contact, a modern banking platform and independent advice. The targets are ambitious: 2.3 million customers and pre-tax profit of €150m–€160m in 2013. This will create “more comdirect” for the customers and for the shareholders of the bank.

> Foreword

Dear shareholders,

Observers are unanimous: the financial industry has a very difficult year behind it and a gloomy future lies ahead. Fortunately, comdirect bank has no cause to join in this sorrow. On the contrary: the bank achieved even stronger growth in 2008 than the year before and has expanded its business base by more than a third. The bank has increased its earnings power and is in a position to repeat the record dividend of the previous year. And its prospects for profitable growth in the next few years are superb.

“We have again achieved stronger growth in turbulent times, increased our earnings power and are in a position to repeat the record dividend of the previous year. Our prospects are superb.”

Many of the bank’s value drivers are at record levels: a 35% rise in the number of customers to 1.35 million; a 36% rise in the deposit volume to reach double digits for the first time at €10.5bn; a 26% rise in current accounts to 425,000; Tagesgeld PLUS accounts doubled to more than 800,000. As a full-service bank with a strong deposit business, we have been able to withstand the headwind coming from the capital markets and have more than offset the slight decline in net commission income with a 28% increase in net interest income before provisions. Consequently, we were able to invest over €70m – €20m more than in the previous year – through our own expenditure on the bank’s growth. Despite this, at €78m our pre-tax profit was only down by around 14% on the record figure from 2007. We have therefore outstripped our profit target of €70m by more than 10%.

What gives our business model its stability in these highly turbulent times? One factor is the close integration of our brokerage, banking and advice fields of competence, which makes us unique in this competitive environment. Additionally there is the interplay of our highly effective IT infrastructure and top quality Customer Services. But most of all, it is our fundamental belief that a direct bank is only successful if it understands the needs of modern investors. Savers are looking for attractive interest rates, individually tailored savings rates and flexible execution intervals, as offered by our new comdirect money savings plan for example. Securities investors are looking for guidance in the investment universe as well as user-friendly order execution and can utilise the tailored investment proposals based on our quality-checked FondsDiamanten fund offering as well as our innovative Trailing Stop Order. Property buyers need a wide selection of products, the best terms and conditions and expert advice, all of which can be found in our innovative building finance@comdirect offering. We see the “Beste Bank 2008” accolade and very high level of customer satisfaction we achieved during the year as confirmation that our product and service concepts meet these needs.

"The market is moving. Investors are looking to realign themselves and are calling traditional bank models into question. We aim to take an even larger share of the market than before."

With its product and service spectrum, which is among the market leaders in terms of quality and terms and conditions, and its good image, comdirect has achieved a very promising starting position at exactly the right time. The market is moving as investors, fundamentally unsettled by a sustained period by the erosion of assets in turbulent markets, are looking to realign themselves and are increasingly calling traditional bank models into question. Consequently, we see this as an opportunity to take an even larger share of the direct bank market, which is still recording strong growth. For this reason, regardless of the financial market crisis and recession, comdirect bank is above all else ready to rise to this challenge.

Through our new complus programme we are aligning our offering with the changed customer requirements and extending our business model in order to ensure the long-term sustainability of the bank. What does the next generation comdirect bank stand for? First of all, for an attractive and clear range of products and services. Through the advantages of our products and terms and conditions offered by the Tagesgeld PLUS, fixed-term deposit and time deposit accounts as well as the user-friendly current account, we will attract an increased number of customers who are considering to switch banks. Secondly, we stand for direct and individual customer contact with a focus on affluent and high-income households as well as demanding securities traders. Thirdly, comdirect is developing independent and transparent advisory models and acts as an intermediary for building finance and provisioning products and as a securities broker. In all of the models we link a comprehensive product overview via the direct banking platform with fair advice. To achieve this, we are investing in the fourth element, our modern and highly effective banking platform with exemplary IT infrastructure and efficient Customer Services.

This is our service promise to customers. Our promise to our shareholders: to virtually double the size of comdirect bank within five years through the complus programme. By the end of 2013, we intend to increase the number of customers by one million and expand assets under custody to over €40bn – and based on this, achieve pre-tax profit of €150m–€160m.

After a year as the CEO I am enthusiastic about "Team comdirect" and its commitment and creativity. I am convinced that through complus we will secure the future of comdirect bank and achieve considerable value added for our shareholders.

Sincerely yours,



Michael Mandel,
CEO



> “complus means virtually doubling the size of the bank in five years.”

comdirect closed financial year 2008 in a new league and is already the first choice direct bank for 1.35 million customers. Through the complus programme, the bank is ensuring its long-term sustainability and once more setting itself ambitious targets. By the end of 2013, the bank intends to attract a further 1 million new customers and double assets under custody. In the following interview, the members of the Board of Managing Directors explain how this will be achieved: by actively promoting clear advantages for customers and intelligent product and service concepts in attractive fields of opportunities. comdirect's business model links online and offline activities even more closely than before and extends the proven direct selling format to new areas such as old-age provisioning.

> Interview

Mr. Mandel, Mr. Daenert, Mr. Strauß – many banks suffered serious problems in 2008. How did comdirect escape this downward spiral?



Mandel: You can't tell whether or not a business model is successful and robust in fine conditions, but rather when it is challenged by a stormy environment. comdirect has the major advantage of having developed into a full-service bank at the right time and has a good balance of earnings components. Net interest income has risen to a record level. This has more than offset the slight decline in order numbers and other adverse effects of the financial market crisis in 2008.

Daenert: We note with great interest that some banks have suddenly rediscovered private investors, partly because they deliver stable earnings. We have always been at home in this segment. We have built up the trust of modern investors over many years and we know the levers to pull to make significant gains.

“Through complus we will virtually double the size of comdirect bank and ensure its long-term sustainability and performance.”

Michael Mandel

Nevertheless, results were also down at comdirect in financial year 2008.

Mandel: This stemmed from a conscious decision in favour of growth and against short-term profit optimisation. Regardless of all the turmoil in the markets, in the middle of the year the Board of Managing Directors made the decision to once again increase the spending on our market and product offensive by around €20m compared to the previous year, bringing the total to over €70m. Despite this, we have exceeded our profit target by more than 10%, which is a resounding success.

Strauß: Another equally great success is the fact that this investment in growth has had the desired effect. We have increased our customer base and deposit volume by more than a third and once again achieved higher growth than in the previous year. This was certainly not a given in the current market environment. And naturally the Board of Managing Directors didn't achieve this on their own but as part of a team comprising all employees.

The main growth drivers were special offers for new customers on the Tagesgeld PLUS and fixed-term deposit accounts. However like all banks, since October you have had to considerably adjust the interest rates on these accounts. Has this undermined the appeal of your top-sellers?

Strauß: What counts is the comparison within a competitive environment. comdirect bank will continue to be at the forefront of the market when it comes to terms and conditions. After all, it's not just about interest rates, but especially these days, also about product quality and other conditions. We guarantee attractive interest rates on Tagesgeld PLUS accounts for investments up to €100,000 and offer maximum deposit safety; this is why the account scored the best mark in the Stiftung Warentest comparison in February 2009. Product variety is also important: the combination of a fee-free current account and attractive Tagesgeld PLUS account has been very well received by our customers, as has our highly flexible money savings plan which can be used to save at call money terms and conditions. And finally, anyone with comdirect bank can see that as well as good terms and conditions, they also receive first class customer service.

Daenert: But it is also true that the gold-digging sentiment has gone for the moment when it comes to call money. Customers are no longer focusing so strongly on the interest rates and other factors such as deposit safety, quality and user-friendly products are now important again. Other products are also coming to fore, such as safety-oriented funds and provisioning products to name but two. comdirect also has the top-sellers to meet the needs resulting from this market development.

You have developed a new programme for the next few years to ensure long-term sustainability and added value. What do you intend to do with complus that you didn't do with the previous growth programme, comvalue?

Mandel: We adopted a very analytical and fundamental approach when developing complus. We allowed ourselves to play with a large number of new and sometimes unusual ideas. We looked at where we are – a full-service bank with a highly effective brokerage platform, attractive customer base and offices in 30 cities – and asked ourselves how we can build on this. The process took more than nine months but it's been worth it. The result is a programme that delivers more comdirect. We are continuing to develop further in brokerage and banking, thereby attracting more customers and assets. We are enhancing our efficiency and further improving our infrastructure as well as expanding our business through new product and service concepts. Here, we combine our broad product range via fast online access with expert advisory services. This is an offering that is unique in the marketplace.

How exactly do you intend to attract a large number of new customers in brokerage and banking?

Mandel: There are considerably more than 20 million bank customers in Germany who already use the internet for their banking transactions. Many of these are still customers of a regional bank, savings bank or cooperative bank. We are targeting this segment with our new current account formats, which offer clear product advantages, especially in combination with Tagesgeld PLUS. There are also new product ideas as well as campaigns for call money and fixed-term deposits. We aim to inspire modern,



.....
 “complus demands more from our IT infrastructure and Customer Services. We are improving efficiency and creating an even more positive customer experience.”

Carsten Strauß

.....



self-determined customers to use more attractive forms of investment that are just as safe as a savings passbook.

Strauß: One particular area of interest here is the affluent segment, i.e. households with above-average income or of above-average net worth. As a direct bank focused on modern investors, we already have a strong presence here, but are working for the first time on a tailored strategy for this segment. This

means that we are combining customised products with first class customer services and investment-related advice.

Daenert: Of course as a leading online broker, we focus equally strongly on securities traders. We have been expanding our offering in this area for years and are among the market leaders in terms of product spectrum and technology. In 2008 we extended our range of user-friendly orders with the Trailing Stop Order and our comdirect "Börsenticker" stock market ticker provides price information in real-time. We will continue to align ourselves as the first choice broker.

With new product and service concepts, another key feature of complus, you aim to develop no less than "the next generation of innovative business models". How will you deliver on this demanding claim?

Mandel: On the one hand, there are the traditional banks and savings banks – which maybe offer good advice, but are limited to their own, sometimes narrow, product range. On the other, there are the direct banks – with a broad spectrum of products and extensive market overview, but often without any guidance for investors. With our new advisory models we offer the best of both worlds: an independent product range offering maximum transparency and clearly advantageous terms and conditions combined with expert advisory services.

Daenert: We have already demonstrated this with our building finance offering. Anyone looking for the best financing product can choose from around 50 financing partners at comdirect. And our customers don't have to do it alone as they are supported through the entire process from selection to finance commitment by our building finance experts, either by phone or in selected comdirect private finance offices. This is the blueprint for further product and service concepts.

Mandel: For now we are setting our sights on two additional offerings. We are becoming a leading provisioning broker with advice-based direct sales, especially of fund-based and capital-based Riester policies. And for securities investors, we offer a transparent range of products coupled with independent advice. This is next generation investment!

That leaves the improvements in efficiency and infrastructure. As a direct bank aren't you already a streamlined organisation? How do you intend to set new trends here?

"Investors are not just looking at interest rates. They also want attractive product formats, user-friendliness and deposit safety."

Torsten Daenert

Strauß: You are right of course – comdirect has always offered its customers smooth-running processes and invested in an efficient IT structure. The product and advice initiatives under complus now demand even more from our technology base. For example we started to migrate all our online functions to a new web architecture.

Mandel: The comdirect platform of the future will be faster, more secure and more interactive. And of course, more intuitive. This is important if it is to be accepted by new target groups that to date have not been major users of the internet.

Strauß: The IT architecture project is being flanked by an overarching efficiency package to manage growth. For Customer Services, for example, this means making even greater use of multi-channel teams so that the department can respond more flexibly to customer queries. Ultimately we aim to create even more positive customer experience and limit excessive increases in personnel numbers. All this will be accompanied by a comprehensive training programme for comdirect employees.

You have again set very ambitious targets with complus. Increasing the number of customers by 1 million and expanding assets under custody by €20bn within five years – is this realistic in the current environment?

Mandel: Yes. Through complus we will virtually double the size of the bank within five years. What makes me optimistic in the first instance is the sheer scale of the market. Of a total of considerably more than 20 million potential online investors, we have just 1.35 million on board so there is plenty of scope for growth. New and attractive target groups are discovering online banking, among them the over-50 BestAgers. For them we have the right concepts in place in the form of our affluent strategy. Many bank customers are giving money away every day on savings accounts or current accounts that charge fees; through targeted marketing we can trigger a migration movement. Furthermore, our new advisory models are both unique in the market and attractive for a wide range of target groups.

Daenert: And comdirect bank also has a very convincing track record when it comes to achieving challenging targets. Many people initially considered our aim to increase the number of customers to 1.3 million by the end of 2009 as too ambitious, yet we have achieved this 14 months ahead of schedule.

Some things will change with complus. What risks are involved here?

Daenert: Naturally we will be investing as part of complus. But our attention will always be on the risk position of the bank and we will steer our spending flexibly and in line with the situation in the market ...

Mandel: ... whilst at the same time identifying opportunities! We will achieve strong growth and expand the basis for net commission income and net interest income accordingly. Secondly, we are extending our direct banking platform to include new product and service concepts and exploiting positive economies of scale as well as cost-savings resulting from greater efficiency. By the end of 2013, as the bottom line, comdirect should generate pre-tax profit of €150m–€160m.



> Corporate Governance

> Responsible company management

Management and control of comdirect bank comply with generally accepted high standards. The Board of Managing Directors and Supervisory Board closely monitor developments in the ongoing Corporate Governance debate and systematically refine Corporate Governance within comdirect bank. The guiding principles of our responsible company management are

- cooperation based on trust between the Board of Managing Directors, which manages the company, and the Supervisory Board, which advises and monitors the Board of Managing Directors and exercises its control function efficiently and independently,
- focus on shareholder interests at all times,
- responsible and effective risk management,
- monitoring of and compliance with legal requirements and supervisory regulations as well as,
- timely and transparent communication both internally and outside the company.

These principles are enshrined in all areas of the bank and determine the framework parameters for strategic decisions and business policy.

The Supervisory Board has formed two expert committees in order to exercise its control function as efficiently as possible:

The tasks carried out by the Presiding Committee include preparations for the appointment of members to the Board of Managing Directors, drawing up contracts for members of the Board of Managing Directors and setting their compen-

sation as well as monitoring compliance with the Rules of Procedure for the Board of Managing Directors.

The Audit Committee is concerned in particular with accounting, risk management and Compliance. The Committee is responsible for the preliminary examination of the annual and consolidated financial statements, obtains the certificate of independence and quote from the auditors and receives the report from the Compliance Officer.

The German Corporate Governance Code (GCGC) has established itself as the benchmark for assessment of good corporate governance at German listed companies. We implement the recommendations in the latest version of the Code dated 6 June 2008 with only a few exceptions and also largely comply with the suggestions of the Code.

In the report of the Supervisory Board (see page 11), the bank's supervisory body renders account of its activities during the financial year and reports on the results of its examination of the annual financial statements and the audit reports. In the joint Corporate Governance report (see page 15), the Supervisory Board and the Board of Managing Directors explain the measures taken to implement the GCGC in financial year 2008 as well as any deviations from the recommendations and suggestions. In addition, the report also deals with the implementation of new statutory requirements. In the compensation report (see page 18), the Board of Managing Directors and the Supervisory Board outline the compensation system and give a breakdown of the overall compensation received by the members of the Board of Managing Directors and the Supervisory Board in the financial year. The compensation report was reviewed by the auditor and forms part of the group management report.

> Report of the Supervisory Board

> Cooperation between the Board of Managing Directors and the Supervisory Board

The Supervisory Board worked in close partnership with the Board of Managing Directors of comdirect bank during financial year 2008, providing regular advice and monitoring the management of the company. We have comprehensively carried out all the duties incumbent upon the Supervisory Board under the legal framework conditions, the bank's Articles of Association and the GCGC.

The Board of Managing Directors provided us with regular written and oral reports on the situation and development of comdirect bank AG and its subsidiary, comdirect private finance AG. We requested full and timely reports on all major business transactions, fundamental issues of business policy, management and corporate planning. We discussed the status of their implementation with the Board of Managing Directors at regular intervals.

We were directly involved in all company decisions of vital importance, especially including all measures which may significantly affect comdirect bank's earnings situation, financial situation and assets. As part of our monitoring and control function, all documents submitted or presented to us have been checked for plausibility and questions on material issues have been followed up with the relevant comdirect contact persons, particularly the Board of Managing Directors.

In addition, the Chairman of the Supervisory Board was continuously given detailed information on all events that were of significant importance for the assessment of the situation and development as well as for the management of the company. He maintained frequent contact with the CEO and conferred with him, in particular, on the strategy, business development and risk management of comdirect bank. He had sight of all minutes of the meetings of the Board of Managing Directors and arranged for important matters to be addressed by the Supervisory Board committees.

> Main focus in 2008

The Supervisory Board met at five regularly convened meetings in financial year 2008 on 6 March, before and after the annual general meeting on 9 May, 13 August and 12 November 2008.

The central topics were the successful early completion of the comvalue growth programme and, as part of the deliberations on the medium-term strategy, the launch of the programme complus, through which comdirect bank intends to continue its dynamic growth in the future. We also discussed the options for the strategic further development of comdirect private finance AG and requested detailed information about the start-up and development of the brokerage business for property finance.

The Supervisory Board discussed the risk management and risk position of the bank in depth at several meetings. The main areas were the overall risk strategy in line with the minimum requirements for risk management (MaRisk) as well as the current credit risk situation and the further development of the bank's risk management.

With regard to the financial market crisis, the Board of Managing Directors informed us, in particular, about the current market and credit risk position in the Treasury portfolio. In light of this, we discussed the investment strategy of comdirect bank in depth as well as its plans for greater use of Commerzbank AG for money market and capital market transactions. We received regular progress reports from the Board of Managing Directors.

Furthermore, we were informed by the Board of Managing Directors of comdirect bank on the performance of key indicators and their impact on the bank's earning situation, financial situation and assets. In this context, we also monitored the market and competitive environment of comdirect bank.

The resolutions adopted by the Supervisory Board by means of a written ballot include

- the amendment of the Articles of Association as a result of the change in share capital and conditional capital following the exercise of stock options in 2007,
- the approval of the agenda for the annual general meeting and proposals to be put to the annual general meeting,
- the acknowledgement of the Corporate Governance report 2007 and the corresponding amendments to the Rules of Procedure of the Supervisory Board as a result of changes in the GCGC,
- the approval of the resignation of Dr Andre Carls and Karin Katerbau from the Board of Managing Directors of 3 March 2008 and the appointment of Michael Mandel as CEO and Carsten Strauß as a member of the Board of Managing Directors of comdirect bank in a conference call,
- the appointment of Dr Christian Diekmann to the Board of Managing Directors of comdirect bank as of 1 May 2009 in a further conference call,
- the approval of the establishment of operations within comdirect private finance AG offices for the purposes of placing property finance,

and, after in-depth discussions during a conference call, the planning for the comdirect bank group.

> Efficiency of Supervisory Board activities

The Supervisory Board has reviewed the efficiency of its activities with the aid of a detailed questionnaire and the findings were discussed in depth in its meeting of 6 March 2008. All members of the Supervisory Board took part in this efficiency review. The activities of the Supervisory Board, especially with regard to company control, and the committee work were unanimously judged to be efficient. The Board of Managing Director's information policy was viewed as particularly positive.

The Corporate Governance Officer provided a comprehensive report to the Supervisory Board and prepared the Declaration of Compliance from the Board of Managing Directors and the Supervisory Board in accordance with Section 161 of the German Stock Corporation Act (AktG). This was approved at our meeting on 19 March 2009.

There were no conflicts of interest among Supervisory Board members as defined by Section 5.5 GCGC in financial year 2008. At the recommendation of the Audit Committee, the Supervisory Board commissioned the auditors elected by the annual general meeting on 9 May 2008, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, Hamburg branch, to conduct the audit for financial year 2008. We have obtained a certificate of independence from the auditors. There are no business, financial, personal or other relations between the auditors and their executive bodies on the one hand and comdirect bank and its Board members on the other, which could give rise to doubts with regard to their independence.

> Activities of the committees

As in the previous year, we referred some matters to the Presiding Committee and Audit Committee for a decision or preparation of resolutions in order to improve the efficiency of Supervisory Board activities and to deal with complex matters.

The Audit Committee of the Supervisory Board met three times in the reporting year on 6 March 2008, 9 May 2008 and 12 November 2008. At the meeting on 6 March 2008, the Audit Committee dealt with the preliminary examination of the financial statements and dependency report as well as the independence of the commissioned auditors for the company and group accounts. The Audit Committee also requested reports on the main findings in the overall review report by Internal Audit for financial year 2007 as well as the credit risk positions in the Treasury portfolio of comdirect bank and received the report of the Compliance Officer. At the meeting on 9 May, Martin Zielke was appointed as the new Chairman of the Audit Committee and authorised to sign the contract commissioning the auditors selected by the annual general meeting to audit the company and consolidated financial statements, including the management reports as of 31 December 2008. At its meeting on 12 November 2008, the Audit Committee dealt with the main indicators used in the management of comdirect bank, movements in the revaluation reserve of comdirect bank, the results of the annual custody account/Securities Trading Act (WpHG) review and the main points of the audit of the 2008 financial statements. The Audit Committee also approved the commissioning of PricewaterhouseCoopers Aktienge-

sellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, Hamburg branch, with tax advisory services for financial year 2009.

The Presiding Committee adopted resolutions exclusively by means of a written ballot in the reporting year. In each case these were preceded by in-depth discussions through conference calls and included changes to the compensation for the Board of Managing Directors and specifying the variable compensation for members of the Board of Managing Directors. Another resolution related to the recommendation to the full Supervisory Board that Michael Mandel be appointed CEO and Carsten Strauß be appointed a member of the Board of Managing Directors of comdirect bank. The Presiding Committee also approved the acceptance of mandates by members of the Board of Managing Directors as a result of changes in the Board of Managing Directors as well as intended loans granted to Commerzbank AG and furthermore recommended the appointment of Dr Christian Diekmann as a member of the Board of Managing Directors of comdirect bank with effect from 1 May 2009 to the full Supervisory Board.

A detailed report of activities of the committees was provided at the full Supervisory Board meeting. The Supervisory Board has not formed any committees other than the Presiding Committee and the Audit Committee.

> Approval of the financial statements and dependency report

The financial statements of comdirect bank AG (according to the German Commercial Code, HGB), the management report of comdirect bank AG (according to the German Commercial Code, HGB) and the consolidated financial statements and group management report (according to IFRS/IAS), including the underlying book-keeping for financial year 2008, have been examined by the auditors and issued with an unqualified certification. The above documentation, the audit reports and the proposal of the Board of Managing Directors for appropriation of the distributable profit were made available to the members of the Supervisory Board in good time. The auditors who signed the financial statements took part in the meeting of the Audit Committee on 19 March 2009 and the subsequent meeting of the Supervisory Board dealing with the approval of the annual accounts. They reported on the key findings of the audit and answered questions. The

result of the audit was discussed thoroughly with the Audit Committee. The Audit Committee then proposed to the Supervisory Board that the financial statements be approved. The Supervisory Board has acknowledged the results of the audit. Within the scope of the legal provisions, it has examined the financial statements and management report, the consolidated financial statements and group management report and the proposal of the Board of Managing Directors for the appropriation of the distributable profit and raised no objections. In its meeting on 19 March 2009, the Supervisory Board approved the financial statements and the consolidated statements prepared by the Board of Managing Directors. Accordingly, the financial statements are to be regarded as adopted. The Supervisory Board endorses the proposal for appropriation of the distributable profit.

Furthermore, the report of the Board of Managing Directors on the bank's relationship with affiliated companies was submitted to the Supervisory Board together with the associated auditors' report. After completing the examination, the auditors raised no objection to the report of the Board of Managing Directors and gave it the following unqualified certificate: "After conducting our audit in accordance with the professional standards, we confirm that the actual details of the report are accurate and the fees paid by the company for the legal transactions detailed in the report were not disproportionately high."

The Supervisory Board examined the report of the Board of Managing Directors and approves the report as well as the findings of the examination by the auditors.

After completing the examination, the Supervisory Board finds no cause for objection to the concluding statement by the Board of Managing Directors in the report concerning the relationship with affiliated companies.

As part of the audit, the auditors also assess whether the Board of Managing Directors has implemented a monitoring system and has fulfilled the legal requirements concerning the early detection of risks that are likely to threaten the existence of the company. The auditors have confirmed that the risks described in the management report are presented accurately and that the measures taken by the Board of Managing Directors according to Section 91 (2) of the German Stock Corporation Act (AktG) are conducive to the early detection of developments that are likely to threaten the continued existence of the company.

> Changes in the Board of Managing Directors

With effect from 4 March 2008, the Supervisory Board appointed Michael Mandel as the new CEO and Carsten Strauß as a member of the Board of Managing Directors, each for a term of three years. Mr Mandel was previously Group Manager of the central Private and Business Customers segment at Commerzbank AG and as CEO heads up Business Development, Marketing & Sales and Corporate Communications. He is also responsible for the Treasury department at comdirect bank and for the further development of subsidiary comdirect private finance AG in his capacity as Chairman of its Supervisory Board. As CFO, Torsten Daenert is now responsible for Finance, Controlling and Risk Management as well as Building Finance, IT, Product Management and Internal Audit. Carsten Strauß, who was previously manager of the Customer Services division of comdirect bank for several years, now heads up Customer Services and Institutional Business as well as Human Resources, Legal Services & Organisation. Michael Mandel and Carsten Strauß succeeded Dr Andre Carls and Karin Katerbau, who have taken on other positions in the Commerzbank Group and resigned as CEO and member of the Board of Managing Directors respectively as of 3 March 2008. We would like to thank Mrs Katerbau and Dr Carls for their considerable commitment and outstanding performance for comdirect bank, its employees and shareholders.

> Changes in the Supervisory Board and the Supervisory Board committees

Martin Zielke, Head of the central division Group Finance at Commerzbank AG, was appointed to the Supervisory Board by the annual general meeting on 9 May 2008. He succeeds Dr Eric Strutz who resigned his position on the Supervisory Board as of the end of the annual general meeting on 9 May 2008. At the same time, the chair of the Audit Committee of the Supervisory Board passed from Dr Strutz to Mr Zielke on 9 May 2008. We would like to thank Dr Strutz for his pleas-

ant and constructive cooperation as well as his excellent performance in the interests of comdirect bank and its shareholders.

> Thanks for excellent performance

We would like to thank the members of the Board of Managing Directors and all employees of comdirect bank for their excellent commitment and performance in financial year 2008. We would like to thank the staff council for their constructive cooperation at all times.

Frankfurt, 19 March 2009
The Supervisory Board

> Corporate Governance at comdirect bank AG

Joint report by the Supervisory Board and Board of Managing Directors of comdirect bank AG pursuant to Section 3.10 of the German Corporate Governance Code.

At comdirect bank, corporate governance and control conform to the prevailing legal framework conditions and, unless expressly noted otherwise in the Declaration of Compliance, the requirements of the GCGC. In our opinion, the catalogue of recommendations and suggestions that has been amended and extended several times over the past years also sets a high standard by international comparison.

> Explanations to the new version of the Code

There has been a moderate update in the Code with effect from 6 June 2008.

In addition to clarification of Section 4.2.2, which refers to the handling of the matter of compensation of the Board of Managing Directors by the full Supervisory Board, three former suggestions (“should” and “can” provisions) in Section 4.2.3 pertaining to payments to members of the Board of Managing Directors in the event of premature termination of their activity as a Board member were changed to recommendations (“should” provisions). Consequently, when signing contracts for members of the Board of Managing Directors, care should be taken that payments in the event of premature termination of the activity as a Board member without good cause do not exceed the value of two years’ annual compensation (settlement cap) and at the same time do not cover more than the remaining term of the contract. The GCGC also recommends that the corresponding payment obligation in the event of a change in control amounts to a maximum of 150% of the settlement cap.

Also new is the recommendation under Section 7.1.2 that the Supervisory Board or its Audit Committee discuss the interim financial reports with the Board of Managing Directors prior to their publication.

In contrast, the previous Code suggestion in Section 5.4.6 that members of the Supervisory Board be elected at different times and for differing terms of office was deleted.

> Implementation of the Code recommendations and suggestions

comdirect bank complies with the **recommendations of the GCGC** with a few exceptions:

In **Section 4.2.2**, the GCGC recommends that, at the proposal of the committee in charge of contracts for the members of the Board of Managing Directors, the full Supervisory Board should resolve and regularly review the compensation system for the Board of Managing Directors including the main contract elements. comdirect bank, however, regards the regular information provided to the full Supervisory Board by the Presiding Committee as sufficient. The stipulation and regular review of the compensation structure should continue to be a task of the Presiding Committee, which is generally responsible for contracts for members of the Board of Managing Directors, including with a view to increasing efficiency.

The recommendations regarding payments to members of the Board of Managing Directors in the event of premature termination of the Board activity in accordance with **Section 4.2.3 paragraphs 4 and 5** of the GCGC was fully taken into account by comdirect bank for the first time when concluding the contract of employment for Dr Diekmann who will join the Board of Managing Directors on 1 May 2009. In line with previous practice, the contracts of employment of Michael Mandel and Carsten Strauß, which were concluded before the GCGC was revised, simply take into account that in the event of premature termination, payments should not cover more than the remaining term of the respective contract of employment.

We do not comply with the recommendation in **Section 5.3.3** regarding the formation of a Nomination Committee. As the Supervisory Board of comdirect bank comprises only six members in total, four of whom are shareholder representatives, we consider it unnecessary to form a separate committee from this small group. Moreover, in our opinion the desired improvement in transparency for the election procedure can be achieved through the full Supervisory Board.

We also comply with the **suggestions of the GCGC** with only a few exceptions. The deviations arise where implementation of the corresponding suggestions does not appear reasonable in comdirect bank's specific situation or where the additional benefit to shareholders appears doubtful.

Section 2.3.3: The Code suggests that the representative to exercise shareholders' voting rights appointed by the company should be contactable during the annual general meeting. The main reason for this is that because the discussion is broadcast on the internet, shareholders could change their voting behaviour at short notice. As a result of the limitation of the broadcast as described in the following (Section 2.3.4), comdirect bank does not comply with this suggestion.

Section 2.3.4: The broadcast of the annual general meeting via the internet suggested by the Code is limited by comdirect bank to the speeches by the CEO and the Chairman of the Supervisory Board. We are of the opinion that the internet does not currently represent a suitable medium for broadcasting a discussion that generally lasts several hours.

Section 3.6: The Code suggests that in supervisory boards with codetermination, representatives of the shareholders and of the employees should prepare the supervisory board meetings separately. As in-depth exchanges take place in the Supervisory Board of comdirect bank, we consider such preparations to be unnecessary. Meetings will only be prepared separately when required.

Section 5.4.6: Contrary to the suggestion in the Code, performance-related compensation of the Supervisory Board does not contain a component that relates to the long-term success of the company, but is tied to the possible payment of a dividend. We consider the differing calculation basis for performance-related components for the compensation of the Board of Managing Directors and the Supervisory Board to be appropriate.

After the change in the Chair of the Audit Committee, we still continue to comply fully with the requirement under the GCGC that the Chairman of the Audit Committee should have particular expertise and experience in the application of accounting principles and internal control procedures, while at the same time should not be a former member of the Board of Managing Directors of the company (**Section 5.3.2**). Mr Zielke is a graduate in banking and business

administration and has been with the Commerzbank Group since 2002. After responsibility for Retail and Corporate Banking, he was appointed to the Management Board of Eurohypo AG in April 2006 where his remit included responsibility for Finance, Controlling and Taxes. Since December 2007 he has been the Head of the central division Group Finance in the Commerzbank AG.

The current Declaration of Compliance adopted on 19 March 2009 at the accounts meeting of the Supervisory Board and the Corporate Governance and Compensation report for financial year 2008 are available on the company website at www.comdirect.de/ir. Previous versions of the above documents as well as the Articles of Association and the full German Corporate Governance Code can also be viewed here. In addition, the website includes information on the latest changes to our Corporate Governance standards.

There were no conflicts of interest in financial year 2008.

The current version of the Articles of Association and the Rules of Procedure for the Boards correspond to all requirements of the Code.

> Compliance

The Compliance Officer appointed in the previous year presented and explained his annual report for the first time at the meeting of the Audit Committee on 6 March 2008. According to the report, comdirect bank's compliance management is appropriate and fully complies with the statutory requirements. The internal compliance analysis completed in August 2008 confirmed this assessment and highlighted only a few areas for development.

The Money Laundering Officer immediately initiated and supported implementation within the company of the German Money Laundering Act (Geldwäschebekämpfungsergänzungsgesetz) which came into force on 21 August 2008; implementation will be complete by May 2009. The legislative process of various laws (e.g. the Accounting Law Reform Act (BilMoG); the act regarding the implementation of the Shareholders Rights Directive (ARUG); as well as implementing the EU Consumer Directive and EU Payment Services Directive) is being closely monitored and regularly analysed in terms of the necessity of implementation requirements at comdirect bank.

> Shareholders and the annual general meeting

The annual general meeting was held on 9 May 2008 at the Chamber of Commerce in Hamburg and 83.0% of the share capital was represented. comdirect bank had made all the necessary reports and documentation available in advance, including on its website. All the items on the agenda for resolution were largely passed by majorities of considerably over 98%. The results of the votes can be viewed on our website.

The Chairman of the Supervisory Board outlined the compensation system of the Board of Managing Directors to the annual general meeting. The speeches by the Chairman of the Supervisory Board and the CEO were broadcast on the internet. It was also possible to exercise votes via electronic proxy voting ahead of the general meeting.

> Transparency and timeliness

We complied with all the recommendations of the GCGC on transparency in financial year 2008 and with regard to the publication deadlines, clearly exceeded the recommendations for both the consolidated financial statements and the quarterly reports once again. In addition, comdirect publishes the key indicators for its operating business on a monthly basis, making it a pioneer in the financial services industry.

> Directors' dealings

In financial year 2008, the following notifiable acquisition and disposal transactions were carried out by Board members and other executives of comdirect bank:

Date	Name	Position	Type of transaction	Price €	No.	Amount €
06.05.2008	Dr Olaf Jäger-Roschko	Other executive	Sale under stock option programme	9.35436	4,000	37,417.44
06.08.2008	Michael Mandel	CEO	Acquisition	7.25	114	826.50
06.08.2008	Michael Mandel	CEO	Acquisition	7.35	9,891	72,698.85
06.08.2008	Michael Mandel	CEO	Acquisition	7.42	3,497	25,947.74

> Compensation of the Board of Managing Directors and the Supervisory Board

Explanations regarding the structure of the compensation system and compensation of the Board members as part of the Corporate Governance report.

The following compensation report also forms part of the Group management report.

> Compensation of the Board of Managing Directors

The compensation of the Board of Managing Directors of comdirect bank AG is specified by the Supervisory Board.

The compensation comprises the following components: a non-performance related fixed compensation, a variable compensation component linked to the profit of the company and personal performance and a component with long-term incentive effect and risk elements. Furthermore, the members of the Board of Managing Directors receive a company pension in respect of their activities for comdirect bank AG. All compensation components are appropriate both individually and as a whole.

The non-performance related fixed compensation comprises an annual fixed salary plus benefits. Without prejudice to the possibility of a review by the Presiding Committee of the Supervisory Board, the annual fixed salary for members of the Board of Managing Directors is set for the entire term of their respective contract of employment and is paid in twelve monthly instalments. The salary is based on the current economic position and future prospects of the bank as well as on the level of compensation paid in a comparable environment. In addition to the fixed salary, the members of the Board of Managing Directors receive fringe benefits in the form of payments in kind which essentially comprise the use of a company car as well as the payment of expense allowances and insurance premiums and taxes and social security contributions attributable to these. The actual amount varies according to the individual situation of the respective member of the Board of Managing Directors. Moreover, the Commerzbank Group maintains a D&O policy with deductible for the Managing Directors and Supervisory Board members. The insurance premium for the Managing Directors and the Supervisory Board members of comdirect amounted to €11 thousand in the reporting year and was paid by the company.

No loans or advances were granted in the reporting year.

The variable component (bonus) is based on the business performance of the company and the attainment of individual targets in the previous financial year. The key factors governing the performance-related component are the development of earnings before tax (EBT) and the attainment of defined growth targets. The respective targets are agreed annually between the Board of Managing Directors and the Presiding Committee of the Supervisory Board. At the end of the financial year, the Presiding Committee examines the extent to which the targets have been achieved and sets the level for the performance-related component.

The components with long-term incentive effect and risk elements in financial year 2008 are based on the Long Term Incentive Programme (LTIP), the model replacing the stock option programme (see note (26) on page 86).

As beneficiaries under the LTIP, members of the Board of Managing Directors of comdirect bank have received an allocation of virtual, non-tradable shares (performance shares) in yearly tranches since 2005. These comprise the conditional right to a cash payout after a three-year waiting period. The amount of cash payment per performance share depends on the one hand, on the extent to which the original performance targets were achieved and on the other, on the share price at the end of the waiting period.

The performance targets defined when the programme was set up are based on the total shareholder return (TSR), a key indicator which, in addition to share price performance, also takes account of the dividends paid during the waiting period.

The number of performance shares to be paid out depends in equal measure on the TSR outperformance targets compared to the DAXSector Financial Services Performance Index and the absolute increase in TSR for comdirect shares. The hurdles for both performance targets are high. With regard to TSR outperformance (subset A), the performance shares are only valuable if comdirect shares have performed at least as well as the reference index over the three-year

waiting period. If the comdirect share price including dividends paid has increased in absolute terms in the same period (subset B) by at least 25% compared to the price on issue, this subset also becomes valuable.

The total payout from the LTIP is capped. Should the performance target set at the start of the plan not be achieved, the performance shares lapse at the end of the waiting period. Both subsets comply with the requirements of the German Corporate Governance Code (GCGC).

The terms and conditions for allocating performance shares, the exercise hurdles and time parameters are listed in the notes starting on page 87.

The volume of LTIP components, the LTIP target value, for each member of the Board of Managing Directors amounts to 25% of the individual fixed salary. The individual number of performance shares is calculated by dividing the LTIP target value and fair value of a performance share as of the date of issue. This fair value is determined by an outside expert using an option valuation model prior to setting up each tranche. In light of the plans in place since December 2008 for Torsten Daenert's switch to Commerzbank AG and the associated uncertain effectiveness of a participation in the future success of comdirect bank, the Presiding Committee of the Supervisory Board decided not to take Torsten Daenert into account when granting the 2008 tranche of the LTIP. As compensation for the lost allocation of the 2008 tranche of the LTIP, the Presiding Committee of the Supervisory Board decided to grant Torsten Daenert a one-off extraordinary payment amounting to his LTIP target value of €42 thousand. This extraordinary payment is shown in the table on page 20 under bonus.

Dr Carls and Mrs Katerbau resigned from their respective positions as CEO and member of the Board of Managing Directors with effect of 3 March 2008 to take on new responsibilities in the Commerzbank Group.

As a result of this intragroup change, Dr Carls and Mrs Katerbau received payments from comdirect bank up until their resignation from the Board of Managing Directors on 3 March 2008 and with the move within the Commerzbank Group waived all claims against comdirect bank. The pension claims of Dr Carls and Mrs Katerbau were transferred by comdirect bank to the respective new employer. The details of the payments made up until 3 March 2008 are shown in the table on page 20.

Only the claims to components with long-term incentive effect remain in place. The performance shares granted under the LTIP do not lapse with the intragroup change. Dr Carls and Mrs Katerbau therefore continue to hold performance shares. These will only be paid out if at the end of the waiting period, the defined performance targets have been achieved and Dr Carls and Mrs Katerbau are still with the Commerzbank Group. The first LTIP tranche became due in 2008 and a payment totalling €28 thousand was made to Dr Carls and Mrs Katerbau. Further payments under the LTIP could become due from the remaining tranches in 2009 and 2010. In addition, both are entitled to exercise their stock options under the predecessor programme to the LTIP in the remaining exercise windows in 2009. No stock options were exercised in financial year 2008. In total, Dr Carls and Mrs Katerbau still hold 45,000 stock options. The terms and conditions of the stock option programme are listed in detail in the notes to the consolidated accounts on pages 86-87. There is a comprehensive overview of the components with long-term incentive effect on page 87.

Michael Mandel and Carsten Strauß were appointed as CEO and member of the Board of Managing Directors respectively for a period of three years with effect from 4 May 2008. The pension claims of Michael Mandel were consequently transferred from Commerzbank to comdirect bank.

The overall compensation paid for activities during financial year 2008 for the active members of the Board of Managing Directors amounted to €1,604 thousand (previous year: €1,886 thousand). Details on the composition of the overall compensation as well as the pensions of the members of the Board of Managing Directors are shown on an individual basis in the next table:

€ thousand	Annual income			Performance shares granted in financial year		Overall compensation	Pensions		
	Non-variable	Value of benefits	Bonus	Number	Value at time of issue		Pensions obligations (DBO) under IFRS as of 31.12.	Claims as of 31.12.	
Michael Mandel (from 4.3.2008)	2008	182	86	340	13,751	55	663	132	25 p.a.
Torsten Daenert	2008	171	10	282	0	0	463	35	54
	2007	145	11	240	4,983	35	431	24	18
Carsten Strauß (from 4.3.2008)	2008	120	10	210	8,352	33	373	7	24
Dr Andre Carls (until 3.3.2008)	2008	46	8	8	0	0	62	0	0
	2007	263	22	550	9,129	65	900	962	118 p.a.
Karin Katerbau (until 3.3.2008)	2008	34	3	6	0	0	43	0	0
	2007	193	15	300	6,676	47	555	307	68 p.a.
Total	2008	553	117	846	22,103	88	1,604	174	
	2007	601	48	1,090	20,788	147	1,886	1,293	

For their work at comdirect bank, the members of the Board of Managing Directors receive a pension entitlement. Michael Mandel will receive ongoing pension payments with the occurrence of the event giving rise to benefits, while Torsten Daenert and Carsten Strauß will be eligible for a claim to a capital payment. The company has recognised pension provisions for these future claims on the basis of the International Financial Reporting Standards (IFRS), the level of which depends on the number of service years, the pensionable salary and the current calculatory interest rate. These are calculated as present values of vested rights on the basis of actuarial surveys by an independent actuary (see note (19) on page 84). In the reporting year, pension obligations to active members of the Board of Managing Directors pursuant to IFRS fell by €1,119 thousand, primarily as a result of the transfer of the pension claims of Dr Carls and Mrs Katerbau to Commerzbank.

If comdirect bank prematurely terminates the appointment to the Board of a member of the Board of Managing Directors, the respective contract of employment is in principle continued until the end of the original term of office. The fixed compensation of the member of the Board of Manag-

ing Directors released from office is paid for the remaining term of the contract of employment. There is no entitlement to further remuneration where the termination takes place for good cause. There may be a settlement in the event of premature termination of employment resulting from an individually agreed rescission agreement. In the past financial year, no member of the Board of Managing Directors has received payments or corresponding obligations from a third party in relation to their activities as a member of the Board of Managing Directors.

The first tranche under the LTIP became due in 2008. In this regard Torsten Daenert received a payment of €6 thousand and Carsten Strauß of €5 thousand from performance shares granted to them in 2005 in their capacity as divisional managers. In addition, Carsten Strauß still holds 6,500 stock options allocated to him in the same capacity in 2004. These may still be exercised in 2009 subject to certain conditions.

Members carrying out board functions at subsidiaries only received expenses.

In financial year 2008, the overall remuneration for former members of the Board of Managing Directors amounted to €193 thousand (previous year: €159 thousand). As of 31 December 2008, the pension obligations to former members of the Board of Managing Directors pursuant to IFRS totalled €2,987 thousand (previous year: €3,134 thousand).

> Compensation of the Supervisory Board

The compensation of the Supervisory Board is stipulated in the Articles of Association. In addition to reimbursement of expenses at the end of the financial year, the individual members of the Supervisory Board receive a fixed compensation of €10,000, with the Chairman of the Supervisory Board receiving triple that amount and his Deputy one and a half times that amount. If a member of the Supervisory Board is also a member of a Supervisory Board committee, then the member will additionally receive a quarter of the relevant fixed compensation and the Committee Chairman will receive a further quarter. A member of the Supervisory Board may receive a maximum of two and a half times the fixed compensation, i.e. a maximum of €25,000. The maximum for the Chairman of the Supervisory Board is €75,000 and €37,500 for his Deputy.

In line with the GCGC, the members of the Supervisory Board also receive a variable compensation payment. This component is dependent on the dividend distributed to shareholders. No variable component is paid for a dividend of up to 4% of the share capital, which equates to €0.04 per share. The Supervisory Board as a whole receives €1,500 for each half a percentage point that the dividend exceeds the basic return on the share capital of 4%. For financial year 2008, a dividend of €0.41 per share, or 41% of the share capital, will be proposed to the annual general meeting. If approved by the annual general meeting, the variable compensation component paid to the Supervisory Board will amount to €132,090. Pursuant to a resolution by the Supervisory Board, this sum will be divided among the members of the Supervisory Board in accordance with the ratio for non-variable compensation, regardless of activities on any committees.

The compensation paid to individual members of the Supervisory Board, including the reimbursement of VAT payable on Supervisory Board compensation, is shown in the following table.

€ thousand	Non-Variable components		Variable components		Remuneration for committee activities		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Dr Achim Kassow	36	36	47	47	27	27	110	110
Klaus Müller-Gebel	18	18	23	23	9	9	50	50
Frank Annuscheit	10	12	13	16	0	0	23	28
Angelika Kierstein	12	12	16	16	3	3	31	31
Mitja Sack	12	12	16	16	0	0	28	28
Dr Eric Strutz (until 9.5.2008)	4	12	6	16	2	6	12	34
Martin Zielke (from 9.5.2008)	8	0	10	0	4	0	22	0

> Group management report

> At a glance

comdirect bank can look back on a very successful financial year. In the midst of the severe turmoil caused by the financial market and banking crisis, we have proved the stability of our business model twice over. First of all, the pace of expansion at comdirect bank was even faster than in the previous year. Our business base increased by more than a third, with the number of customers up by 34.8% to 1.35 million and the deposit volume by 36.2% to €10.47bn. Secondly, we have considerably enhanced our earnings power as a result of the growth efforts of recent years. Although the bank increased its investment in growth compared to the previous year by around €20m to over €70m, at €77.8m pre-tax profit was only €12.7m lower than the previous year's record figure. Consequently, it also outstripped the profit target of €70m set in the middle of the year.

This was essentially driven – in light of the trading-related decline in net commission income – by the sharp rise in net interest income, which stemmed not only from the increased deposit volume but also from favourable interest rate levels. Furthermore, efficiency improvements and sustained cost discipline contributed positively to the result. Overall, these more than offset the limited adverse impact on earnings arising from the Treasury portfolio. Developments in the bank's financial situation and assets have been as stable as in its risk position and comdirect bank has not utilised any

of the various options available under the Financial Market Stabilisation Act (Finanzmarktstabilisierungsgesetz).

Sustained high customer satisfaction levels and the "Beste Bank" accolade, awarded to comdirect bank for the first time by financial magazine Euro, confirm the high quality and clear competitive advantages of the terms and conditions of our range of products and services. We have also used these to convince a large number of new customers, many of whom we have retained long-term. More closely in line with customer needs, we have made our products and services in the brokerage, banking and advice fields of competence even more tightly integrated and have further developed our offering with the aid of new product ideas. Examples of these include the highly popular building finance@comdirect, our refined FondsDiamanten concept and our trading functionalities, which are now even more user-friendly.

The bank has been characterised by the comvalue growth programme since 2005, and we were able to complete this ahead of schedule at the end of 2008 as key growth targets had been achieved over a year earlier than planned. comdirect bank presented its new complus programme in February 2009 and once again has set itself ambitious targets. Within the next five years, we intend to increase the number of customers by 1 million as well as to double the assets under custody and pre-tax profit.

> Business activities and framework parameters

comdirect bank offers investors all the key financial services and products for trading, securities and financial investment, payments, provisioning and risk hedging from under one roof. With our multi-award winning online offering in brokerage and banking as well as high quality financial advisory services, we are already the partner for around 1.35 million demanding customers. Through our innovative business model, we are able to extensively leverage all the opportunities offered by the growing direct banking market in Germany for the benefit of our customers and shareholders.

> Inclusion in the Commerzbank Group

comdirect bank AG is listed on the Prime Standard (Regulated Market) and in terms of market capitalisation is one of the mid-size joint stock corporations on the SDAX. 80.53% of the shares are held by Commerzbank AG, which provides a range of services for comdirect bank, such as in the processing securities of trading transactions, payment transactions and risk management. In addition, the Treasury department of comdirect bank works closely with Commerzbank and generates interest income from money and capital market transactions with Commerzbank AG and its affiliated companies. A detailed overview of the business cooperation arrangements can be found in the group notes on pages 87 to 89. Further service agreements are in place with other subsidiaries of Commerzbank AG, such as Commerz Service Gesellschaft für Kundenbetreuung mbH.

> Fields of competence and group legal structure

We have pooled our range of products and services in the brokerage, banking and advice fields of competence. In our segment reporting, the brokerage and banking fields of competence are combined in comdirect online, for which comdirect bank AG is directly responsible. Advisory services, which are identical in terms of coverage to comdirect offline, are provided by our independent subsidiary comdirect private finance AG with which comdirect bank AG has concluded a profit and loss transfer agreement. Moreover, the consolidated financial statements of comdirect bank include special purpose entities in the form of special funds, which are part of the Treasury investments. These are attributable to the comdirect online business line.

> Major locations

The registered offices of comdirect bank AG and comdirect private finance AG are in Quickborn near Hamburg. comdirect private finance AG provides personal advisory services across Germany via a total of 32 offices (as of year-end 2008). In selected locations, comdirect bank AG uses these offices for the placement of property finance. Online business is carried out primarily via its website, but also via other access channels such as mobile banking and HBCI banking software. The bank offers high-performing Customer Services for direct contact with customers by telephone, e-mail, fax or letter.

> Management and control

comdirect bank is managed by the Board of Managing Directors, which currently comprises three members. In line with the dual board structure, these members are appointed and monitored by the Supervisory Board, which also provides advice on a regular basis. The Supervisory Board is composed of six members, four of whom are elected by the annual general meeting and two from among the employees. To increase its efficiency, the Supervisory Board has formed two committees: the Presiding Committee which deals primarily with personnel matters relating to the Board of Managing Directors and its compensation, while the Audit Committee's responsibilities include the pre-examination of the annual financial statements, the dependency report and the independence of the auditors for the company and group financial statements. In addition, it regularly looks at the risk position of the bank.

A new Board of Managing Directors was appointed for comdirect bank with effect from 4 March 2008. The new CEO is Michael Mandel, who was previously Group Manager of the central Private and Business Customers segment at Commerzbank AG with responsibility for its new market image and growth programme in retail banking. He heads up Business Development, Marketing & Sales, Treasury and Corporate Communications and is responsible for comdirect private finance AG. Torsten Daenert, a member of the Board of Managing Directors since 1 January 2007, has been the CFO of comdirect bank since 4 March 2008. As well as being responsible for Finance, Controlling and Risk Management, he heads up Building Finance, IT, Product Management and Internal Audit. Carsten Strauß has been newly appointed to the Board of Managing Directors and is responsible for Cus-

tomers Services as well as Human Resources, Legal Services & Organisation and Institutional Business. The former members of the Board of Managing Directors, Dr Andre Carls (CEO) and Karin Katerbau have taken on other positions in the Commerzbank Group.

With effect from 1 December 2008, Christian Diekmann was appointed as executive manager of the Bank and will join the Board of Managing Directors of comdirect bank with effect from 1 May 2009. He will take over responsibility from Torsten Daenert, who is moving to Commerzbank as the Head of Strategy & Products in the Credit Division of the Retail Banking segment.

> Compensation of the Board of Managing Directors and the Supervisory Board

The compensation of the Board of Managing Directors and the Supervisory Board of comdirect bank AG is presented together with the main features of the compensation system in a detailed compensation report on pages 18 to 21. The compensation report forms an integral part of the present group management report.

> Key products, services and business processes

The following statements regarding products, services and business processes relate to the position as of 31 January 2009.

Brokerage

In its brokerage field of competence, comdirect bank facilitates speedy, secure and cost-effective securities trading through user-friendly functions and provides a continually expanded and optimised selection of products for short, medium and long-term securities investments.

We execute buy and sell orders for securities listed on the German stock exchanges (spot and futures markets), including futures contracts. Furthermore, we offer access to 45 stock exchanges outside Germany. With comdirect LiveTrading, we additionally operate a highly efficient platform for OTC trading of equities, warrants, certificates, bonds and listed funds. Here we work together with 27 trading partners. In brokerage, comdirect bank primarily generates commission income from securities trading and associated services on the one hand and from front-end loads and sales follow-

up commission in its funds business on the other. There is also interest income from loans to purchase securities.

The main product is our custody account, which provides a detailed portfolio overview, transparent order book and custody account manager, making it an easy-to-use basis for successful trading and investment strategies. For trading, we offer a range of professional tools. For example, comdirect Informer, a customisable instrument, provides market and share price information, comdirect ProTrader, an optimised trading interface for particularly fast trading functions, the realtime price information system comdirect TraderMatrix and, since 2008, comdirect's "BörsenTicker" stock market ticker. With the aid of the innovative user-friendly order functionalities One Cancels Other and Next Order as well as the Trailing Stop Order (see page 43) introduced in the fourth quarter of 2008, investment strategies can be implemented swiftly in a wide range of market scenarios and in part on an automated basis.

With regard to systematic asset accumulation by means of securities, our customers have access to a wide range of funds and certificates, in some cases at considerably reduced front-end loads. At present more than 6,500 funds from over 100 fund companies are available. Through the FondsDiamanten offering, we offer a selection of currently 20 quality-checked top funds updated on a quarterly basis, all available with no front-end load. Freely combinable securities savings plans can be taken out for over 200 funds, more than 100 certificates and 29 ETF index funds.

comdirect bank acts as a partner to wealth managers and other financial services providers, for whom we provide our high-performance internet platform with comprehensive order functions and maintain customer custody accounts.

Banking

In its banking field of competence, comdirect bank offers attractive products for short through to long-term investment as well as for daily money transactions. The Treasury department generates interest income by reinvesting customer deposits in the money and capital markets. We generate commission income to a lesser extent from the placement of building finance and consumer loans.

The comdirect current account is not only free of charge for customers who pay in a minimum of €1,250 a month, it also pays them €1 a month irrespective of how much they pay in. In addition, the account offers an ec/Maestro card and a VISA card at no cost which can be used to withdraw cash from more than 7,000 ATMs in Germany (free of

charge with the ec/Maestro card) and from over 900,000 ATMs abroad (free of charge with the VISA card). The service benefits of the comdirect current account also included the user-friendly money transfer function (see page 46) which was introduced in the reporting year. The account switching service makes it easy for customers to switch from another provider to a comdirect current account.

With our Tagesgeld PLUS account, we offer attractive interest rates on call money accounts and since April 2008 this has applied to investments of up to €100,000. The money savings plan based on Tagesgeld PLUS and launched in the third quarter of 2008 (see page 46), is ideal for flexible asset accumulation at permanently attractive interest rates. The comdirect fixed-term deposit account provides a secure short-term investment for periods of one to three months. comdirect time deposit accounts offer attractive interest rates for terms of six months to five years. Through the comdirect currency investment account, investors can invest in 11 different foreign currencies. comdirect's fest & fonds offering combines a high interest six month fixed-term deposit account with an investment in one of ten quality-checked funds.

In the first quarter of 2008, we extended our credit offering to include the placement of private building finance (see page 45). The product and service offering encompasses a direct bank-type intermediary solution for tailored building finance at attractive terms and conditions. comdirect bank also places consumer loans in cooperation with Süd-West Kreditbank.

Advice

The advice field of competence comprises personal financial advisory services which are independent of individual product providers and based on an all-round approach. The offering covers financial investment and asset accumulation, old-age provisioning and personal financial provisioning as well as participations in closed-end funds. The focus is on private old-age provisioning, especially using Riester and Rürup pension products.

The advice is provided by self-employed commercial agents, primarily at the offices of comdirect private finance. The commission income in advice is based essentially on placing the above-mentioned insurance, provisioning and investment products.

> Key sales markets and competitive position

comdirect bank focuses on modern private investors who prefer to manage their financial transactions themselves and who will seek any advice they require to optimise asset accumulation and private provisioning. The long-term market trends remain positive:

- Direct banks are growth companies. The number of customers has been recording double digit growth rates for years. This development has been boosted by the rising number of internet users, partly as a result of the improved quality and lower cost of internet connections, as well as the increasing acceptance of online banking. At the same time, the number of customers using both a direct bank and a retail bank is growing. Moreover, the number of investors trading securities on the stock markets or OTC via a direct bank is also rising, despite the current decline in the number of shareholders and fund unitholders (see page 32).
- Direct banks are attractive for demanding customers. On average, direct banks already have a higher proportion of high income and affluent customers than other banks. We believe that this will continue, especially as more and more bank customers are reconsidering their options as a result of the financial market crisis.
- Independent and transparent advice formats are becoming increasingly important. The trend towards greater private provisioning using life assurance and pension products, some of which are state-subsidised, and through savings plans, continues. According to our information, independent solutions are gaining ground.

Over the past few years, we have continually expanded our position in the direct banking market and accelerated the pace of this expansion. comdirect bank is in competition with other direct banks, online brokers, traditional retail banks and financial advisory companies. The size of the relevant market offers extensive growth opportunities in all fields of competence. For instance, there are around 90 million private current accounts in Germany. At the end of 2008, the financial assets of all private households totalled almost €1.4tn (as of 30 November).

The opportunities report on pages 67 to 68 provides a comprehensive overview of the opportunities of comdirect bank.

> Legal and economic influences

We operate in highly regulated markets with our range of products and services. The Federal Financial Supervisory Authority (BAFin) and the Deutsche Bundesbank are responsible for the regulation of the banking industry in Germany. The main focal areas for the supervisory regulations are solvency, liquidity and lending operations by banks. The market segments in which our subsidiary, comdirect private finance, is active are also heavily regulated. Implementing new legal and regulatory requirements can at times cause considerable expense. The introduction of the final withholding tax on 1 January 2009, for example, necessitated extensive adjustments to systems and processes during the reporting year.

The economic influences differ for each of the fields of competence:

In brokerage, the level of commission income is influenced by trading activity on the stock markets and OTC trading, which in turn are partly dependent on price movements. Share prices react to varying degrees to corporate development, to macroeconomic trends such as unemployment figures, energy and commodities prices and economic data, to interest rate decisions by central banks and external events such as political or financial crises. General trends in asset accumulation for private households are of major importance for long-term investments in securities.

In banking, the terms and conditions in deposit and lending business and the interest margin achievable are primarily influenced by developments in the money and capital market interest rates, interest premiums (credit spreads) and liquidity premiums as well as the terms and conditions offered by competitors. Changes in the ratings of banks and companies and their bond issues are another important economic influence for the Treasury department.

In advice, the trends in asset accumulation and old-age provision are particularly important and are also affected by state subsidies for provisioning and asset accumulation products.

> Value-driven strategy and management system

> Value-driven strategy

comdirect bank's strategy is geared to income-oriented growth and long-term value added with controllable risks at all times.

Our main target group comprises modern investors in Germany who use, or intend to use, the internet for their financial transactions and make their own financial decisions with the aid of online functionalities or the support of the available advisory services.

This target group comprises today's potential online banking customers, numbering in excess of 20 million and of whom around 15 million are direct bank customers. comdirect bank intends to increase its market share of almost 9% (around 1.35 million customers at year-end 2008) over the next few years. Customer requirements in terms of the objectivity and transparency of their banking partner have increased, not least because of the financial market crisis and extensive losses suffered by some investors. We believe that the direct banking market, which is already recording double digit growth, will become more popular. comdirect bank aims to derive above-average benefit from this trend and consistently exploit the opportunities for growth.

This builds on the strategic further development of the bank that started some years ago from its position as a leading online broker to a full-service bank with the three fields of competence brokerage, banking and advice. With our continually expanding product and service offering, we aim to gain and retain a large number of modern, demanding investors on a long-term basis. This in turn should lead to a continual rise in assets under custody in both the securities and deposit business as well as a higher number of customer-related business processes and transactions. The increase in customer assets and more active product use broadens the earnings base at comdirect bank, increasing its independence of volatility in the market.

In financial year 2008, the focus was on increasing the number of customers via a large-scale market and product offensive under the comvalue growth programme. Here, the market offensive centred on its key products in the banking field of competence – the Tagesgeld PLUS ("call money plus") account and comdirect current account. The highlights of our product offensive were the new building finance@comdirect, the further development of our fund offering as well as the enhancement of the user-friendly order functions. We completed the comvalue programme

early at the end of the financial year, having achieved the key targets originally planned for 2009 ahead of schedule (see page 35). Overall in the four years of comvalue, comdirect bank more than doubled the number of customers and the assets under custody.

The complus programme launched in February 2009 aims to achieve a further significant rise in the number of customers and assets under custody over the next five years, virtually doubling the size of the bank. A further objective is to directly translate growth at the bank into increased profit by improving efficiency and exploiting economies of scale. Through this we are ensuring the long-term sustainability of comdirect bank and creating the preconditions for profitable growth.

complus is based on comdirect's proven business model and continues and further develops the bank's existing successful product strategies. Further more, the business model will be significantly extended through the addition of new product and service concepts. In detail, the programme is based on four key elements:

- **Attractive and clear range of products and services.** The first aim is to make the already well-positioned products and services, – the custody account, Tagesgeld PLUS accounts, comdirect current account and investment account – accessible to an even broader target group through optimisation and advances. This should not only increase the deposit volume but also the number of customers using comdirect as their main bank. The focus is on potential internet banking customers of retail banks, who we aim to convince through the clear advantages of the terms and conditions and the equally easy and user-friendly application of the products offered by our attractive direct bank business model.
- **Direct and individual customer contact.** Secondly, we are focusing on contact with customer groups with particular growth and earnings potential. We intend to offer these groups particularly high levels of customer satisfaction and encourage them to make even greater use of our products, and achieve a significant increase in assets under custody. Here we are concentrating especially on discerning and price-sensitive securities investors and intend to provide them the most sophisticated technology solutions in the market. Other target groups with significant potential are households with above-average income or of above-average net worth (affluent segment), including the group known as BestAgers (potential internet users aged over 50).

- **Modern and effective banking platform.** Thirdly, we are working on modernising our banking platform. This means the continual optimisation of our infrastructure as well as the processes we implement. The focus here is on further improving Customer Services and modernising the bank's IT architecture. We use our direct banking platform for new product and service concepts, through which we achieve cost advantages which enable us to offer our customers favourable terms and conditions on a permanent basis.
- **Independent and transparent advisory models.** The fourth element is the development of new advisory models for investments and old-age provisioning, as well as the further development of building finance. By also working in close conjunction with comdirect private finance, in these three areas comdirect bank aims to combine a comprehensive product range using the direct banking platform with high quality, fair advisory services.

> Value-driven management

Intangible assets of comdirect bank

The value-driven management of comdirect bank is based on the bank's core competences and intangible assets. In addition to the assets reported in the balance sheet, these intangibles determine the value of the company and as such form the basis for successful business development and earnings performance. The quality of our customer relationships and expertise of our employees as well as the effectiveness and efficiency of the processes we use are all decisive. As part of our value-oriented overall bank management system, we aim to further enhance these non-financial assets.

The most important intangible asset is the quality of our customer relationships. By targeting customers via marketing campaigns, our website, Customer Services and the offices of comdirect private finance, we intend to make these relationships more stable and increase both customer satisfaction (see page 38) and customer activity.

The high level of awareness of comdirect bank and the values associated with our brand by both customers and investors are in this regard a key competitive factor in existing and new customer business as well as in the capital market. We therefore strive to continually improve these brand values.

Operating excellence in our largely automated yet individualised contact approach tailored to the different customer groups is also one of comdirect bank's strengths, which im-

pacts positively on the value of the company. This refers to gaining new customers and the ongoing servicing of customers as well as the efficient execution of campaigns. This presupposes a high level of customer-related knowledge, professional and flexible Customer Services (see page 47) and a high-performing IT system (see page 48).

The management quality, service expertise, process intelligence and innovative power of the bank depend essentially on the competence of its employees. We enhance these skills through a range of personnel and executive development training measures. We promote expertise and create framework parameters for the positive development of teams, are extensively involved in training and continued professional development and offer performance-related and profit-oriented compensation (see pages 57–58).

Internal management system

To systematically expand our core competences and intangible assets for the benefit of our stakeholders and to achieve our overarching goal of a permanently attractive return on equity, we manage the entire bank on an all-round basis taking account of all material risks and opportunities. Here we focus our attention not only on the development of financial performance indicators but also on non-financial performance indicators, which impact on the earnings situation and company value of the bank. The monthly overall bank management reporting shows whether the bank's financial and non-financial performance indicators are within the target range or whether unexpected variances have occurred. Selected performance indicators are monitored and managed at shorter intervals.

With regard to the non-financial performance indicators, we distinguish between customer, market and product-related indicators, efficiency, risk and process-related indicators as well as employee-related indicators. Selected indicators are used in external reporting.

The financial situation is illustrated by the return on equity and the cost/income ratio amongst others. In line with our goal of broadening our earnings base, further important financial performance indicators are the development of net interest and net commission income.

Selected non-financial performance indicators

Performance indicator	Definition	2008	2007
Customer, market and product-related performance indicators			
Brand awareness	Various performance indicators from aided and unaided recall surveys	n.a.*	n.a.*
comdirect current account – product penetration	Number of current accounts/total number of customers (31.12.)	31.5%	33.7%
Tagesgeld PLUS (“call money plus”) account – product penetration	Number of Tagesgeld PLUS (“call money plus”) accounts/total number of customers (31.12.)	60.4%	40.0%
Custody account – product penetration	Number of custody accounts/total number of customers (31.12.)	51.7%	64.5%
Multi-product use	Proportion of total number of customers using a minimum of two products (31.12.)	44%	44%
Customer satisfaction	Various performance indicators	n.a.*	n.a.*
Efficiency, risk and process-related performance indicators			
System availability	Availability of functionalities on the comdirect website	99.7%	99.7%
Service level (telephone)	Proportion of incoming telephone calls answered within 30 seconds	76.1%	81%
IT efficiency	Aggregated indicator for IT projects which measures compliance with deadlines and budget, error rates and client satisfaction	n.a.*	n.a.*
Marketing efficiency	Various performance indicators	n.a.*	n.a.*
Utilisation of risk-taking capability	Economic risk capital/risk cover assets (31.12.)	26.5%	14.3%
Employee-related indicators			
Continued professional development	Continued professional development budget used	n.a.*	n.a.*
Employee satisfaction	Various performance indicators	n.a.*	n.a.*

* Not used in external reporting.

Selected financial performance indicators

Performance indicator	Definition	2008	2007
Return on equity before tax	Pre-tax profit/average equity excluding revaluation reserve (in %)	16.0	16.3
Cost/income ratio	Administrative expenses/(net interest income before provisions + net commission income + result from financial investments + other operating income + result from hedge accounting + trading result) (in %)	72.6	67.0
Net interest income per customer	Net interest income after provisions/number of customers on average for the year (in €)	137	139
Net commission income per customer	Net commission income/number of customers on average for the year (in €)	118	169
Profit per customer	Pre-tax profit/number of customers on average for the year (in €)	66	100

> Market environment

> At a glance

Despite the massive dislocations in the market caused by the financial market crisis and its repercussions, overall the economic framework parameters were favourable for com-direct bank's business operations during the reporting year. As a liquidity provider, the tight situation in the money and capital markets opened up opportunities for us to generate attractive interest margins in our deposit business, while the sharp price fluctuations in the equity markets at times triggered a large number of securities orders. The negative side effects of the crisis were therefore also countered by tangible positive effects (see page 35).

The financial market crisis

The international financial market crisis deepened substantially in the reporting year. Following the market dislocations in the subprime segment of the US real estate market in 2007, there was a massive fall in asset values. While initially this mainly affected securitised real estate loans below investment grade, the slide quickly widened to also encompass fixed-income securities with a higher credit standing and the equity market.

As a result, unlike in the previous year, even banks with no direct investments in the US property market came under increasing pressure. The uncertainty regarding how badly each individual institution had been affected by the crisis, led to a massive loss of confidence among the banks and a refusal to carry out unsecured interbank lending. The tension in the money and capital markets in turn heightened the refinancing problems, which were so serious at some institutions they threatened the continued existence of the bank.

After the collapse of the US investment bank Bear Stearns in March 2008 and the nationalisation of the US mortgage financiers Fannie Mae and Freddie Mac, American investment bank Lehman Brothers had to file for insolvency protection under Chapter 11 in mid-September. Almost at the same time, severe problems arose at other renowned investment banks, such as Merrill Lynch, and the world's biggest insurance group AIG. As fundamental risks in the financial system were revealed by these events, interbank lending came to a virtual standstill. In Germany too, the crisis escalated dramatically in the autumn; some financial institutions had to be supported with rescue packages worth billions.

A collapse of the financial system was only averted by several interventions by the central banks and comprehensive state rescue packages in a large number of countries.

To provide the banking sector with liquidity, the US central bank, the Fed, introduced several new monetary policy instruments and made it easier to access central bank money. The European Central Bank (ECB) increased its longer term refinancing business in particular. The Fed moved earlier than the ECB to support the banking system and real economy with lower interest rates. During 2008, it lowered the federal funds rate in several steps, cutting it overall by more than four percentage points to a range of 0.0 to 0.25%.

Due to the imminent inflation risk, the ECB decided as early as July 2008 to increase the euro key lending rate by 0.25 percentage points to 4.25%. Then on 8 October 2008, the key lending rates were reduced by 50 basis points respectively in a concerted action by six central banks, including the Fed and the ECB, in order to shore up the banking sector and support the economy. The short-term easing in inflationary pressure allowed the ECB to cut key lending rates by another 125 basis points in November and December 2008 and by another 50 basis points in January 2009 to the most recent level of 2.00%.

With regard to the state rescue packages, the United States took the first step as the country in which the crisis originated. In October, Congress passed a law permitting an authority set up by the Department of the Treasury to buy up troubled assets and inject equity up to a total volume of USD 700bn. Soon after, the governments in the EU Member States as well as other European countries also took comprehensive rescue measures and adopted programmes, generally in the three-digit billions.

In Germany, the federal government set up a €480bn Special Fund for Financial Market Stabilisation (Sonderfonds Finanzmarktstabilisierung – SoFFin), to overcome the liquidity crisis and improve the equity base of financial institutions based in Germany. The special fund can give guarantees for newly issued debt securities and other financial liabilities up to €400bn. Furthermore, the special fund has resources of up to €70bn (plus a reserve of €10bn) to be used to strengthen the core capital of institutions through capital contributions and to acquire risk positions. By the end of 2008, 15 financial institutions, including Commerzbank, had applied for capital assistance or state guarantees.

To counter the uncertainty among private households, the federal government also gave a state guarantee in October 2008 for private deposits. This covers all forms of deposits such as savings deposits, fixed-term and call money accounts as well as deposits in current accounts held with German banks or branches of foreign banks as long as these were already subject to a voluntary deposit protection scheme.

> Economic environment

After a dynamic start to 2008, growth in the global economy slowed massively over the course of the year. While initially the picture was still dominated by the curbing effects caused by the sharp rise in the oil price, in the second half of the year, the full effects of the financial and banking crisis came to the fore. Although the immediate danger of a collapse of the financial system was averted through the various rescue measures, the severe repercussions from the financial market crisis are already evident in the real economy. At the end of the year, many industrial nations were in a deep recession, and the economies in the emerging countries have also cooled considerably in some cases.

On average for the year in 2008, the gross domestic product within the European Union (EU 27) fell to 1.4% after inflation (previous year: 2.9%). As a result of its high level of dependency on exports, the initially robust German economy was no longer able to escape the downward trend in the third quarter. The sales problems experienced by many industrial sectors were reflected in declining economic out-

put in the second half of the year. To make matters worse, investment decreased as a result of the pessimistic outlook and increased cost of credit. For the year as a whole, the growth rate amounted to 1.3% (previous year: 2.5%).

Despite the rather abrupt downturn in the autumn, exports still increased over the year as a whole by 3.9%, while domestic demand expanded by only 1.6%. Developments in the labour market were positive in 2008. On average for 2008, the number of unemployed stood at 3.1 million and was therefore 13.1% lower than the previous year (3.6 million). As a result of the increase in the number of people in employment, disposable incomes rose by 2.6%. The savings rate increased from 10.8% to 11.4% of disposable income.

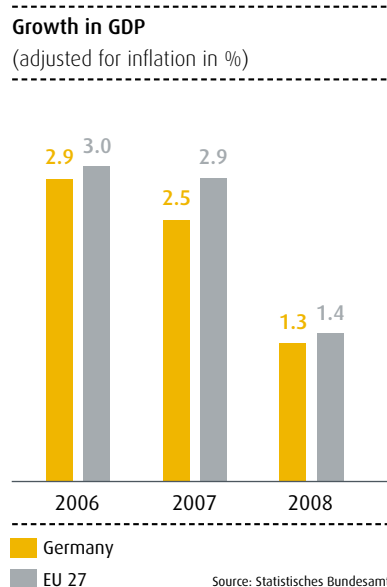
The German government initiated a package of measures to keep the impact of the global downturn on Germany's economic output and the labour market within limits. This includes short-term tax relief for companies, investment support through additional finance offerings and infrastructure programmes as well as tax relief for private households. In total, in 2009 and 2010 support amounting to around €50bn will be provided for investments and orders for companies, private households and the public sector; at the year-end, discussions were held concerning the launch of a further economic stimulus package.

> Securities investment

The escalation of the crisis in the international financial markets and extreme price volatility have unsettled private investors and increased their aversion to higher risk securities.

The global equity markets recorded significant price slides in 2008. The German leading index, the DAX, closed the year at 4,810.20 points, down 40.4% on the end of the previous year and considerably below the forecasts of economic researchers and analysts. Initially it was banking stocks that were under particularly severe pressure, but weak nine-month figures, profit warnings and lower expectations for 2009 triggered a tumble in prices of industrial and technology stocks as well.

The extreme price fluctuations in autumn 2008 prompted investors to trade more actively again compared to the spring and summer. Over the year, the number of orders on all German stock exchanges was up 3.2% on the previous year, with trading on XETRA outperforming floor trading. The number of contracts traded on the Eurex futures exchange



was up 14.0% on the previous year. Equity and index futures again recorded particularly high increases. Sales in the EUWAX trading segment of the Stuttgart stock exchange were significantly higher than the previous year's figures – partly as a result of strong demand for bonus certificates.

The number of shareholders and unitholders in Germany declined again in 2008. The Deutsches Aktieninstitut (DAI) counted only 9.3 million shareholders and unitholders on average for the year, down by around 1.0 million on the previous year. Consequently, more than one quarter of German private investors have left the equity markets since 2001. The negative trend was particularly dramatic among investors investing in the equity market exclusively through funds. The number of these investors fell in the second half of 2008 by 1.1 million to 5.2 million and therefore to its lowest level for nine years. The number of direct shareholders had already reduced in the first half of 2008 to 3.5 million (annual average 2007: 4.0 million), but then remained largely stable over the rest of the year.

The turmoil in the financial market was also reflected in investments in retail investment funds. In 2008, these recorded a net outflow of €28.4bn and reported especially high fund outflows following the state guarantee for bank

deposits. Investors withdrew their capital from equity funds in particular (€–2.3bn), money market funds (€–19.9bn) and fixed-income funds (€–24.4bn). In contrast, capital-protected funds and funds of funds, which were marketed particularly intensively in light of the introduction of the final withholding tax, attracted investor funds totalling €15.4bn over the year as a whole.

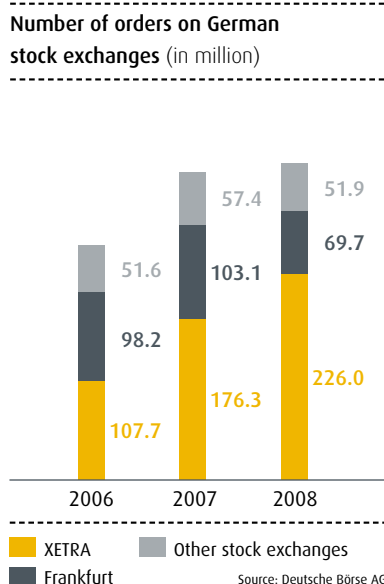
> Investment and borrowing

Liquidity bottlenecks in the interbank market and the interest rate decisions of the central banks determined the framework conditions for deposits and loans in financial year 2008.

The spread between the ECB key lending rate and three-month EURIBOR rose from 67 basis points at the start of the year to peak at 164 basis points (8 October 2008). The monetary policy support measures of the ECB then began to take effect and by the end of the year, the spread had reduced to 39 basis points. However, the central bank was still the main provider of liquidity.

Shifts into higher interest investments by private households and more attractive interest offers by the banks led to a considerable rise in the volume of fixed-term deposits. By the end of November 2008, it was up 21.7% on the level at the 2007 year-end, while the volume of demand deposits rose by only 4.9% over the same period and savings deposits even declined. The effective interest rate for deposits due on demand by private households increased in the period December 2007 to November 2008 from 1.83% to 2.02%.

In the first three quarters of 2008, the credit volume extended to private households was down slightly (–0.3%) on the same period in the previous year. Demand for credit fell in the medium-term segment in particular, including because the terms and conditions in lending have been adjusted in line with higher market interest rates; however loans became cheaper again in the last two months of the year. Over the year as a whole (December 2007 to November 2008), the interest rate on five to ten-year fixed rate residential property finance remained unchanged at 5.03%. The effective interest rates for overdrafts were also exactly on a par with the previous year at 11.88%.



The yield calculated by the Bundesbank for fixed-income securities stood at 3.3% at the year-end (end 2007: 4.3%). The yield on ten-year federal government securities was around 167 (previous year: around 39) basis points higher than on one-year bonds.

> Financial planning and provision

In 2008, the fourth and consequently highest subsidy stage for Riester pensions boosted the provisioning volume again. Since the start of the year, each Riester saver has received a basic allowance of €154 per annum. In addition there is a child allowance of €185 per annum for each child entitled to child benefit.

The increased volume in Riester pensions impacted positively on overall growth in premiums in life assurance. According to preliminary figures, new business by German life insurers rose by 7.0% to €6.85bn; total premiums in new business even rose by 8.6%. Demand for Riester fund-based savings plans was also buoyant. According to a representative financial market research survey by TNS Infratest, 28% of Germans surveyed indicated that they had made no or only inadequate provision regarding their income in old age. 38% of the respondents plan to set up a private pension plan in the next three to five years.

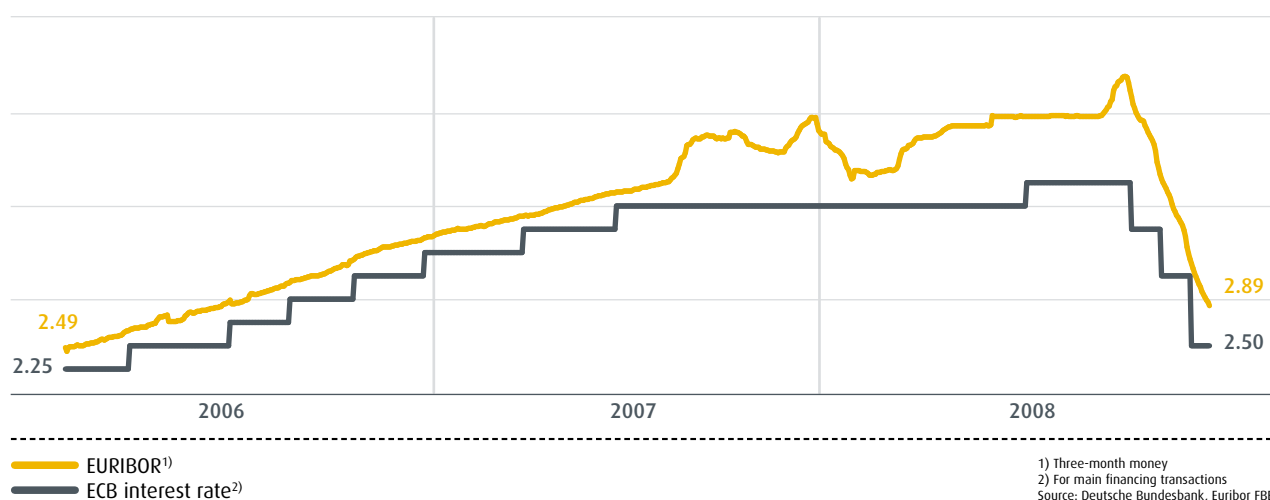
Despite the growing demand for additional private provisioning and old-age provision, as well as the reinvestment of life assurance and private pension insurance payouts, the overall environment for financial advisers was negatively affected by the financial market crisis.

> Industry trend

The long-term industry trends, such as the growing use of the internet for bank transactions and increased acceptance of direct bank models, are still intact. Consequently the trend towards greater use of the internet continued in 2008. According to a survey by the Study Group Online Research (Arbeitsgemeinschaft Online Forschung – AGOF), around 64% (previous year: 62%) of Germans were online in 2008. One of the main reasons behind the increased use of the internet is the fall in prices for internet access in Germany. On average, prices for landline telephone and internet services were 3.4% below figures for the previous year.

The acceptance of online banking in Germany has also risen. According to a representative survey by the ipos Institute on behalf of the Association of German Banks (Bundesverband deutscher Banken – BdB), around 55% of internet users, and therefore significantly more than 20 million Germans, accessed their bank accounts online in 2008. The proportion

European key lending rate and EURIBOR 2006–2008 (in %)



of online banking customers in terms of the whole population has risen over the last six years from 23% to 36%. The frequency of internet banking also increased. According to the survey, 62% of online banking customers checked their account balance or carried out transfers online several times a week (48%) or even several times a day (14%).

Competition between individual direct banking products intensified in 2008. This was particularly evident in the advertising for high interest call money accounts. The fee-free current account has meanwhile established itself as the market standard among direct banks. In financial advisory services, the advent of new providers in the market increased the competition.

Through its combination of online business operations and advisory services, comdirect bank is well positioned in the competitive environment. A survey by the ipos Institute on behalf of the Association of German Banks (Bundesverband Deutscher Banken – BdB) in April 2008 revealed that eight out of ten Germans consider personal advice important. Most people who bank online also believe personal advice to be important (39%) or very important (34%).

> Regulatory environment

The legal framework parameters for the provision of advisory services by comdirect private finance have changed as a result of the Regulation regarding Disclosure Obligations for Insurance Contracts (Verordnung über Informationspflichten bei Versicherungsverträgen) which came into force on 1 July 2008. With regard to life assurance, disability insurance and accident insurance contracts, detailed information must now be provided for example regarding the costs included in the premium and on the calculation of the policyholder's share of the surplus and the surrender values.

One of the requirements of the final withholding tax, a flat-rate tax of 25% on income from capital assets and private capital gains, introduced at the start of 2009, is that banks remit the tax due on interest credited, dividend payments and price gains to the tax authorities.

The Solvency Regulation (SolvV), which implements the capital adequacy requirements under Basel II in Germany, has applied to all German financial institutions since 1 January 2008.

> Business performance and earnings situation at comdirect bank

> Overall assessment of business performance and earnings situation

comdirect bank once again propelled its growth in financial year 2008. On balance, the bank gained almost 350,000 new customers, around 78% more than in the previous year, increased its deposit volume and balance sheet total to double-digit billion figures for the first time and also recorded net fund inflows in its custody accounts. The range of products and services was extended in all fields of competence.

The rise in the total number of customers outstripped our forecasts, as did the use of the bank's central products by our customers. The targets originally set for the end of 2009 were already achieved in financial year 2008 and in February 2009 for current accounts.

Targets under the comvalue growth programme

	Target end 2009	As of end 2008	As of end 2007
Number of customers	>1,300,000	1,349,297	1,000,722
Number of custody accounts	>650,000	697,806	645,893
Number of current accounts	450,000	425,149	337,578
Number of Tagesgeld PLUS ("call money plus") accounts	650,000	814,516	400,414
Number of advisory customers	40,000	46,585	32,469

As the central targets of our comvalue growth programme have been achieved ahead of schedule, we concluded comvalue at the end of the financial year and developed the new complus programme which we launched in February 2009 (see page 27).

The fact the bank did not deviate from its growth course amidst the severe market dislocations and grave uncertainty on the part of investors resulting from the financial market crisis demonstrates the resilience of comdirect's business model.

Isolated areas were affected adversely by the crisis. Essentially these were restricted to:

- valuation adjustments and losses realised on disposals from the Treasury portfolio as a result of the movement in credit spreads and other market price components,
- a market-related decline in trading figures, especially in the second and third quarters of 2008,
- lower-than-budgeted fund commission as a result of the general movement in share prices, and
- weaker-than-expected new business in fund investments, partly because the financial market crisis overshadowed the issue of the final withholding tax.

These negative factors were countered by market developments that had a positive impact for comdirect bank:

- The general nervousness in the market led to sharp price volatilities on the stock exchanges in some months of the year, along with correspondingly high trading activity by comdirect customers, which enabled comdirect bank to achieve higher net commission income in these months.
- As a result of the tight situation in the interbank market, comdirect bank as a liquidity provider was able on the one hand to invest customer deposits in the money market at attractive rates, and on the other to offer high interest rates on investment accounts, thereby increasing the deposit volume.

In the midst of this varying, and at times negative, environment comdirect bank's key performance indicators met, and in some cases exceeded, the bank's targets for financial year 2008.

Target/actual comparison of selected key performance indicators in financial year 2008

		As of 2007	Target 2008	Actual 2008
Net interest income before provisions	€ million	127.2	Increase	162.4
Net commission income	€ million	152.7	Decline	138.4
Administrative expenses	€ million	187.4	> 200	208.7
Pre-tax profit	€ million	90.5	> 70	77.8
Deposit volume	€ million 31.12.	7,686	Considerable increase	10,466
Number of customers	31.12.	1,000,722	Considerable increase	1,349,297
Multi-product use	% 31.12.	44	Increase (by end 2009)	44
Number of employees	31.12.	824	Increase	906

At €77.8 million, pre-tax profit exceeded the target of €70m but was below the record figure achieved in 2007. The main reason for this is that comdirect bank increased its investment in growth compared to the previous year by almost €20m to €70m and thus gained around 150 thousand more customers than in 2007. Excluding this intensification of the growth offensive, pre-tax profit would have outstripped that of the previous year. Earnings outperformed the 2007 figure by 3.1% in total.

> Market offensive

The market offensive in the first three quarters of the year focused on the Tagesgeld PLUS account, as in the interest rate environment prevailing in the financial year, this account was most successful at attracting customers and increasing the deposit volume (see page 46). A very large proportion of the marketing budget for Tagesgeld PLUS was used for TV advertising, for which a new spot was developed at the beginning of the year, followed by printed advertisements in general interest magazines and daily newspapers. Several million mailings and direct mailshots further enhanced the marketing impact. In the fourth quarter, marketing centred on the comdirect current account, which as in the previous year was advertised primarily using online media, with the focus on keyword advertising via internet search engines.

A very high level of reach was also achieved through co-operations with the print media Euro and Welt am Sonntag as well as the newsletter of the internet portal WEB.DE. Again this year, many customers and interested parties also visited us at the leading investor trade fair, Invest, finding out

first hand about investment trends and comdirect's product and service spectrum.

Sales cooperations gained significantly in importance during the reporting year. As part of the successful sales cooperation launched with Tchibo in the fourth quarter of 2007, we carried out two campaigns offering extremely attractive interest rates for call money and fixed-term deposits. These were marketed throughout Germany in more than 1,000 Tchibo branches as well as online on the website www.tchibo.de.

> Brand awareness and reach

On average, comdirect's brand awareness during the reporting year was once again slightly higher than in the previous year. This was true both for aided and unaided brand awareness. Our brand profile was particularly strong with regard to the attractive terms and conditions offered on the comdirect current account and Tagesgeld PLUS account, as well as the user-friendly online functionalities. As a result of the very high recall value for the advertising formats used, especially the TV spots, advertising awareness was also very high. This was supported by the bank's "Ihr Geld kann mehr" ("More for your money") claim, which is becoming increasingly well-known and conveys the overarching brand values of comdirect bank.

With regard to brand likeability and customers' willingness to recommend the bank, comdirect bank achieved extremely satisfactory results compared to its rivals. This is a very important aspect, as many new customers are gained through recommendation.

comdirect's website plays a large part in the bank's high level of brand awareness. In financial year 2008, the website consolidated its position as one of the most frequently visited financial websites in Germany. On average, it achieved over 190 million (previous year: 170 million) page impressions per month. Our print formats also achieved a high level of awareness, such as our customer magazine compass and the newsletter compact, in particular. The latter won the gold medal in the 2008 "Best of Corporate Publishing" competition organised by Forum Corporate Publishing.

The quality of our services and the high regard in which these are held by our customers were reflected in a series of further major accolades during the reporting year. Noteworthy are the "Beste Bank 2008" and also "Beste Direktbank 2008" accolades, awarded to the bank in Germany's biggest banking test conducted by financial magazine *€uro*. The test looked at the product offering and terms and conditions as well as advice and service quality. Soon after its launch, our new building finance offering had already reached the top spot among all the banks reviewed in a comparison test of direct building financiers carried out by Focus Money.

comdirect bank was named "Bester Broker 2008" in the Online Banking Award granted by the PASS Consulting Group for the second time. At the first ever Service Innovation Awards held by Initiative Deutscher Servicetag and Deutsches Institut für Service-Qualität (German Institute for Service Quality), comdirect bank took second place in the

"Integrated Comprehensive Customer Service" category for the performance of its multi-channel teams in Customer Services.

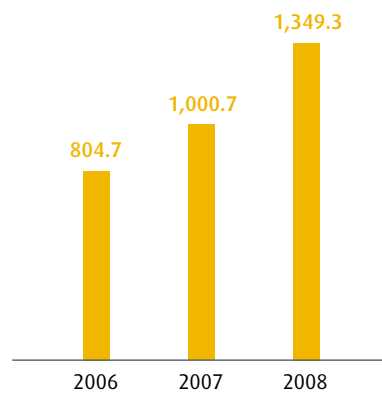
> Customers

Customer base and structure

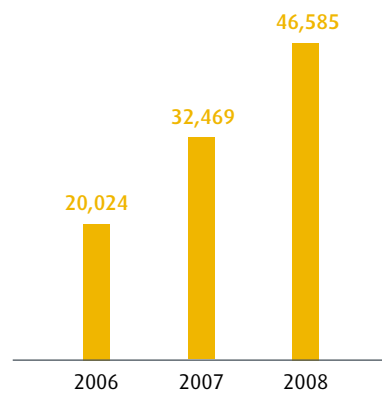
The success of the growth offensive is reflected in the total number of customers. In the reporting year, the number rose by 348,575 (34.8%) to 1,349,297 (previous year: 1,000,722). As a result, we gained over 150,000 more customers on balance than in the previous year. The key value target of at least 1.3 million customers by the end of 2009 was already achieved in October 2008.

The growth is primarily attributable to our marketing campaigns and the attractive offerings for new customers advertised under these. comdirect bank gained considerably more customers through sales cooperations than in the previous year, particularly due to the cooperation with Tchibo, which was only launched towards the end of 2007 and the call money and fixed-term deposit offerings marketed via this. Furthermore many new customers came to comdirect bank through recommendation; this also demonstrates the high level of satisfaction with our products and services and terms and conditions among existing customers.

Number of customers as of 31.12.
 (in thousand)



Customers of comdirect private finance as of 31.12.



As in previous years, we succeeded in retaining the loyalty of a large proportion of new customers beyond the usual six-month campaign period and gain them for follow-on products. Like 2007, at the year-end 44% of customers used at least two of the bank's products. Despite the large number of new customers who initially use only one product, customer activity was therefore pleasingly stable. The number of customers using three or more products even rose slightly from 19% at the end of 2007 to 20%.

By the year-end, the comdirect online business line had 1,342,690 customers (previous year: 996,599 customers), while the number of customers in the offline business line climbed over the course of the year from 32,469 to 46,585. Of these, around 85.8% were also active in the online business line.

Customer satisfaction

Customer satisfaction is determined once a year by an independent market research organisation. It shows the extent to which we have understood customers' requirements and translated this understanding into the corresponding product offerings and services. In financial year 2008, the satisfaction levels of comdirect bank customers were again higher than in previous years. Of the more than 2,000 customers surveyed, three quarters were completely or very satisfied with comdirect bank. 85% even stated that they would "definitely" or "probably" recommend the bank to others. Around eight out of ten customers recognise the specific advantage of using our product and service spectrum. The customer loyalty index reached a new record high, mainly as a result of the sharp improvement in retention figures for new customers.

Equally pleasing was the fact that comdirect bank achieved above-average values for its image from all customer groups and has established itself as a bank offering a full range of banking products and services.

For comdirect private finance, the level of brand awareness and satisfaction with one-to-one advisory services was also significantly higher than in the previous year.

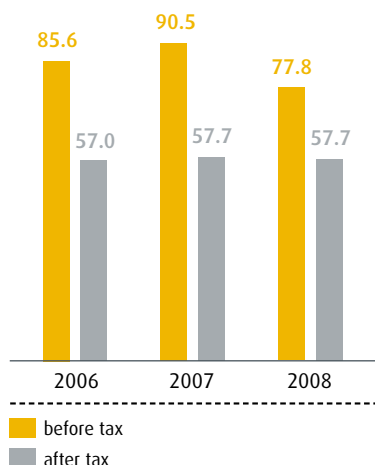
To understand our customers and their needs even more clearly, we carry out continual market research and evaluate customer feedback on a systematic basis. Furthermore, we look at the underlying, long-term trends in customer behaviour and in 2008 also carried out a customer motives study, this time in conjunction with the renowned Trendbüro research agency in Hamburg.

> Earnings situation

In the very uneven market environment during financial year 2008, comdirect bank achieved pre-tax profit of €77.8m. Despite considerably higher investment in growth, this figure was only €12.7m below the record value of the previous year (€90.5m).

At €286.5m, earnings were up 3.1% on the already high result in the previous year of €277.9m. This was essentially driven by growth in net interest income, while net commission income was unable to match the previous year's level because of the market-related decline in order figures. The result from financial investments also remained below that of the previous year. Conversely, the further propelled market and product offensive led to an increase in administrative expenses. However, in terms of the growth achieved through this and the rise in the total number of customers, this was a moderate increase.

Consolidated profit before and after tax
(in € million)



As a result of the additional expenditure on growth, the bank's cost/income ratio increased from 67.0% in 2007 to its current level of 72.6%. Earnings per customer fell from €308 in the previous year to €244. On the one hand, this was primarily due to the particularly strong rise in the number of customers, and on the other to the high proportion of new business attributable to call money and fixed-term deposits bearing special offer interest rates – products which have comparatively low margins. The fall in earnings per customer was countered by lower expenses per customer; these reduced by 14.4% to €178. The reasons for this include improved efficiency in marketing campaigns (see page 36) and in Customer Services (see page 47).

Based on the pre-tax profit and average equity (excluding revaluation reserve), the return on equity stands at 16.0% (previous year: 16.3%). The consolidated net profit in 2008 was on a par with the previous year at €57.7m. This produces earnings per share of €0.41 (previous year: €0.41). Consequently, the shareholders of comdirect bank benefited from the corporate tax reform as the tax rate reduced from 36.2% in 2007 to its current level of 25.8%.

Proposal for appropriation of profits

The Board of Managing Directors and the Supervisory Board will propose to the annual general meeting in Hamburg on 6 May 2009 that the distributable profit of comdirect bank AG of €57.9m be paid out in full. As in the previous year, this corresponds to a dividend of €0.41 per share.

Net interest income

The increase in the deposit volume, which was up by an average of 36.2% during the year, and the situation in the money and capital markets, which for much of the reporting year was favourable for comdirect bank, impacted very positively on the net interest income of the bank. Net interest income before provisions increased on the previous year (€127.2m) by 27.7% to €162.4m. The rise stems largely from movements in the interest margin. As we primarily invest deposits due on demand short term in the money market, the unusually high three-month EURIBOR had a major influence on the bank's interest income.

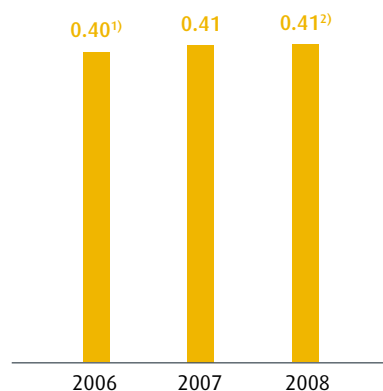
At €481.3m, comdirect bank's interest income was €193.5m higher than the comparative figure for 2007 (€287.7m). The major portion stemmed from interest income on investments in the money market. 30.9% of interest income was generated by fixed-income securities and floaters (available for sale). The share of total interest income attributable to interest from credit and money market transactions increased from 62.7% in the previous year to 68.8% (see note (29), page 90).

Interest expenses totalled €318.9m in financial year 2008 (previous year: €160.6m). These were affected by the rise in interest paid on call money and fixed-term deposits (see page 46).

Provisions for possible loan losses stood at €-1.2m (previous year: €-1.9m) in financial year 2008. The allocation to provisions of €-2.6m (previous year: €-2.4m) is due prima-

Dividend

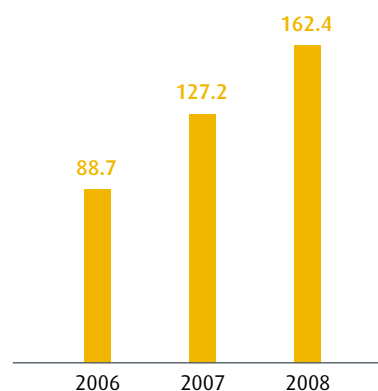
(in € per share)



1) Excluding special dividend
2) Dividend proposal

Net interest income before provisions

(in € million)



rily to greater use of overdraft facilities. The direct write-downs on uncollectible debts included in the provisions were significantly down on the previous year (see note (30), page 90).

Net interest income after provisions amounted to €161.2m (previous year: €125.2m). This corresponded to 56.3% (previous year: 45.1%) of total income. For the first time, net interest income was therefore the most important earnings component. Strong growth in the banking field of competence has made the group less dependent on developments in the securities markets and broadened the overall earnings base.

Net commission income

At €138.4m, net commission income did not match the previous year's high level of €152.7m. Commission income fell 8.9% to €169.1m, while commission expenses dropped 6.7% to €30.7m.

The most significant reason for this is the decline in the number of securities orders executed (see page 43), as 89.8% (previous year: 92.5%) of net commission income was attributable to the securities business in the reporting year, particularly to order commission in stock exchange and OTC trading. These declined by 15.9%, including the front-end load in funds business. With a drop of 1.3%, the fall in sales follow-up commission was more moderate.

Net commission income from transaction payments, which results primarily from current account fees and credit card earnings, changed only marginally compared to the previous year (€5.6m) to total €5.7m.

In net terms, other commission recorded a rise of 43.5% to €8.4m. This includes net commission income from the placement of insurance products which rose considerably compared to the previous year (see page 49).

Result from hedge accounting

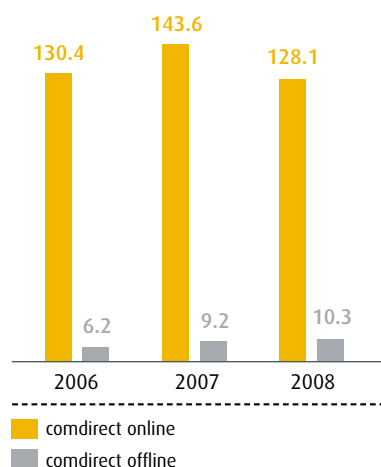
In the reporting year, comdirect bank used interest rate swaps to hedge individual bonds in its Treasury portfolio against losses in value that can result from a change in the market interest rate. Together with the underlying transactions, the hedging transactions are measured at fair value through profit or loss. The result from hedge accounting of €-0.1m (previous year: €0.1m) is shown net of counter measurement effects. As of the reporting date, there were no hedges in place.

Trading result

comdirect bank also uses derivative financial instruments to manage the interest book of deposit positions which are not allocated to hedge accounting. These are interest rate swaps and forward rate agreements (FRA). The trading result amounting to €0.5m (previous year: €-0.5m) is produced from the fair value measurement of these instruments.

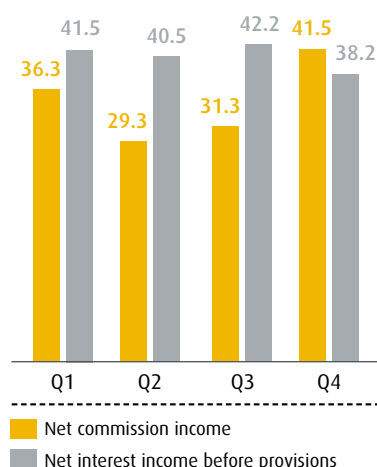
Net commission income

(in € million)



Net commission and net interest income on a quarterly comparison 2008

(in € million)



The nominal volume of financial derivatives not allocated to hedge accounting stood at €300m at the year-end (end 2007: €600m) and referred exclusively to interest rate swaps.

Result from financial investments

While the money and capital market environment impacted positively on net interest income, it produced the opposite effect in the result from financial investments. At €-18.3m, the result was considerably down on the previous year's figure of €-9.6m. Under its conservative Treasury strategy, comdirect bank sold securities in the available for sale (AFS) category, which were not performing satisfactorily in the current market environment. Together with those securities maturing in 2008, this produced an overall loss of €12.0m (previous year: €-9.6m). In addition, valuation adjustments amounting to €-6.3m (see note (34), page 91) were required. These impairments are based on the fair value measurement of units in a retail investment fund and equities held via special funds.

Other market price-related impairments of our Treasury positions are recognised in the revaluation reserve with an income-neutral effect. In financial year 2008, the revaluation reserve was down €1.9m before income tax compared to the end of 2007. Negative effects from the considerable widening in credit spreads were countered by significant positive effects from a change in the yield curve.

Overall, there were no counterparty defaults in the Treasury portfolio of comdirect bank.

Other operating result

The other operating result amounted to €4.7m and was therefore down 53.1% on the previous year's figure (€10.1m). At €13.8m, other operating income outstripped the previous year's figure of €12.4m. The biggest single item here was the reversal of provisions and accruals. Further income resulted in part from administrative services carried out by comdirect bank AG for Commerz Service Gesellschaft für Kundenbetreuung mbH, which also belongs to the Commerzbank Group.

Other operating expenses amounted to €9.1m (previous year: €2.3m). These include a non-recurring effect of €-4.5m for comdirect private finance resulting from the revaluation of the balances for offices in light of changes in the legal framework parameters for its operations.

Administrative expenses

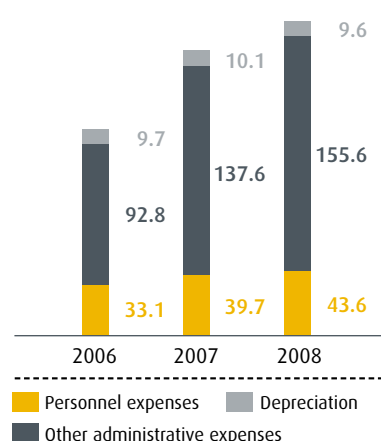
Administrative expenses totalled €208.7m, up 11.4% on the previous year (€187.4m). A rise of this extent was expected and relates primarily to the increase in other administrative expenses. This was mainly due to the intensified market and product offensive under comvalue. Excluding the rise in investment in growth of around €20m, administrative expenses were approximately in line with the previous year, even though comdirect bank has visibly expanded compared to the previous year. This reflects the sustained cost discipline in the bank's business divisions.

At €43.6m, personnel expenses were 9.9% higher than the comparative figure for 2007 (€39.7m). The figure therefore moved largely parallel to the development in the number of employees (see page 57). In addition to other performance-related salary components, wages and salaries include a special payment to all comdirect employees of €1.0m. This was triggered by the achievement of the key comvalue target of 1.3 million customers.

The 13.0% rise in other administrative expenses to €155.6m (previous year: €137.6m) was partly due to marketing expenses which increased by €5.5m to €79.8m. As comdirect bank gained around twice as many new customers in the reporting year as in 2007, marketing expenses per new customer fell at the same time by almost 39.6%.

Administrative expenses

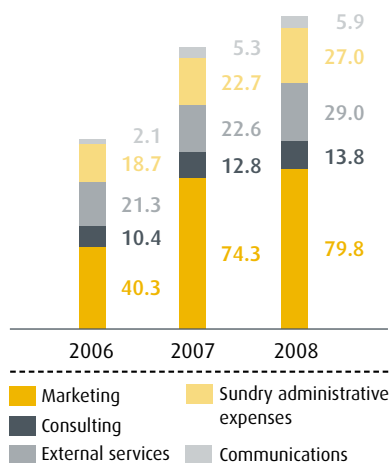
(in € million)



In addition to marketing expenses, there was a considerable rise in expenses for external services. This reflected the further development of internal processes and systems, including for the final withholding tax. Sundry administrative expenses were also significantly up on the previous year.

At €9.6m, depreciation was lower than in the previous year (€10.1m). This was because some assets in IT and telecommunications were fully depreciated by mid-2008 and replacement investments had not yet been reflected to the same extent in depreciation. As in the previous year, the major portion of depreciation (€5.8m) was attributable to intangible assets – primarily internally generated and purchased software. Furthermore, the customer relationships acquired from American Express Bank GmbH in 2006 were written down as planned. Depreciation of €3.8m related to office furniture and equipment after €2.9m in the previous year (see note (35) on page 92).

Structure of other administrative expenses (in € million)



> comdirect online business line

> Business development in brokerage

In the brokerage field of competence, comdirect bank continued its successful development in a difficult market environment. Although the number of orders declined, as was the case in the market as a whole, we bucked the trend with significant net inflows in our portfolio volume, including as a result of our custody account transfer campaign.

Product offensive in brokerage

We extended our trading functionalities in financial year 2008 with the introduction of the Trailing Stop Order. This allows the limits on stop loss or stop buy orders to be automatically adjusted in line with movements in prices. Therefore, investors can, for example, achieve profits in rising markets and at the same time dynamically hedge against losses. Trailing Stop can be used for all tradable securities available on all German stock exchanges. Together with the tried-and-tested combination orders Next Order and One Cancels Other, Trailing Stop is one of the innovative user-friendly orders of comdirect bank. These represent a comprehensive solution for optimised hedging and opportunity exploitation by private investors that is unique in this competitive environment.

The new comdirect "BörsenTicker" stock market ticker enhances the service functions for trading. The ticker provides up to 50 continually updated securities prices at a glance, on a separate scrolling banner if required, and shows the latest news on individual indices, regardless of the internet browser used. Using the signal function, users can set their own limits and are notified immediately if the preset price limits are reached.

The range of products and services for securities investments was also expanded in financial year 2008. In light of the final withholding tax, which came into force on 1 January 2009, we offered several tailored solutions that are closely aligned with customer requirements over the course of 2008. As early as February 2008, comdirect bank launched a custody account transfer campaign that paid a bonus of 1% (maximum €500) on the fund volume transferred. The costs of the custody account transfer were also refunded. By pooling securities at comdirect bank, fund investors simplify the offsetting of gains and losses, which is an important aspect with regard to the new flat-rate tax. Since November 2008, we have been offering all customers wishing to split their portfolios upon the introduction of the

final withholding tax the option of opening a second fee-free custody account online. At the same time, we introduced an internal online custody account transfer function facilitating the easy transfer of securities to the second custody account. Moreover, we have made a comprehensive information package of key tax information available online. Customers are consequently able to understand their overall tax position in detail at all times.

Another element included in the package of solutions was the "Fonds zum GegenSteuern" fund range, through which investors were able to secure the chance of long-term, tax-free price gains. The funds covered five different categories, each of which was available for a period of six weeks with a discount of 75% on the front-end load.

In line with the final spurt by investors ahead of the introduction of the final withholding tax, in the fourth quarter we extended our FondsDiamanten range from 15 to 20 top funds. At the same time, five investment recommendations based on the FondsDiamanten offering and certified by the Institute for Asset Accumulation (Institut für Vermögensaufbau) were introduced. These reflect different yield expectations and attitudes to risk on the part of investors in the portfolio mix. The FondsDiamanten range is reviewed quarterly. As part of the requirements to be fulfilled, each of these top funds must be awarded at least four out of the five possible stars in the Morningstar rating and achieve at least above-average marks in the assessments by Finanztest magazine.

In the reporting year, we again stepped up our activities launched at the end of 2007 relating to the 29 ETF index funds currently eligible for use in savings plans. The active marketing of our products included several no-fee campaigns. In addition, in November 2008 we incorporated additional ETF index funds from ComStage, a new provider in the market.

Securities trading

Our order figures reflect the different phases of the equity markets in financial year 2008: in the highly volatile market phases in January and the fourth quarter of 2008, customers exploited the additional market opportunities and placed considerably more orders. In the phase of primarily sideways-trading in the equity markets from February to August 2008, trading activity was substantially below the respective average monthly values for the previous year. In a year-on-year comparison, the number of orders placed

sank by 8.3% to 11.54 million compared to the extraordinarily high level of the previous year (12.58 million). Of these, 9.23 million orders were executed (previous year: 9.95 million orders); this corresponded to an execution rate of 80.0% (previous year: 79.1%).

A total of 34.0% of trades were attributable to investment funds and securities savings plans, which in turn are mainly based on funds (previous year: 31.5%); in funds, virtually every order placed was executed. Funds trading was also given impetus by the investment proposals based on the offering launched in the fourth quarter. At 22.2%, the proportion of certificate trading remained almost unchanged on the previous year (21.8%).

Trades by type of securities (in %)

	2008	2007
Equities and ETFs*	31.1	33.5
Warrants	11.5	12.4
Certificates*	22.2	21.8
Funds*	8.3	9.1
Securities savings plans	25.8	22.4
Bonds and other	1.2	0.7

* Excluding securities savings plans

Around 39% of orders were executed on our LiveTrading platform for OTC trading, confirming our leading position in Germany in this market segment. This platform was heavily used by our customers, particularly for trading with cer-

tificates and warrants. This was due in part to our 17 no-fee campaigns which enabled investors to trade fee-free on our LiveTrading platform in selected leveraged products and investment certificates as well as reverse convertible bonds. In these campaigns, the respective product provider pays the investor's order fee. comdirect was the first bank in Germany to also offer no-fee campaigns for stock market trading in ETF index funds.

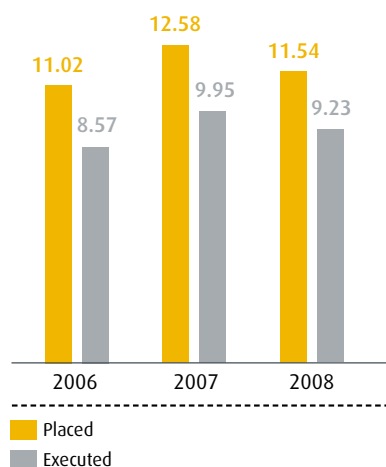
Securities turnover declined by 24.3% to €39.73bn compared to the previous year (€52.47bn). The fall is sharper than the drop in order numbers and is largely due to the decline in prices. In addition, the average order volume for fund and savings plans is lower than for equity orders. The volume per executed order stood at €4,304 (previous year: €5,273).

Portfolio and funds volume

The total volume of securities held by our customers declined by 22.2% to €9.88bn compared to the previous year (€12.69bn). This was caused by the steep slide in prices for equities and equity-related funds over the course of the year. However, despite the market trend, comdirect bank achieved net inflows which totalled around €2.82bn, particularly as a result of the successful custody account transfer campaign in the first half of the year. The portfolio volume (excluding funds) accounted for €6.76bn, 22.0% lower than in the previous year (€8.67bn), while the funds volume dropped by 22.4% to €3.12bn (previous year: €4.02bn).

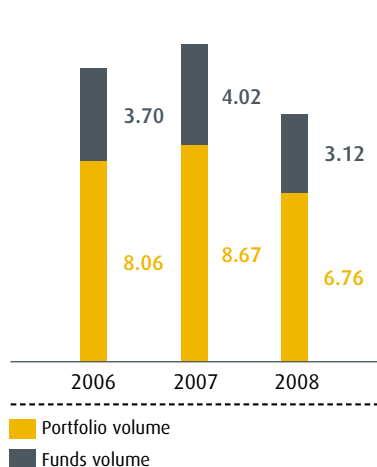
Orders placed and executed

(in million)



Portfolio and funds volume as of 31.12.

(in € billion)



The portfolio and funds volume was made up of 697,806 custody accounts, 8.0%, or 51,913, more than in the previous year. Most new custody accounts were opened in conjunction with setting up a Tagesgeld PLUS or current account. The number of securities savings plans fell by 32,068, or 21.4%, to 118,128 over the course of the year. This was essentially due to falling equity prices, which led to the winding up of some savings plans based on equity funds and certificates. At the year-end, 93.0% (previous year: 95.9%) of securities savings plans were based on actively managed investment funds, with 3.8% accounted for by the ETF index fund savings plans first launched at the end of 2007 and 3.2% by certificates (previous year: 4.1%). During a no-fee campaign, investors were able to order certificate savings plans from all issuers fee-free until mid-April 2008.

> Business development in banking

Development in the banking field of competence was dominated by a significant rise in deposit volumes. We have expanded the product offering in both our deposit and lending business.

Product offensive in banking

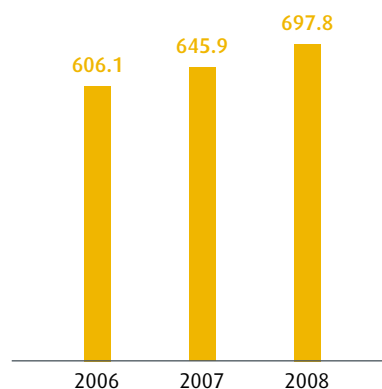
As early as January 2008, we extended the product range in banking to include the innovative direct bank placement of private property finance. Building finance@comdirect offers first rate terms and conditions through access to a pool of around 50 financing partners. Here comdirect bank works

with Interhyp AG, a leading provider of private property finance. Experienced specialists in building finance advice at comdirect bank support customers throughout the entire process to select the most suitable financing solution.

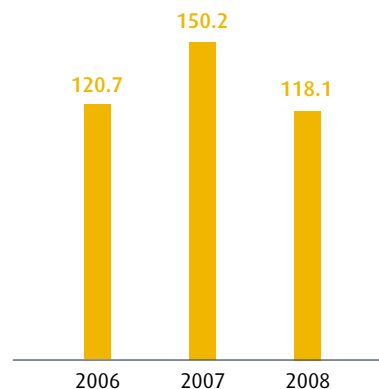
In October 2008, we began to integrate the independent building finance advisory services relating to the direct bank placement into selected comdirect private finance offices. The first was the office in Berlin. In this way, our online and offline business is becoming more closely linked, which is also an important element of our group strategy for the future (see page 27). In November 2008, we published the Building Finance Sentiment Index for the first time. In future, this will be calculated every two months on the basis of representative surveys conducted by opinion research institute Forsa. The index shows the current sentiment among Germans with regard to building finance.

The level of customer interest in the new building finance offering far exceeded our expectations from the offset. It came first in a comparison test of direct banks carried out by Focus Money. By the end of the financial year, the financing volume placed already amounted to around €200m. As comdirect bank is not the lender here but acts as an intermediary, the building finance business has no impact on the volume of loans granted to private customers.

Number of custody accounts as of 31.12.
(in thousand)



Number of securities savings plans as of
31.12. (in thousand)



In September 2008, we enhanced our product offering for individual asset accumulation with the money savings plan. It is based on the Tagesgeld PLUS account and offers the same interest rate on investment amounts of up to €100,000. Savers can access their savings on a flexible basis at any time, choose between six execution intervals and set and amend their savings rate as they wish; annual index-linking of between 1% and 10% is also possible. Terms and conditions for the Tagesgeld PLUS account were also further improved. Since April 2008, the attractive existing customer rate has been paid on investments up to €100,000; previously the maximum sum was €30,000.

The user-friendly money transfer assistant enhances the extensive service functions of the comdirect current account. Shortly after the transfer has been recorded in the system, it is forwarded to the recipient's bank and is listed as a transaction online in the customer's statement. Furthermore, we have made filling out the transfer masks even easier for our customers.

Deposit business

As a result of the very attractive interest rates offered by comdirect bank compared with its competitors, the deposit volume climbed 36.2% in financial year 2008 to €10.47bn (previous year: €7.69bn). As of the reporting date, 51.4% of the assets under custody were attributable to deposits (previous year: 37.7%).

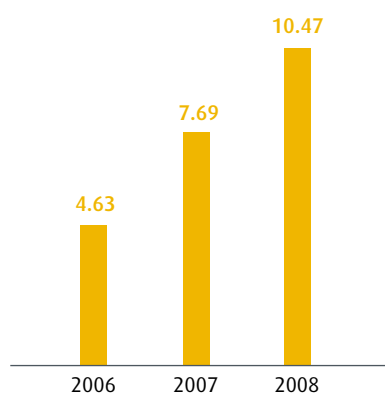
More than half of the deposit volume (56.1%) as at the 2008 year-end stemmed from Tagesgeld PLUS deposits (previous year: 42.5%); at the same time, Tagesgeld PLUS accounted for around 94% of the net inflows in deposit business. The number of Tagesgeld PLUS accounts increased during the year from 400,414 to 814,516, thereby more than doubling. The target of 650,000 originally planned for the end of 2009 was exceeded far ahead of schedule; evidence of the success of our market and product offensive. At €7,207, average deposits per Tagesgeld PLUS account stood below the figure as at the 2007 reporting date (€8,152). An increasingly broad class of investors is being reached through the growing acceptance of this central product for short and medium-term financial investments, whereby the average investment amount has slightly declined.

The deposit volume in time deposit and foreign currency accounts was up on the figure at the end of 2007, while fixed-term deposits recorded a slight fall. The comdirect current account, which is the only current account that pays out one euro a month, performed very well in the market despite fiercer competition. The number of current accounts increased over the course of the year by 87,571, or 25.9%, to 425,149.

The rise in deposits was primarily attributable to special offer interest rates for new customers. Since February 2008, comdirect bank has been offering a particularly attractive interest rate on investments up to a limited amount in Tagesgeld PLUS accounts for a period of six months.

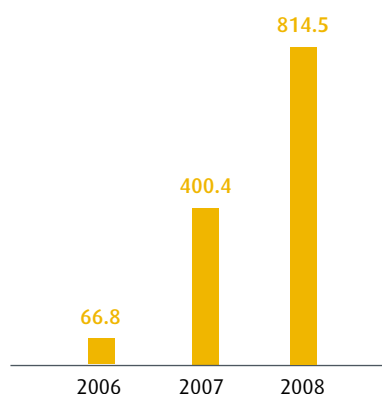
Deposit volume as of 31.12.

(in € billion)



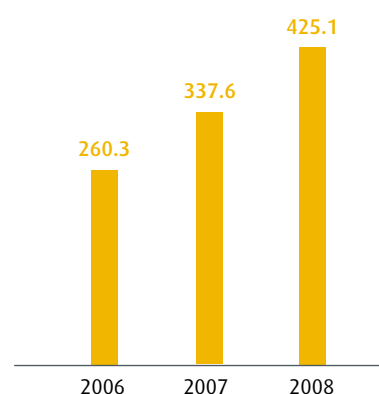
Number of Tagesgeld PLUS accounts

as of 31.12. (in thousand)



Number of current accounts as of 31.12.

(in thousand)



Special campaigns were also carried out as part of the sales cooperation with Tchibo (see page 36). For a period of six weeks in each case, the Tagesgeld PLUS account was available with a special offer interest rate (5.55% p.a. for six months on amounts up to €10,000) as was the six-month fixed-term deposit account (6.0% p.a. for amounts between €500 and €6,000). These were marketed throughout Germany in more than 1,000 Tchibo branches and on the Tchibo website.

Furthermore, in the fourth quarter comdirect bank offered an interest rate for several weeks of 5.3% p.a. on new investments placed in a time deposit account for a year. The deposits can be used for securities transactions at comdirect bank even prior to maturity.

The movement in interest rates in the euro money market was favourable for comdirect bank and as a result, we also improved the rates for our existing customers over the course of the year. In May 2008, the deposit interest rates were raised for fixed-term deposit and time deposit accounts. Following the increase in the euro key lending rate in July 2008, the rates on all investment accounts were again adjusted in a timely fashion. The massive cut in the ECB interest rate in the fourth quarter of 2008 then made a downwards revision necessary again.

Around 88% of the growth in the deposit volume was attributable to the first half of 2008. The flatter growth curve in the third and fourth quarters is essentially due to the expiry of time-limited special offer interest rates for new customers gained in the first half of the year.

Lending business

The volume of loans to private customers stood at €201.8m as of the reporting date (end 2007: 216.5m). Overdrafts on current accounts increased as a result of the growing number of accounts. In contrast, the volume of loans to purchase securities fell considerably, especially in the fourth quarter. The share of the total lending volume to private customers attributable to loans to purchase securities was down on the end of the previous year from 86.6% to 82.0%.

comdirect bank acts as an intermediary for building finance and consumer loans. Both offerings therefore had no impact on the bank's lending volume.

> Customer Services and Infrastructure

Customer Services played a major part in the success of the bank and the high customer satisfaction values it achieved. Additional personnel were recruited in financial year 2008 and efficiency levels relating to the processing of customer enquiries further improved.

The efficiency improvement essentially results from the digitisation of all customer-related transactions, which was completed in the reporting year. All transactions were passed to the workstations of the Customer Services team according to their level of priority. In connection with this, we set up special multi-channel teams. The employees in these teams process customer enquiries via all channels, i.e. telephone, letter, fax and email. This enables us to respond very flexibly to customer requirements. In order to manage peak workflow periods, Customer Services are supported by quality-checked external service providers.

Although the number of transactions in Customer Services rose by 39% in 2008 as a result of business growth – which was considerably stronger than the rise in the number of Customer Services employees (5% increase) – Customer Services again achieved very high service levels. Around 76% of incoming calls are answered by Customer Services within 30 seconds. For written orders, which mainly arrive via the customer's digital post box, the processing time was reduced by around 10%. This was due to a variety of measures to increase process speed and improve software ergonomics, based on our own extensive tests.

We again achieved very high customer service levels for the support services we provide to our top clients (comdirect first). Here, around 87% of incoming calls were answered within 15 seconds. comdirect first is open to all customers who carry out at least 125 trades per half year, have assets of €500,000, or make a monthly deposit into their comdirect current account of at least €10,000.

Media integration in Customer Services was accompanied by the installation and system integration of a new telecommunications system, including voice computer and recording, which was completed at the start of the year.

Further progress was made in modernising the bank's IT architecture on the basis of Java technology. As a result, we have standardised our architecture and are able to add new applications to the existing website offering more quickly. The migration of the order functionalities to the new architecture started in financial year 2008 and is set to be complete in 2009. Preparing our website for new web technology was another key area. In the first step, an integration framework was established to facilitate seamless integration of the information elements delivered by various providers. Other development steps will be carried out in 2009 and customers will already be able to use the new technology in the following year.

The tool for planning the required IT server capacity, which was used for the first time in 2007, has proven its worth. Despite numerous days with extreme price volatility and correspondingly high trading volumes, the system remained very stable with an average IT availability of 99.7% for the year. As a result of the continually extended functionalities and growing number of customers, we have increased our capacity on a targeted basis. Upgrading the database server has considerably enhanced its performance. Work continued on setting up a back-up computing centre and this should be complete in the first half of 2009.

> Earnings situation in the comdirect online business line

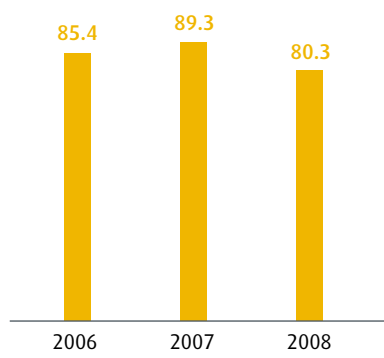
The individual items in the income statement of the comdirect bank group are largely based on the comdirect online business line. Consequently, the comments on net interest income, result from hedge accounting, trading result and result from financial investments on pages 38 to 42 are also relevant to the development of earnings in this business line.

Net commission income in the business line fell year-on-year by 10.8% from €145.0m to €129.4m. This fall was slightly higher than the decline in order figures and resulted from the lower average volume of securities buying and selling transactions due to the drop in prices. In addition, commission in the bank's funds business was also reduced by the return of fund units to the investment companies.

Administrative expenses rose by 11.3% to €200.1m (previous year: €179.7m). This was primarily because of higher other administrative expenses for the market offensive which related almost exclusively to the comdirect online business line.

At €80.3m, pre-tax profit was down 10.1% on the previous year (€89.3m) as a result of higher investment in growth. The cost/income ratio increased due to the very successful growth to 71.1% (previous year: 66.3%).

Pre-tax profit in the comdirect online business line (in € million)



> comdirect offline business line

> Business development in advice

comdirect private finance continued its moderate growth course in financial year 2008. The number of advisory customers rose by 43.5% to 46,585. The company has further expanded its regional presence throughout Germany with the emphasis on medium-sized towns, and offices were opened in Bonn, Wiesbaden, Erfurt and Freiburg. A second location was also opened in Frankfurt/Main. The total number of offices therefore increased by five to 32. Around three quarters of comdirect bank customers live within a comdirect private finance catchment area; this is defined as within 50 kilometres of the nearest office. The number of advisers active for comdirect private finance remained virtually constant at 199 (previous year: 202). They are not employed by the company, but act as independent agents.

The financial market crisis and its repercussions in the capital markets have significantly affected the business performance of comdirect private finance. As a result of the great desire of customers for security, the focus was heavily on provisioning products. With regard to capital investments in investment funds and closed-end investments in particular, there was an increased requirement for advice and information, which rose again with the introduction of the final withholding tax at the start of 2009.

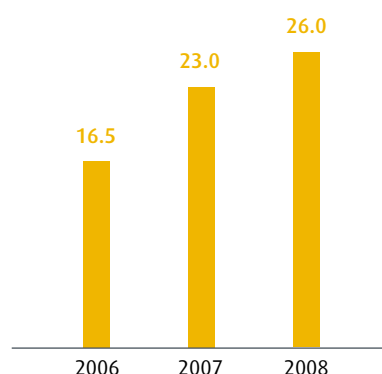
comdirect private finance responded directly and launched a comprehensive advisory offensive. The advisers provided information on key investment issues such as the final withholding tax and portfolio risk diversification at well-attended customer events, including in Hamburg, Karlsruhe, Munich and Stuttgart. The advisory approach and investment spectrum were optimised in light of the final withholding tax.

For the third time in a row, the n-tv custody account check, carried out in partnership between comdirect bank and the news channel n-tv, was offered for a period of six weeks. Each participant entered details of their portfolio holdings on comdirect's website and received a free analysis based on the portfolio theory of Harry M. Markowitz, together with optimisation suggestions in line with different investment types. To enable investors to implement these recommendations, a selection of investment and ETF index funds were on offer.

The advisers received comprehensive training in order to be ready in good time for the relevant legal changes. In addition to the Insurance Provision Act introduced in 2007, additional information requirements for insurance have been in place since mid-2008. Furthermore, the requirements of the Markets in Financial Instruments Directive Implementation Act (FRUG) became mandatory in the reporting year. All internal processes were reviewed and now comply in full with the requirements of a licence to provide investment advice and placement services under Section 32 of the German Banking Act (KWG).

> Earnings situation in the comdirect offline business line

Commission income in the comdirect offline business line (in € million)



Commission income totalled €26.0m in the reporting year (previous year: €23.0m). The rise of 12.9% results almost exclusively from the growing demand on the part of advisory customers for attractive products for private old-age provisioning. In contrast, capital investment products were adversely affected by the financial market crisis.

Up substantially on the previous year, Riester policies became the key growth driver for comdirect private finance; the fund unit-linked variant was preferred because of its additional yield opportunities compared to the classic version. This trend was supported by the introduction of the fourth subsidy stage. Other forms of private pension insurance also continued to gain in importance because of the growing provisioning gap in state pensions. In total, comdirect

private finance generated commission income amounting to €17.2m (previous year: €12.1m) from the placement of insurance and old-age provisioning products. The share of this commission income attributable to the business line increased considerably from 52.4% to 66.3%.

As a result of the financial market crisis, however, fewer capital investment products, especially investment funds, and closed-end investment models were placed. The proportion of commission income generated here fell from 32.8% to 26.5%. To a small extent, this includes commission income from the placement of building finance.

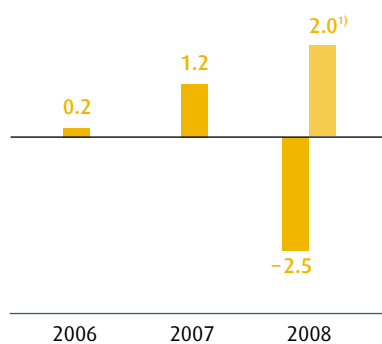
comdirect private finance generated 4.4% (previous year: 11.4%) of its commission income from the placement of comdirect bank products in the comdirect online business line. The most important products here are the comdirect current account and Tagesgeld PLUS account. As this represents intragroup income, it has no impact on the earnings situation of the group.

Growth in commission income produced net commission income of €10.3m (previous year: €9.2m). The other operating result of €-0.3m (previous year: €2.5m) includes a non-recurring effect of €-4.5m. The non-recurring effect results from the revaluation of the balances for offices stipulated in light of changes in the legal framework parameters. Excluding the non-recurring effect, the other operating result amounted to €4.2m.

Administrative expenses increased to €12.6m (previous year: €10.5m). On the one hand, the rise is due to the expanded office network as well as increased expenses for compliance with legal requirements. On the other hand, personnel expenses rose because of the building finance experts recruited in financial year 2008. These additional expenses are charged within the group to the comdirect online business line.

Pre-tax profit amounted to €-2.5m (previous year: €1.2m). Excluding the non-recurring effect from the revaluation of office balances, pre-tax profit stood at €2.0m. The cost/income ratio of the offline business line increased from 89.8% in the previous year to 125.3%. Excluding the non-recurring effect, the cost/income ratio improved to 86.5%.

Pre-tax profit in the comdirect offline business line (in € million)



¹⁾ Excluding the non-recurring effect from the revaluation of office balances

> Financial situation and assets

> Main features of financial management and Treasury

As a result of the high use of Tagesgeld PLUS accounts, a large portion of customer deposits are due on demand. As of 31 December 2008, these accounted for 78.5% (previous year: 76.2%) of the deposit volume. The customer deposits due on demand are primarily invested short term in the interbank market. Here comdirect bank pursues a conservative and risk-aware Treasury strategy and exploits synergies within the Commerzbank Group. A significant share of the investments is carried out within the group.

As a result of the liquidity surplus provided by customer deposits, comdirect bank does not need to raise additional liquidity in the money and capital markets. comdirect bank was therefore only affected to a very limited degree by the severe market dislocations.

The financial situation and assets of the bank were once again very sound in financial year 2008. The bank complied with the regulatory capital requirements (excluding the transitional rule under Section 339 of the Solvency Regulation (SolVV)) at all times. As of the 2008 reporting date, both the equity ratio and the core capital ratio amounted to 49.1%. The aid package provided by the German government to stabilise the financial market (see page 30) was not utilised by comdirect bank.

Growth at comdirect bank in financial year 2008 continued to be financed strictly from operating income.

> Investments

In financial year 2008, the balance sheet additions to fixed assets totalled €15.1m (previous year: €11.7m). We invested €7.8m (previous year: €6.4m) in intangible assets. As in the previous year, most of the investment related to internally generated software, including for amending the website, further developing the IT architecture and setting up the processes required for the final withholding tax. In addition, software amounting to €0.7m was purchased. Taking account of depreciation on intangible assets, the net investment volume stood at €2.0m.

Fixed asset investments of €7.3m (previous year: €5.4m) related exclusively to office furniture and equipment, especially network and server components for the IT system, as well as the installation of the new telecommunications system completed in the reporting year. After depreciation, the net investment volume stands at €3.5m (previous year: €2.5m). 96.6% (previous year: 97.8%) of the investments were attributable to the comdirect online business line.

There are no material subsequent financial obligations under current investment projects for financial years 2009 and 2010.

> Balance sheet structure

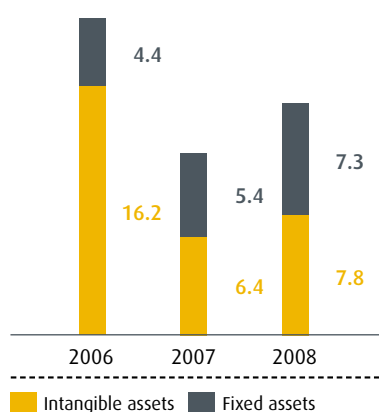
As a result of the strong growth in the deposit volume, the consolidated balance sheet total rose by 34.5% to €11.07bn (previous year: €8.23bn).

Assets

As of the 2008 reporting date, 57% of the Treasury portfolio was attributable to the money market. Claims on banks increased year-on-year by 37.2% to €6.60bn (previous year: €4.81bn). The portfolio of financial investments increased to €4.01bn (previous year: €2.95bn). This balance sheet item mainly includes Pfandbriefe, bonds and notes – primarily from the banking sector. However, there were no significant holdings of equities and money market instruments.

Investments

(in € million)



The decline in claims on customers to €201.8m (previous year: €216.5m) stems from the fall in use of loans to purchase securities and overdraft facilities in the fourth quarter.

Financial instruments, which were to be carried at fair value, fluctuated in value over the course of the year because of the movement in credit spreads and interest rates. There were no debtor defaults in the Treasury portfolio.

As a result of the increased deposit volume, the minimum reserve requirement to be met by comdirect bank rose compared to the end of December 2007 (€144.2m) to €209.2m. To comply with these requirements, comdirect bank increased its credit balances at central banks. This led to a rise in the cash reserve as of the 2008 reporting date to €209.5m (previous year: €198.4m).

As of the reporting date, there were no hedging relationships under hedge accounting. In the previous year, positive fair values from derivative hedging instruments amounting to €1.8m were reported, which stemmed from the fair value measurement of interest rate swaps with a nominal volume of €123m.

Trading assets – the positive fair value from interest rate swap transactions outside hedge accounting – reduced in financial year 2008 to €8.7m (previous year: €13.0m). The nominal volume of these transactions fell to €300m in total (previous year: €600m).

Current income tax assets amounting to €2.1m (previous year: €3.3m) also related to corporate tax credit balances.

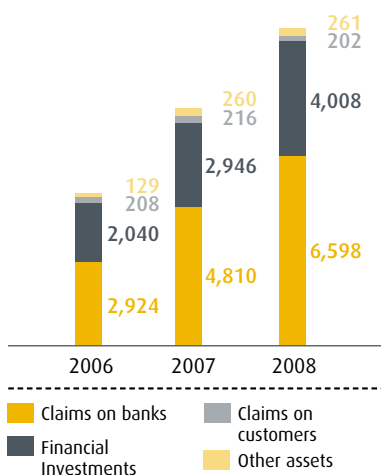
Financing

Again in financial year 2008, comdirect bank's financing was provided almost exclusively by the deposits of private customers. Liabilities to customers increased compared to the end of 2007 (€7.69bn) to €10.47bn and thus accounted for 94.5% (previous year: 93.5%) of liabilities and equity.

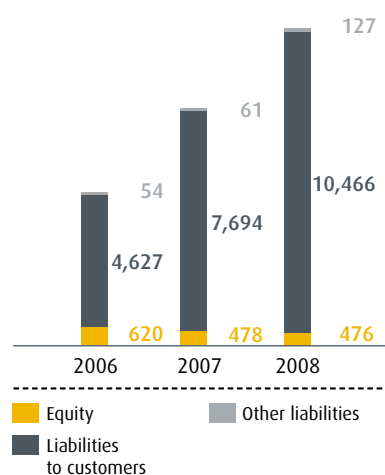
Liabilities to banks amounting to €50.8m (previous year: €0.0m) stem mainly from the ongoing clearing account at Commerzbank.

At €18.9m, provisions were up €0.7m on the previous year. As in financial year 2007, the largest items were provisions for non-income-related taxes as well as for staff which relate primarily to bonus payments scheduled for 2009 (see note (53) on page 100). In the reporting year, performance shares under comdirect bank's Long Term Incentive Programme (LTIP) became due for payment as a result of the share price performance relative to the DAXSector Financial Services Performance Index. This led to partial utilisation of the relevant provisions amounting to €0.2m. The performance shares were issued to members of the Board of Managing Directors as well as selected specialist and executive employees for the first time in 2005 under the Long Term Incentive Plan.

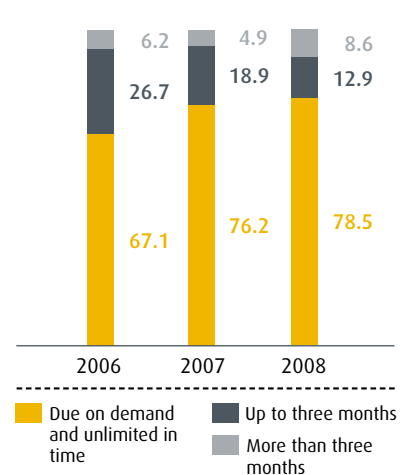
Structure of consolidated balance sheet – ASSETS (in € million)



Structure of consolidated balance sheet – LIABILITIES (in € million)



Structure of customer deposits (by remaining lifetimes in %)



As of the 2008 reporting date, provisions totalling €0.7m (previous year: €0.4m) had been recognised for pensions. Pension obligations with a net present value of €4.3m (previous year: €5.5m) were countered by trust assets with a market value of €3.5m (previous year: €5.0m) administered by Commerzbank Pension Trust e.V. (see note (53), page 100). Other liabilities of €48.4m (previous year: €35.8m) relate primarily to trade liabilities.

Deferred income tax liabilities amounted to €5.6m (previous year: deferred income tax assets of €5.1m). These were essentially recognised in relation to financial assets, mainly with an income-neutral effect. Assets and liabilities are netted out in the line item (see note (54), page 103).

Equity totalled €476.1m (end 2007: €478.2m) as of the reporting date. The slight fall is due to the movement in the revaluation reserve (see page 41).

Under the expiring stock option programme comdirect bank issued a total of 3,104,580 subscription rights to employees, of which the last were issued in financial year 2004. By the 2008 reporting date, 2,021,848 subscription rights had lapsed. To date, 720,815 options have been exercised, however none were exercised in financial year 2008. The subscribed capital remained unchanged at €141,220,815.

> Cash flow statement

As in the previous year, the cash flow from operating activities of €84.1m (previous year: €322.0m) stemmed primarily from growing customer deposits and their reinvestment in the money and capital markets. The capital inflow from customer deposits totalled €2.76bn (previous year: €3.05bn). These were offset by outflows of €1.77bn from the rise in claims on banks as well as €1.07bn from investments in securities.

The cash flow from investment activities amounting to €-15.1m (previous year: €-11.7m) reflects the higher investment volume during the reporting year but was nonetheless still at a low level. This is mainly because investment in the future under comvalue was largely recorded directly as expenses.

The cash flow from financing activities of €-57.9m (previous year: €-194.8m) results from the dividend distribution of €0.41 per share carried out in May 2008.

Partly to meet the higher minimum reserve requirements as a result of growth in deposits, comdirect bank's cash reserve stood at €209.5m as of the reporting date (previous year: €198.4m).

> Deposit insurance

comdirect bank AG is a member of the deposit insurance scheme of the Bundesverband deutscher Banken e.V., through which each customer was insured up to a deposit amount of €116.8m as of the 2008 reporting date. In addition, customer deposits are legally insured under the German banks' compensation fund (Entschädigungsfonds deutscher Banken, EdB).

> The share

> Share price performance, trading volume, shareholder structure

Despite good business and earnings development, comdirect bank shares were unable to escape the downward trend in the capital markets. At the year-end, the shares closed at €6.18, down 26.1% on the closing quotation for 2007 (€8.36). Including the dividend payment of €0.41 per share, the total shareholder return (TSR) stands at -21.2%, or €-1.77 per share. Despite this negative performance, comdirect bank shares thus developed considerably better than the SDAX (46.1% decrease) and the relevant sector indices DAXSector Financial Services Performance Index (59.4% decrease) and DAXSector Banks Performance Index (70.9% decrease).

After a largely stable trend in the first quarter, our stock climbed to an annual high of €9.62 ahead of the annual general meeting. Subsequently, the increasingly severe impact of the financial market crisis on the markets led to a significant downswing, which accelerated in September in line with the market trend. On 10 October, the share reached its annual low of €4.54.

The shareholder structure of comdirect bank changed only marginally in the reporting year. Commerzbank AG increased its indirect holding from 79.59% to 80.53% in the third quarter, reducing the free float from 20.41% to 19.47%.

At the end of 2008, the market value of comdirect bank stood at €872.7m. Of this, €169.9m was attributable to free float. This market capitalisation again puts comdirect bank in the middle of the SDAX. On average, 120,004 units were traded a day, a decline of 48.5%. Of this turnover, 88.3% were traded on XETRA and 8.9% on the Frankfurt stock exchange.

> Investor Relations

The Board of Managing Directors, both the old and the new Board, together with the Investor Relations team of comdirect bank continued an intensive exchange of information with analysts, investors and private investors throughout

the financial year. We presented comdirect bank and its business development at various events including

- a roadshow in Copenhagen and at the Cheuvreux German Corporate Conference in Frankfurt (Q1)
- roadshows in Edinburgh, Frankfurt, London and Paris (Q2)
- a roadshow in Vienna (Q3)
- the German Equity Forum in Frankfurt as well as roadshows and investor meetings in Düsseldorf, Frankfurt, Cologne and Zurich (Q4).

In addition, numerous individual meetings were held.

The financial reporting of comdirect bank met high requirements in terms of timeliness and transparency again in the reporting year. We presented our quarterly figures in conference calls, the recordings of which were made available as on-demand versions on the website along with the presentations. All financial reports were again published much earlier than required under the German Corporate Governance Code. The information provided is supplemented by the monthly publication of the key operating figures: customer and order numbers, development of key products and assets under custody. Investors were therefore provided with information on these central value drivers just five banking days after the start of each month.

> Award-winning Investor Relations

At this year's Vision Awards held by the League of American Communications Professionals LLC (LACP), comdirect bank's 2007 annual report won the Bronze Award and was described as "superb" by the jury. With this award, comdirect's annual report was also considered the best among all the German banks. In total, over 3,000 company reports from 20 countries and a wide range of sectors were judged in the competition. In manager magazin's "Best Annual Report 2008" competition, comdirect bank achieved an overall rating of "good" and came fifth in the SDAX. In the European banks peer group, comdirect ranked a very good third.

> Annual general meeting

Around 600 shareholders attended the annual general meeting in Hamburg on 9 May 2008. With a presence of 83.0% in terms of the share capital, all items on the agenda were adopted with majorities of over 98%, including the distribution of a dividend of €0.41 per share (previous year: €1.40 including €1 special dividend). The speeches by the CEO and the Chairman of the Supervisory Board were broadcast live on our website. Shareholders were able to exercise their voting rights by granting a proxy electronically ahead of the annual general meeting.

> Data and key figures of the share

German securities code no.	542 800
ISIN code	DE0005428007
Stock exchange code	COM
	Reuters: CDBG.DE
	Bloomberg: COM GR
Stock exchange segment	SDAX
Number of shares issued	141,220,815 no-par-value shares
Designated sponsor	Commerzbank AG
Shareholder structure	80.53% Commerzbank AG ¹⁾
	19.47% Free float

Performance 2008

Average daily turnover in units		
	XETRA	105,944
	Frankfurt	10,656
	Other stock exchanges	3,404
		120,004

Opening quotation XETRA (2.1.2008)	€8.46
Highest price XETRA (2.5.2008) ²⁾	€9.62
Lowest price XETRA (10.10.2008) ²⁾	€4.54
Closing quotation XETRA (30.12.2008)	€6.18
Market capitalisation (30.12.2008)	€872.7m

Key figures per share in 2008

Earnings per share	in €	0.41
Dividend per share	in €	0.41 ³⁾
Dividend yield ⁴⁾	in %	6.6
P/E ratio ⁵⁾		15.1

- 1) Indirectly
- 2) Daily closing quotation
- 3) Dividend proposal
- 4) Based on dividend proposal and closing quotation at year-end
- 5) Price/earnings ratio, based on closing quotation at year-end and net profit

Development of share price of comdirect share 28.12.2007 to 30.12.2008 (in €)



Key figures of comdirect bank share – five-year overview

		2008	2007	2006	2005	2004
Earnings per share	€	0.41	0.41	0.40	0.24	0.24
Dividend per share	€	0.41 ¹⁾	0.41	1.40 ²⁾	0.24	0.24
Opening quotation	€	8.46	9.40	8.10	7.20	7.35
Highest price ³⁾	€	9.62	13.28	10.75	8.13	9.50
Lowest price ³⁾	€	4.54	7.95	7.45	5.57	5.04
Closing quotation	€	6.18	8.36	9.23	7.96	7.16
Number of shares		141,220,815	141,220,815	140,824,172	140,761,088	140,507,750
Market capitalisation 31.12.	€ million	872.7	1,180.6	1,299.8	1,120.5	1,006.0
Performance	%	- 26.1	- 9.4	16.0	11.2	- 2.3
TSR ⁴⁾	%	- 21.2	5.7	19.0	14.5	- 0.1
Dividend yield ⁵⁾	%	6.6	4.9	15.2	3.0	3.4
P/E ratio ⁶⁾		15.1	20.4	23.1	33.2	29.8
XETRA trading volume ⁷⁾		105,944	194,888	140,120	122,394	99,382
Frankfurt trading volume ⁷⁾		10,656	28,655	19,113	20,890	26,007

1) Dividend proposal

2) Including special dividend

3) Daily closing quotation

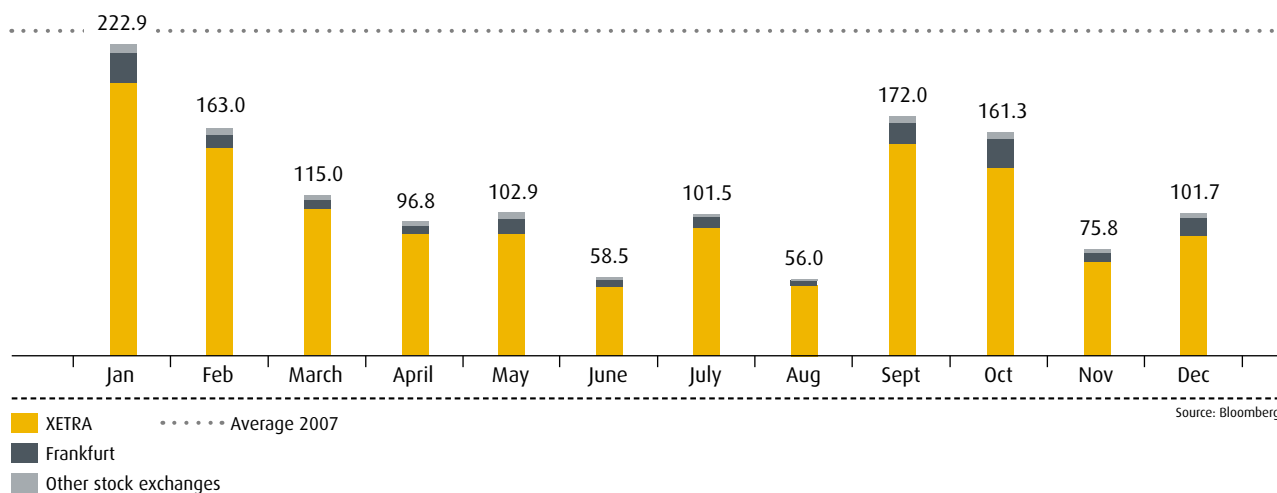
4) Total shareholder return: sum of the change in the share price and dividend in relation to the share price as of the end of the previous year

5) Based on the dividend proposal and closing quotation at year-end

6) Price/earnings ratio based on closing quotation at year-end and net profit

7) Average daily turnover in units

comdirect share – daily turnover 2008 (in 1,000 units)



> Personnel report

> Recruitment and number of employees

To meet the challenges of our expansionary course, we need to attract new, qualified members of staff for the various functions and teams within the bank. In financial year 2008, the focus for Human Resources was again the recruitment of new employees in Customer Services as well as product and IT specialists. Through our new employer branding in the job market, greater use of online formats and an intensified presence at trade fairs, comdirect bank has successfully positioned itself even more strongly than before as a future-oriented and dynamic employer offering attractive development prospects. The number of qualified applicants rose again on the previous year.

We also improved the recruiting process itself: in addition to new selection procedures and specific selection training sessions for executives, the process intervals between applications and employment in particular were optimised. Furthermore, we have established an intensive integration process and regular contact with new employees for the period between signature of the contract of employment and the first day at work. As a result of these various measures, the staffing requirement of comdirect bank was covered to a large extent.

The number of employees increased from 824 at the end of 2007 to 906 as of the 2008 reporting date (excluding train-

ees). The number of full-time positions rose from 721.5 to 806.4. In the comdirect online business line, we employed 835 employees, 49 more than the year before. The biggest division by far is Customer Services, where we have recruited new staff in the multi-channel teams in particular (see page 47), followed by IT. 71 employees were active in the comdirect offline business line, 33 more than at the end of 2007. The clear rise is largely due to the appointment of building finance experts.

> Executive and team development

The *comfly* programme stands for the systematic development of executives and teams at comdirect bank and the programme was further anchored in the organisation as a whole in financial year 2008. The focus, in particular, was on company-wide team workshops to improve processes within and across the teams. Another area of emphasis was the development of quality standards for targeted cooperation and their implementation throughout the company.

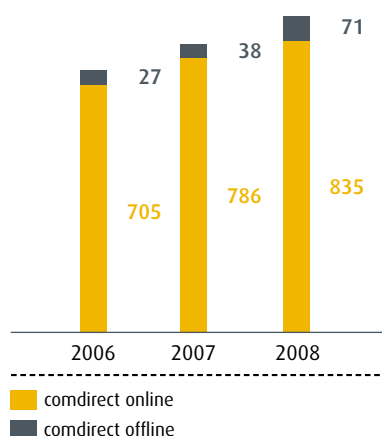
> Responsible employer

We promote the professional and personal development of our employees as well as work/life balance, for example by implementing flexible working time models. We also operate an Employee Assistance Programme (EAP): employees and direct members of their family can use this individual telephone advisory service round the clock on an anonymous and confidential basis.

The *comfit* health initiative launched in 2007 was stepped up in the reporting year. Fitness classes and massage treatments were in great demand, as were courses on nutrition. Flu immunisations were also available free of charge.

In the autumn, comdirect bank took part in an extensive employee survey. The results, which show the satisfaction levels and potential for optimisation from the employees' perspective, form the basis for further personnel measures in 2009.

Number of employees at comdirect bank as of 31.12.



> Training and continued professional development

We took on 11 new trainees in financial year 2008. Eight have successfully completed their training and have all moved on to jobs within the bank. As of the 2008 year-end, 27 (previous year: 25) trainee bankers were employed.

11 graduates were taken on under our *comdirect graduates* specialist trainee programme. The year-long programme is preparing them for specialist positions in various departments.

We continued the *comahead* training programme for Customer Services. The key elements of *comahead* comprise communications, specialist and technology training, predominantly by in-house speakers. This training was supplemented by individual development measures. In total, Customer Services invested around 35,000 working hours in continued professional development.

In the *comdirect academy* lecture series, external experts talked about various topics in the direct banking market – for example on aspects of customer loyalty and customer motives, current industry trends and efficient marketing in the current competitive environment.

> Compensation

The salary bands defined under the competence model were gradually adjusted in line with market developments. The system offers scope for performance-related differentiation within the salary bands.

comdirect made a special payment to all the employees in the reporting year as the key target under the comvalue growth programme of 1.3 million customers was achieved ahead of schedule. At the 2008 year-end, 71 employees (previous year: 55) participated in the Long Term Incentive Programme (LTIP) (see note (27) on page 87). In 2008, the performance shares issued in 2005 fell due for payment following expiry of a three-year waiting period. As a result of the relative TSR outperformance, a total of €162 thousand was paid to the specialist and executive employees.

> Risk report

> Risk-oriented overall bank management

The overall aim of comdirect bank is to generate a sustainable attractive return on equity with a controllable level of risk at all times. Consequently, we do not assess risks on an isolated basis but as an integral part of overall bank management. In the current growth phase, the aim again is to secure a balanced and at all times controllable risk/return ratio – taking account of comdirect bank's risk-taking capability as well as regulatory requirements.

The risk strategy is determined by the Board of Managing Directors of comdirect bank. This strategy specifies the extent to which the bank is prepared to take on risk in order to leverage opportunities. Based on the bank's overall strategy, separate risk strategies are drawn up for all material sub-risks.

comdirect bank pursues a fundamentally low-risk business model which is based on generating net commission income and net interest income in brokerage, banking and advice. Market and credit default risks result primarily from the reinvestment of customer deposits in the money and capital markets. Limits are set for risks which can be quantified and compliance with these limits is monitored on a continual basis.

Risk management, controlling and reporting

Our risk management and controlling system forms the basis for implementation of the risk strategies. The system enables us to identify risks at an early stage and to assess them under various assumptions and scenarios and carefully manage them. We are therefore in a position to take measures quickly to counter risks in the event of any unwanted developments. The procedure with which we measure, aggregate and manage risks is enhanced continually on a best practice basis. Here we are closely integrated into the risk management systems of Commerzbank.

The Board of Managing Directors of comdirect bank is responsible for the risk management and controlling system within the group. The Board specifies the permissible total level of risk within the group and its allocation across the individual risk types and business divisions. At comdirect bank, the CFO is responsible for monitoring the risk strategy and its implementation by the front office departments.

The task of risk management at comdirect bank is to manage all risks in the respective risk fields. This is carried out in the individual divisions on a decentralised basis.

The Risk Monitoring department is responsible for risk controlling. It monitors, evaluates and aggregates risks for the bank as a whole. In addition, the department implements the minimum requirements for risk management and monitors compliance with such requirements.

Comprehensive and up-to-date risk reporting forms an essential part of the risk management and controlling system. The Board of Managing Directors receives regular risk status reports. Major risk indicators are included in the overall bank management of comdirect bank. Regular risk status reports, among other reports, provide information on the current development of major risk fields and are therefore integral to our early risk identification and monitoring system. With the aid of the information included in the status reports, we identify developments requiring countermeasures at an early stage.

Internal Audit regularly checks the functionality and suitability of risk management activities pursuant to the minimum requirements for risk management (MaRisk).

Adjustments during the reporting year

In the first quarter of 2008, comdirect bank made use of the "waiver regulation" under Section 2a of the German Banking Act (KWG). Consequently, as a subordinate institution of the Commerzbank Group, comdirect bank can in future refrain from applying the regulations of Section 10 of the German Banking Act (KWG) (Reporting of own funds to the Federal Financial Supervisory Authority) and Section 13 of the German Banking Act (KWG) (Notification of major loans of more than 10% of the liable capital to Deutsche Bundesbank). The criteria for application of the exception ruling, which include close integration in the risk management processes of the Commerzbank Group for the identification, assessment, management, as well as the monitoring and communication of risks, have been met. As a result of this integration, comdirect bank meets the requirements of Basel II:

- The first pillar of Basel II relates to the approaches for measuring credit default, market and operational risks, which are used to calculate the minimum capital requirements of a bank. For internal management purposes as well as for the Commerzbank Group's risk management,

we continue to determine the overall risk position of the bank, largely on the basis of advanced approaches. Credit default risks are mostly assessed using the Advanced Internal Ratings Based Approach (AIRB). With regard to operational risks, comdirect bank uses the Advanced Measurement Approach (AMA).

- The minimum requirements for risk management (MaRisk), the second pillar of Basel II, are also complied with at individual bank level after utilisation of Section 2a of the German Banking Act (KWG). These relate to the implementation of internal procedures, which are to be checked by the regulatory authorities and are used to assess the equity and specify equity guidelines, which are tailored to the respective risk profile of the bank.
- The third pillar of Basel II relates to the disclosure of risks pursuant to the detailed regulations under the Solvency Regulation (SolvV). Here the parent company Commerzbank AG meets the requirements for compliance for the Commerzbank Group as a whole.

> Overall risk position

Risk fields

We classify risks in line with the German Accounting Standard DRS 5-10 and distinguish between market risk, credit default risk, liquidity risk and operational risk. In addition there is business risk, which is also included in the risk-taking capability calculation as a key risk.

A **market risk** describes the potential loss on positions in the bank's own portfolio caused by future market price fluctuations. A distinction is made between general changes in market prices and a specific market risk relating to individual financial instruments. With regard to risk types, we distinguish between interest rate, credit spread, share price and currency risks. The main market risks for comdirect bank are the interest rate risk and the credit spread risk in the banking book. The interest rate risk arises, in particular, from maturity transformations, that is the mismatching of fixed rates on the assets and liabilities side. The credit spread risk results from changes in risk premiums on bonds against reference interest rates. Underlying transactions essentially comprise the acquisition and sale of bonds and promissory

notes as well as deposits with other financial institutions, which are used for the investment of customer deposits in the money and capital markets. Interest rate swaps and forward rate agreements are concluded to a minor extent for the purposes of hedging and general interest book management.

The **credit default risk** describes the risk of a financial loss which arises when a borrower is unable to pay or to pay on time the contractually agreed consideration. Primarily this includes counterparty and issuer risks arising from transactions in the money and capital markets, as well as credit risks in business involving customers.

Liquidity risk in the narrower sense is understood as the risk that the bank will be unable to meet or to meet on time its current and future payment obligations. The wider definition of liquidity risk also encompasses refinancing risk, that is the risk that the liquidity will not be sufficient if required or that it can only be acquired in the money and capital markets at terms that are significantly less favourable than expected – as well as market liquidity risk. The latter describes the risk of being unable to close out securities positions to the desired extent or only at a loss as a result of inadequate market depth or market disturbances. The liquidity risk is currently a material risk, as some positions can only be converted to liquidity to a limited extent because of the financial market crisis in particular.

Operational risks are understood as possible losses resulting from the use of operating processes and systems that are inappropriate or susceptible to failure as well as human error and external events such as natural disasters or terrorist attacks. Often such incidents bring with them other secondary risks, especially reputation risks, which describe the risk of the public or customers losing confidence in the bank. Furthermore, operational risks comprise the legal risks resulting from contractual agreements or a change to legal parameters. Personnel risks are also included in operational risks. These essentially comprise the possible loss of personnel in key positions, who play a major role in the success of the bank or its subsidiaries.

Business risk encompasses possible losses from negative deviations from the forecasts which can result, for example from changes in customer behaviour and competitive situation or incorrect planning.

Risk measurement concepts

The **expected loss** describes the loss that can be expected within a year based on empirical values, for example past losses. We calculate this figure for credit risks and operational risks.

We determine the **unexpected loss** on a regular basis and aggregate this to form the overall risk position; this includes market risk, credit default risk and operational risk as well as business risk. The overall risk position is measured uniformly using the economic risk capital, that is the amount of equity that has to be maintained to cover unexpected losses from positions involving risk at a given probability within a year. This calculation also includes risk categories which do not require equity backing under banking regulations, but which from any economic viewpoint represent material risk potential.

comdirect bank adopts a very conservative approach when calculating the economic risk capital using the value-at-risk (VaR) concept. On the one hand, we use a confidence level of 99.95% with a holding period of one year. On the other, for the aggregation of the sub-risks to form the overall risk position comdirect bank does not take into account any correlations that reduce the risk.

The overall risk position is matched by the risk cover assets. These comprise the (forecast) pre-tax profit, open reserves (capital reserve and retained earnings) and the revaluation reserve. For reasons of prudence, the subscribed capital is not included. The risk-taking capability is guaranteed when utilisation of the risk cover assets by the overall risk position of the bank stands at less than 100%. Countermeasures are initiated as soon as the utilisation level reaches the early warning threshold of 75%. Corresponding early warning thresholds are also defined for each sub-risk.

The value-at-risk model indicates the potential loss under predominantly normal market conditions. In order to assess extreme market developments as well, we carry out additional stress tests (see page 62).

Overall risk position in financial year 2008

During the course of financial year 2008, the overall risk position at comdirect bank increased because of the strong growth achieved by the bank. From €52.9m as at the 2007 reporting date, it moved in a range from €53.0m to €93.0m; as of 31 December 2008 it stood at €93.0. For all sub-risks and over the course of the year as a whole, the limit utilisation levels were non-critical. The bank's fundamentally low-risk business model has therefore proven its worth in times of extreme market dislocations as well.

The risk assets of comdirect bank totalled €562.6m. These were calculated during the reporting year in accordance with the requirements of the Solvency Regulation (SolvV) for the first time, whereby all intragroup receivables in the Commerzbank Group are zero-weighted in line with Section 10c of the German Banking Act (KWG). As this procedure differs significantly from the method previously used to determine risk assets in accordance with the rulings of the Bank for International Settlements (BIS), we are not comparing this figure with the previous year.

Breakdown of economic risk capital 2008 (in € million)

	As of 31.12.2007	As of 31.12.2008	Year low	Year high	Median 2008	Median 2007
Market risk	8.96	44.10	8.94	44.10	11.23	7.45
Credit default risk	3.91	5.79	3.55	7.91	5.83	10.76
Operational risk	27.74	29.58	26.72	30.63	27.77	24.42
Business risk	12.28	13.49	12.12	13.49	12.27	12.74
Economic risk capital/ group risk	52.89	92.96	52.95	92.96	57.73	55.58

The market risk rose – mainly as a result of developments in market rates and credit spreads – from €9.0m at the end of 2007 to €44.1m, while the operational risk increased over the course of the year by 6.6%. The credit default risk was also higher than in the previous year; primarily this is the result of on average lower prices for the securities used to collateralise the loans to purchase securities. In addition, there was a moderate increase in the counterparty and issuer risk (excluding intragroup receivables) resulting from trading transactions because of rating downgrades on individual counterparties in connection with the financial market crisis (see page 63). comdirect bank's business risk differed only marginally from the previous year.

As a result of the moderate increase in the negative revaluation reserve and lower pre-tax profit than in financial year 2007, the risk cover assets have declined by 5.0% compared to the end of 2007 to €351.3m as of 31 December 2008. As of the year-end, only 26.5% were being utilised and the average utilisation rate for the year stood at 19.4%.

> Market risks

Risk management, reporting and quantification

All trading transactions of comdirect bank have to comply with the requirements of the market risk strategy. When the Treasury department invests customer deposits in the capital market, we focus on securities with appropriate market depth and liquidity. The interest on the portfolio in the bank-

ing book is linked to a major extent to movement in the European money market rates. We also use interest rate swaps and forward rate agreements to a limited extent to manage market risks (see note (42) on page 95 and note (52) on page 100).

We monitor the market risks of our trading transactions – especially the interest rate risk in the banking book – on a daily basis. A VaR model based on a holding period of one day and a confidence level of 97.5% is used for operative management purposes. The VaR forecast is regularly subjected to backtesting to verify its informative value.

To monitor extreme market movements and the extent of losses in the portfolio under worst case scenarios, the VaR calculations are supplemented at comdirect bank by stress tests. All possible scenarios, such as reversals, parallel shifts and flattening of various market price curves are simulated. In addition to interest rate, credit spread and currency scenarios, daily stress test calculations are also carried out for share price risks in the special funds held by comdirect bank.

Current risk position

With a confidence level of 97.5% and a holding period of one day, the value-at-risk (VaR) ranged from €0.8m to €5.9m in financial year 2008 and was therefore on the whole higher than in the previous year. At €12.0m (median), the overall stress value was also higher than in financial year 2007 due to the rise in interest rate and credit spread sensitivities. As of 31 December 2008, comdirect bank's VaR stood at €5.9m. Most of it was attributable to credit spread and interest rate risks. Share price and currency risks played only a minor role.

Market risks (in € million)

	As of 31.12.2007	As of 31.12.2008	Year high	Year low	Median 2008	Median 2007
Total VaR 97.5%, 1 day holding period*	0.9	5.9	5.9	0.8	1.4	0.8
Stress test – overall result	10.4	21.9	22.1	10.0	12.0	11.0

* Model see note (60) on pages 107 to 110.

> Credit default risks

Risk management, reporting and quantification

Credit default risks at comdirect bank primarily exist in the form of counterparty and issuer risks as a result of trading transactions conducted by Treasury. In addition, retail lending involves credit default risks.

Treasury acts as the front office for counterparty and issuer risks and Customer Services fulfils this function for retail lending. In accordance with MaRisk, other tasks are to be carried out by departments other than front office departments. The back office tasks are carried out by the Credit Risk Management department. The function of risk controlling is the responsibility of the Risk Monitoring department. Trading transactions and their handling are monitored by the Finance department.

Trading transactions in Treasury are conducted within the limits approved by the Board of Managing Directors of comdirect bank AG as well as the Group-wide requirements of Commerzbank. These limits are defined for both counterparties and issuers as well as the underlying transactions. In the capital market, in principle, comdirect bank only takes new positions in the investment grade segment. When assessing the credit rating, comdirect bank uses both the internal ratings of Commerzbank – in accordance with the AIRB approach – as well as those of the external rating agencies.

In comdirect bank's retail lending, a distinction is made between loans to purchase securities which fall due on demand and the overdraft facility on the comdirect current account. Loans to purchase securities are secured by pledged securities. Potential losses may arise if the price of the pledged securities falls as a result of the general market development or specific market risks of individual securities and this is no longer sufficient to secure the claims on customers. The decision to provide the loan is made with the aid of scoring models.

comdirect bank maintains an early warning system for the credit default risks associated with the overdraft facility and loans to purchase securities. The necessary adjustments or cancellations of credit lines are carried out immediately.

Credit default risks are quantified by calculating the credit value-at-risk (CVaR) for trading transactions (excluding intragroup receivables) and retail lending on a monthly basis.

Individual valuation allowances are recognised separately for each product type where the exposure is in default or has been called in. Portfolio valuation allowances are recognised for the following categories:

- exposures identified as part of the early risk identification process,
- exposures on loans to purchase securities which are collateralised by bonds with poor ratings or illiquid securities as well as
- very small claims.

Called in claims, which we hand over to collection agencies for recovery, are written down directly. Income on these claims is recognised as income in the income statement.

Once a year, we determine portfolio valuation allowances for latent credit risks on the basis of credit defaults in the past.

Current risk position

The counterparty and issuer risk (excluding intragroup receivables) amounted to €1.8m as of the 2008 reporting date (end 2007: €0.9m). The rise is mainly due to rating downgrades on individual counterparties in connection with the financial market crisis. In terms of the assessments of external rating agencies, all the investments in the Treasury portfolio have an investment grade rating. According to the internal rating of Commerzbank, at the end of 2008 less than 5% of the total portfolio fell below the defined minimum requirements.

As of the reporting date, around 57% of the banking book portfolio was invested short term in the money market with the rest invested in the capital market. Of the capital market investments, €0.45bn (previous year: €0.46bn) was attributable to the five CDBS special funds (see note (73) on page 126); four of these special funds focus primarily on bonds and one special fund is invested primarily in fixed-term deposits.

Over 90% of the portfolio was attributable to German counterparties with the rest fully accounted for by European issuing countries, and in particular eurozone countries. Country risks therefore played a minor role.

In retail lending, the average total use of loans to purchase securities was slightly down on the previous year.

At the 2008 year-end, the credit facility for loans to purchase securities amounted in total to €2.7bn (previous year: €2.8bn). In actual fact, utilisation of the credit facility is restricted through the specific collateral value of the respective securities portfolios. Due to the sharp fall in the price of equities and equity funds, which make up most of the securities portfolio, the collateral value dropped to €653m (end 2007: €864m). This led to a rise in the number and volume of overdrafts. As a result, the default action process had to be instituted more frequently than in the previous year. On average during the reporting year, the utilisation rate of the securities credit facility provided by the bank stood at 23% (previous year: 20%); as of the reporting date, the volume of loans to purchase securities stood at €165m (previous year: €187m).

The total use of overdrafts was lower on average in 2008 compared to the previous year. Given the increased number of accounts, the rise in the number of comdirect current account overdrafts was also disproportionately low. The total overdraft facilities granted increased as a result of the growing number of accounts during the year from €372m

to €428m. At the year-end, the volume of overdrafts utilised at €25.3m was also higher than in the previous year (€19.1m).

In total, retail lending of €2.3m (2007: €2.3m) was overdue as of the 2008 reporting date but not yet impaired. As in the previous year, individual valuation allowances of €0.5m had been recognised for receivables amounting to €0.5m (previous year: €0.9m) (see note (60) on page 107). The additions to portfolio valuation allowances of €2.1m (previous year: €2.0m) were primarily recognised as part of the early risk identification process (see note (41) on page 95).

> Liquidity risks

Risk management, reporting and quantification

At comdirect bank, Treasury is responsible for managing liquidity. In order to cover a possible removal of liquidity by customers, the bank maintains a sufficient volume of funds due at call at all times as well as liquid securities, which can be used as collateral to obtain liquidity. Moreover, it can take up indirect funds via Deutsche Bundesbank.

To limit the liquidity risk we are also guided by the requirements of the Liquidity Regulation.

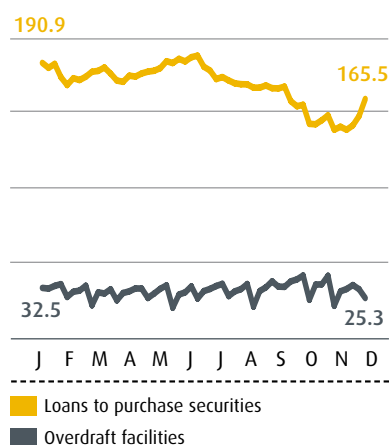
In addition to the required regulatory indicators, the liquidity risk is also managed using a limit system based on the available net liquidity concept. The future funding requirement is calculated using the available liquidity in the future – supplemented by the expected liquidity impact of business policy and customer conduct oriented decisions. The available net liquidity is determined and monitored for both a basic scenario taking account of current market conditions as well as for stress scenarios.

Current risk position

In the reporting year, the regulatory liquidity indicator stood on average at 3.70 and was considerably higher at all times than the minimum value of 1 required under supervisory regulations. The liquidity indicator is calculated through a comparison of short-term cash and cash equivalents and payment obligations with a maturity of up to one year.

The accumulated available net liquidity rose steadily during the reporting year and even under the regularly calculated stress scenarios, the liquidity situation of comdirect bank was comfortable at all times.

Utilisation of loans to purchase securities and overdraft facilities (in € million)



> Operational risks

Risk management, reporting and quantification

Operational risks vary in line with the underlying business activities and are generally function-dependent. They are therefore managed on a decentralised basis. The self-assessments carried out annually are a key instrument used to measure operational risk. In principle, all operational risks are to be reported to OpRisk Management and continually monitored. The risks are valued and aggregated centrally by Risk Controlling to form the OpVaR indicator.

Apart from the physical infrastructure (especially hardware), the system architecture (for example multi-tier server structure and software) is of special importance for comdirect bank. In general, both have built-in redundancy or are of a modular construction in order to guarantee a constantly high level of availability for all the required systems or components. As part of business contingency planning for IT, external providers and their business contingency plans are also taken into consideration. In this connection, comdirect bank has formulated requirements with regard to availability and used them to check the business contingency measures of key service providers.

Organisational and technical measures serve to prevent or limit loss for all areas of operational risk. Organisational instructions, staff training, IT project and quality management as well as business continuity management should all be mentioned in this context. These risk mitigation measures are documented in detail in the risk manual of comdirect bank.

Personnel risks are countered by implementing suitable measures to strengthen employee loyalty and provide professional development programmes (see personnel report).

The Legal & Compliance department at comdirect bank is responsible for preparing the company in advance of any legal changes. The department follows relevant developments carefully and if necessary, identifies any impact these may have, as well as promptly informing the divisions concerned. comdirect bank AG's membership of the Association of German Banks (Bundesverband deutscher Banken e.V.) provides the main source of information through general circulars and the membership of the working group for direct banks. The department also monitors trade magazines and works closely with the Legal department of Commerzbank AG.

Possible liability risks in financial advisory services are minimised through the documentation of advisory meetings and contractual regulations. Adequate insurance is in place for any claims arising from customer complaints.

Current risk position

There was a slight increase in the operational risk assessed as part of the risk-taking capability analysis in financial year 2008. The expected loss amounted to €0.76m as of 31 December 2008 (end 2007: €0.75m). The OpVaR amounted to €28.4m on average for 2008 (previous year: €24.3m).

The systems and technical processes used by comdirect bank were again very stable. On average for the year, the availability of our IT systems, as in 2007, stood at 99.7%. In September and October 2008, there were a few trading days when the system availability was temporarily reduced as a result of the highest ever recorded level of customer activity. This related in particular to price information. The trading systems were largely unaffected.

No material personnel or legal risks arose in financial year 2008.

From today's perspective, the risks arising for comdirect bank from the final withholding tax, which came into force on 1 January 2009, are manageable.

> Business risks

Risk management, reporting and quantification

To manage business risks we primarily assess aspects of corporate planning, the intensity of competition, product development and – as material influences on the core business of comdirect bank – the volatility of securities transactions as well as interest rates. Here we use the findings from deviations from income and costs forecasts in previous periods. The VaR of the business risk is determined using a model which illustrates the discrepancies in planned and generated income and costs. Decisions regarding the business model are made on the basis of extensive analysis by the Board of Managing Directors with approval of the Supervisory Board. The processing and preparation of such issues is carried out by the competent divisions depending on the topic in question.

Current risk position

The business risk is largely unchanged compared to the previous year. Again in financial year 2008, we succeeded in further increasing our earnings that are independent of trades. Particular risks for 2009 stem from the developments in market interest rates. In order to counter a recession, the ECB could be obliged to make further cuts in the euro key lending rate. If money market rates follow suit, comdirect bank would generate lower interest income from the investment of the majority of customer deposits in the money market. This would make it necessary to adjust interest rates in the deposit business, which could considerably reduce the attractiveness of interest-bearing products relative to other financial investments, such as insurance products. The uncertainty surrounding future developments in market interest rates and in the capital market is adequately taken into account in the business risk.

> Opportunity report

> Overall bank strategy and opportunity management

In addition to risks, we also regularly monitor opportunities as part of the overall bank strategy. As part of this strategy, the Board of Managing Directors of comdirect bank decides the extent to which the bank is prepared to take risks in order to leverage opportunities for growth and profit.

Information on market and product opportunities is primarily gained through

- regular and in-depth analysis of political, legal and regulatory framework parameters, the economic environment and competitive situation in the German direct banking market,
- systematic analysis of customer behaviour and customer satisfaction – on the one hand through regular customer surveys and customer satisfaction studies via independent market research organisations, and on the other through the continual evaluation of customer feedback provided to Customer Services or in forum discussions, as well as
- continual evaluation of studies, trend reports, research material and the trade press.

In addition, the development of the central non-financial performance indicators included in overall bank management can provide insight into the future structure of the market and product offensive.

Further scope for value added potential is provided by efficiency improvements. comdirect bank invests in the ongoing modernisation of its technical systems and in a more efficient and flexible infrastructure. Here we work in line with international best practice. In addition, there are the individual initiatives suggested by employees taking part in our continual improvement programme and as part of the company suggestion scheme.

On the whole, through the methods and processes in place, comdirect bank is in a position to identify opportunities at an early stage and to assess and consistently exploit such opportunities.

> Categorisation of opportunities

We distinguish between three types of opportunity:

- Opportunities offered by developments in framework parameters describe value added potential stemming from favourable market developments, amendments to legislation as well as industry and customer behaviour trends.
- Strategic opportunities arise in particular from implementing strategic initiatives such as the new complus programme.
- Performance opportunities are closely linked to the business activities of comdirect bank. These include efficiency improvements as well as value added potential within the customer-bank relationship.

> Current opportunities

Despite the market dislocations caused by the financial market crisis, as of the 2008 year-end, the main opportunities arising from developments in framework parameters are reasonably favourable because of the long-term market trends. In particular these relate to

- a rise in the number of internet users in general, and users of direct banking products and services in particular,
- the growing importance of technically sophisticated, target group specific and interactive internet offerings in direct banking,
- possible favourable development of the stock markets, which impacts positively on our order figures and consequently on our net commission income,
- sustained strong demand for private provisioning products and old-age provisioning as well as related financial advisory services.

However, these developments cannot be forecast, nor can they be influenced by comdirect bank.

The strategic opportunities for comdirect bank form part of the basis of the complus programme, launched in February 2009. Various areas of opportunity were identified for the further development of the existing business model and market launch of new product and service concepts (see page 27). Additional performance opportunities relate amongst others to

- the further increase in customer satisfaction through attractive products and high quality customer services,
- further development of the website aimed at providing even more individual customer contact and greater process interactivity,
- the continued automation of previously manual processes – to make our offering even easier to use as well as to improve efficiency in Customer Services and reduce costs as a result and,
- the enhanced performance and flexibility of our IT infrastructure in order to extend our technology lead over our competitors.

On the whole, as a full-service bank for modern investors, comdirect bank's positioning offers a promising outlook for the coming financial years.

> Outlook

> Overall bank strategy

At its press/analysts' conference in February 2009, comdirect bank launched its new programme complus (see page 27). The programme will determine the bank's development in financial year 2009 and beyond. Through complus, we are securing a promising position in the banking market, which is moving, particularly because of the financial market crisis. By the end of 2013, we aim to increase the number of customers to 2.3 million, double assets under custody to over €40bn and increase pre-tax profit to between €150m and €160m.

With complus we are building the bank of the future. The programme is based on comdirect's proven business model and continues and further develops the bank's existing successful product strategies. In addition, the business model will be significantly extended through the addition of new product and service concepts. The guiding principles for the strategic further development are what we believe to be the key characteristics of a next generation direct bank.

We intend to make our attractive products for payment transactions and financial investments even more user-friendly, whilst retaining their clear price advantages. Through this we aim to win over a large number of retail bank customers, who currently still regard direct bank models with scepticism. With the focus on demanding customer groups, comdirect bank develops direct and individual solutions. Here the focus in particular is on further enhancing our brokerage services for active traders as well as developing tailored investment concepts for households with higher incomes or of high net worth. Through effective Customer Services and more modern IT architecture, we also aim to create an even more positive customer experience and simultaneously exploit cost benefits. Finally, in line with the building finance model, the modern direct banking platform will be used for new product and service concepts. These combine a transparent product offering with fair and independent advice.

> Forward-looking statements

We conclude future developments in the economy based on assumptions that are most likely from a forecasting perspective. However, the bank's planning and all statements regarding future development are of course associated with

great uncertainty, especially in the current market situation. The actual development of the market environment or the bank can vary considerably from the assumed trends.

> Expected economic framework parameters

According to the consensus opinion of market experts, a difficult phase lies ahead for the global economy. The International Monetary Fund (IMF) now expects global growth of only 0.5% for 2009 compared to 3.4% in financial year 2008. According to the IMF, the developed national economies are in recession, while growth in the emerging countries will slow considerably to nearly 3.5%. No recovery is in sight before 2010 at the earliest.

The European Commission has drastically cut its growth forecast for 2009 and is now anticipating gross domestic product to shrink by 1.9% in the eurozone and 1.8% in the EU. In its annual economic report for 2009, the German government expects economic output in Germany to decline by 2.25%. This has been triggered primarily by the sharp fall in exports and a downturn in investment demand. With regard to private consumption, the German government is expecting moderate growth due to a small rise in disposable incomes, aided in part by a low inflation rate. The savings rate is expected to remain relatively stable at 11.5%.

According to estimates by the German Council of Economic Experts, the declining inflation rate will give the ECB scope for further cuts in the key lending rate. As early as January 2009, the ECB decided to reduce the key lending rate by 50 basis points to 2.0%. Consequently, the slight easing in the money market that started in November 2008 could continue in 2009.

However, it is not currently possible to assess the success of the stabilisation measures implemented by the government. If the stabilising of the economy and restructuring of the banking system are successful long term, this would create major preconditions for a recovery in the capital markets in the wake of which credit spreads on bonds with a good credit rating could reduce again. It is not currently possible to comment on the likely development of the equity markets.

Since the final withholding tax came into force on 1 January 2009, investors have been taking this into account in their investment decisions. This could lead to a structural change

in financial asset accumulation by private households, whereby insurance and government subsidised provisioning products, which are not subject to the final withholding tax, could gain market share relative to funds and certificates.

> Expected business situation

As part of *complus*, in financial year 2009 we will start to gear our marketing increasingly towards retail bank customers with the aim of convincing them of the advantages of our direct bank product and service spectrum. As before, the focus will be on our products for financial investments as well as the *comdirect* current account with its user-friendly functions. Another area of emphasis is our further development to become the next generation broker combining a transparent product offering with high quality investment recommendations, thereby appealing to new target groups in trading and securities investments. For the affluent segment, comprising households with high incomes and of high net worth, we are putting together a tailored package of products and services. In line with the model used for building *finance@comdirect*, we will also develop a direct bank-type intermediary solution for provisioning products and further integrate these with our financial advisory services. 2010 will also be dominated by the implementation of *complus*.

The rise in the number of current accounts to over 450,000 in February 2009 highlights the fact that *comdirect* bank is on a growth course even in the current difficult market environment. Nevertheless, forecasts for financial year 2009 are currently fraught with a comparatively high level of uncertainty. Regardless of the turmoil in the markets, in the coming financial years we aim to further increase the number of customers as well as product use. We intend to double the assets under custody – portfolio and deposit volume – within the next five years.

After the expansion in advice in the past financial years, no further significant growth in the office network is planned for the time being. The number of advisory customers should increase further, including as a result of interlinking with the online business.

> Expected earnings

In brokerage, we assume that the number of orders will decline and that consequently net commission income will be lower than in the previous year. Order activity is likely to remain restrained because of the weaker equity markets in the recessionary environment, and the final withholding tax may have a curbing effect on the funds business. The expected further cut in the key lending rates and continued easing in the money market will additionally limit the interest margins achievable in banking. The first issues in the capital market in 2009 have shown that high premiums have also to be expected in future for liquidity risks. These could adversely impact the valuation of financial investments and movement in the revaluation reserve.

We will manage our investment in growth associated with *complus* in 2009 and beyond on a flexible basis in line with developments in the market and earnings. In line with expectations, these additional expenses will be offset by the efficiency improvements in Customer Services and IT.

As a result of the significant influence that developments in the money and capital markets have on net interest and net commission income, as in previous years, we expect to announce our pre-tax profit target for 2009 with publication of the half-year report 2009.

> Expected financial situation and assets

comdirect bank will continue its conservative and safety oriented Treasury strategy by exploiting synergies within the Commerzbank Group in financial year 2009. As a result of the high proportion of funds due on demand, the major portion of customer deposits is to be invested short-term in the money market, largely at matching terms. We currently see no need to raise additional liquidity in the money or capital markets. In line with current plans, the investment volume should remain moderate as the initiatives under the *complus* programme largely impact directly on income.

> Legal corporate structure

There are currently no plans to change the legal corporate structure of comdirect bank.

> Personnel

As a result of comdirect bank's continued expansionary course, we expect a moderate rise in the number of employees. Through the efficiency improvement measures initiated under complus, this increase is set to remain slower than the pace of growth at the bank.

> Risk management

There are currently no foreseeable developments or events that could materially change the risk position of comdirect bank compared to the situation outlined in financial year 2008.

> Supplementary report

No major events or development of special significance have occurred since the 2008 reporting date.

> Details in accordance with Section 315 (4) of the German Commercial Code (HGB)

As of the end of the financial year, the subscribed capital of the company amounts to €141,220,815.00. It is divided into 141,220,815 no-par value shares. The rights and obligations associated with these ordinary shares arise in particular from Sections 12, 53a ff, 118 ff, 186 of the German Stock Corporation Act (AktG). The shares are bearer shares. There are no known restrictions relating to voting rights or the transfer of shares. However, if stock options under the stock option programme of comdirect bank AG are exercised (for details see notes, page 86), half of the shares acquired by exercising the subscription rights are subject to a six-month block on sales.

Commerzbank Inlandsbanken Holding GmbH, Frankfurt/Main, which is a wholly-owned subsidiary of Commerzbank AG, Frankfurt/Main, in turn holds 80.53% of the capital of comdirect bank AG. There are no other direct or indirect shareholdings which exceed 10% of the voting rights.

There are no shareholders with special rights conferring controlling powers. In particular, there are no rights to appoint members of the Supervisory Board pursuant to Section 101 (2) of the German Stock Corporation Act (AktG).

Where employees of comdirect bank AG hold interests in the capital of the company, they exercise their controlling rights through their voting rights directly.

The members of the Board of Managing Directors are appointed and removed by the Supervisory Board in line with the provisions of Section 84 of the German Stock Corporation Act (AktG) and Article 6 (2) of the Articles of Association. If the Board of Managing Directors is missing a required member and the Supervisory Board has not made an appointment accordingly, one is appointed in urgent cases by the court in line with Section 85 of the German

Stock Corporation Act (AktG). Any change to the Articles of Association requires a resolution by the annual general meeting in line with Section 179 (1) of the German Stock Corporation Act (AktG). Unless a greater majority is required by law, a simple majority of the capital represented is sufficient (Article 20 clause 2 of the Articles of Association). The authority to amend the version of the Articles of Association has been assigned to the Supervisory Board according to Article 8 (2) of the Articles of Association in compliance with Section 179 (1) clause 2 of the German Stock Corporation Act (AktG). Furthermore the Supervisory Board is authorised to redraft the text of Article 4 of the Articles of Association (Share capital and shares) in accordance with the respective exercise of subscription rights and in accordance with the respective utilisation of conditional capital.

In accordance with the further details of the resolution adopted by the annual general meeting on 9 May 2008, the company is authorised to acquire its own shares pursuant to Section 71 (1) Nos. 7 and 8 of the German Stock Corporation Act (AktG). The company has not made any use of this authorisation. New shares may be issued, particularly as part of the authorisations pursuant to Article 4 (3-5) of the Articles of Association (Authorised capital and conditional capital I and conditional capital 2008). To date the company has only used conditional capital I in accordance with Article 4 (4) of the Articles of Association to redeem subscription rights under the stock option programme 2000. There are no material agreements between comdirect bank AG and third parties which would come into effect, change or end in the event of a change of control as a result of a takeover bid.

comdirect bank AG has not concluded any compensation agreements with members of the Board of Managing Directors or employees in the event of a takeover bid.

> Explanations of the Board of Managing Directors on the details in accordance with Section 315 (4) of the German Commercial Code (HGB)

The details in the group management report of comdirect bank in accordance with Sections 315 (4) of the German Commercial Code (HGB), should provide third parties potentially interested in a takeover of comdirect bank AG with the information on the company relevant for a takeover.

This refers to the following information:

- Composition of the subscribed capital;
- Restrictions affecting the transfer of shares;
- Direct or indirect holdings exceeding 10% of the voting rights;
- Holders of shares with special rights, which grant controlling powers;
- Type of voting rights control if employees participate in the capital and do not exercise their controlling rights directly;
- Legal regulations and provisions in the Articles of Association on the appointment and removal of members of the Board of Managing Directors and amendment of the Articles of Association;
- Powers of the Board of Managing Directors, especially regarding the issue or buyback of shares;
- Material agreements which would come into effect in the event of a change of control as a result of a takeover bid;
- Compensation agreements concluded with members of the Board of Managing Directors or employees in the event of a takeover bid.

Composition of the subscribed capital

As of the end of the financial year, the subscribed capital of the company amounts to €141,220,815.00. It is divided into 141,220,815 no-par value shares. The rights and obligations associated with these ordinary shares arise in particular from Sections 12, 53a ff, 118 ff, 186 of the German Stock Corporation Act (AktG). The shares are bearer shares.

Restrictions on the transfer of shares

Where comdirect bank AG issues shares to employees under its stock option programme from 2000, half of the shares are subject to a six-month block on sales under private law. In principle, the shares concerned cannot be sold by the beneficiaries before expiration of the blocking period.

Direct or indirect holdings above 10% of the voting rights

Commerzbank Inlandsbanken Holding GmbH, Frankfurt/Main, which is a wholly-owned subsidiary of Commerzbank AG, Frankfurt/Main, in turn holds 80.53% of the capital of comdirect bank AG. There are no other direct or indirect shareholdings which exceed 10% of the voting rights.

Appointment and removal of members of the Board of Managing Directors/amendments to the Articles of Association

The members of the Board of Managing Directors are appointed and removed by the Supervisory Board in line with the provisions of Section 84 of the German Stock Corporation Act (AktG) and Article 6 (2) of the Articles of Association. If the Board of Managing Directors is missing a required member and the Supervisory Board has not made an appointment accordingly, one is appointed in urgent cases by the court in line with Section 85 of the German Stock Corporation Act (AktG). Any change to the Articles of Association requires a resolution by the annual general meeting in line with Section 179 (1) of the German Stock Corporation Act (AktG). Unless a greater majority is required by law, a simple majority of the capital represented is sufficient (Article 20 clause 2 of the Articles of Association). The authority to amend the version of the Articles of Association has been assigned to the Supervisory Board according to Article 8 (2) of the Articles of Association in compliance with Section 179 (1) clause 2 of the German Stock Corporation Act (AktG). Furthermore, the Supervisory Board is authorised to redraft the text of Article 4 of the Articles of Association (Share capital and shares) in accordance with the respective exercise of subscription rights and in accordance with the respective utilisation of conditional capital.

Powers of Board of Managing Directors to issue or buyback shares

In accordance with the further details of the resolution adopted by the annual general meeting on 9 May 2008, the company is authorised to acquire its own shares pursuant to Section 71 (1) Nos. 7 and 8 of the German Stock Corporation Act (AktG). The company has not made any use of this authorisation. New shares may be issued, particularly as part of the authorisations pursuant to Article 4 (3–5) of the

Articles of Association (Authorised capital and conditional capital I and conditional capital 2008). To date the company has only used conditional capital I in accordance with Article 4 (4) of the Articles of Association to redeem subscription rights under the stock option programme started in 2000.

Other information required under Section 315 (4) of the German Commercial Code (HGB) relates to circumstances which do not apply to comdirect bank.

> Declaration of the Board of Managing Directors on Section 312 of the German Stock Corporation Act (AktG)

As a result of the integration of comdirect bank AG including its subsidiaries in the Commerzbank Group, the Board of Managing Directors is obliged to prepare a dependency report in accordance with Section 312 of the German Stock Corporation Act (AktG).

Under the circumstances known to us at the date on which the company concluded legal transactions and carried out or omitted measures, comdirect bank AG received adequate consideration for each such transaction and suffered no disadvantage from measures either being carried out or not carried out. No measures which must be reported were carried out or not carried out.

> Consolidated financial statements

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> Income statement

Income statement of comdirect bank group according to IAS/IFRS

€ thousand	Notes	1.1. to 31.12.	
		2008	2007
Interest income		481,270	287,744
Interest expenses		318,898	160,580
Net interest income before provisions	(29)	162,372	127,164
Provisions for possible loan losses	(9), (30)	- 1,172	- 1,947
Net interest income after provisions		161,200	125,217
Commission income		169,120	185,595
Commission expenses		30,679	32,871
Net commission income	(31)	138,441	152,724
Result from hedge accounting	(5), (32)	- 133	56
Trading result	(33)	540	- 519
Result from financial investments	(34)	- 18,261	- 9,624
Administrative expenses	(35)	208,748	187,437
Other operating result	(36)	4,721	10,063
Pre-tax profit		77,760	90,480
Taxes on income	(21), (37)	20,068	32,783
Net profit		57,692	57,697
Transfer from retained earnings		209	204
Consolidated profit	(24)	57,901	57,901
Profits to be assigned to shareholders of the parent company		57,692	57,697

Earnings per share

		1.1. to 31.12.	
Undiluted earnings per share		2008	2007
Net profit	€ thousand	57,692	57,697
Average number of ordinary shares	Shares	141,220,815	141,085,538
Undiluted earnings per share	€	0.41	0.41
Diluted earnings per share		2008	2007
Net profit	€ thousand	57,692	57,697
Adjustment to the number of ordinary shares issued due to outstanding option rights	Shares	121,846	264,560
Weighted average shares outstanding (diluted)	Shares	141,342,661	141,350,098
Diluted earnings per share	€	0.41	0.41

> Balance sheet

Balance sheet of comdirect bank group according to IAS/IFRS

Assets

€ thousand	Notes	as of 31.12.	
		2008	2007
Cash reserve	(6), (38)	209,525	198,412
Claims on banks	(7), (39)	6,598,372	4,810,441
Claims on customers	(7), (40)	201,819	216,492
Provisions for possible loan losses	(9), (41)	- 5,170	- 4,622
Positive fair values from derivative hedging instruments	(5), (10), (42)	0	1,847
Trading assets	(11), (43)	8,723	13,036
Financial investments	(12), (44)	4,008,375	2,945,567
Intangible assets	(13), (45), (47)	20,875	18,869
Fixed assets	(14), (46), (47)	18,628	15,474
Current income tax assets	(21), (48)	2,068	3,304
Deferred income tax assets	(21), (48)	0	5,145
Other assets	(49)	6,305	8,846
Total assets		11,069,520	8,232,811

Liabilities and equity

€ thousand	Notes	as of 31.12.	
		2008	2007
Liabilities to banks	(50)	50,781	0
Liabilities to customers	(16), (51)	10,466,117	7,693,922
Negative fair values from derivative hedging instruments	(5), (17), (52)	0	730
Provisions	(19), (20), (53)	18,916	18,219
Current income tax liabilities	(21), (54)	3,632	5,958
Deferred income tax liabilities	(21), (54)	5,581	0
Other liabilities	(55)	48,379	35,793
Equity	(56)	476,114	478,189
Subscribed capital		141,221	141,221
Capital reserve		230,196	230,196
Retained earnings		56,606	56,815
Revaluation reserves		- 9,810	- 7,944
Consolidated profit		57,901	57,901
Total liabilities and equity		11,069,520	8,232,811

> Statement of changes in equity

€ thousand	Subscribed capital	Capital reserve	Retained earnings	Revaluation reserve ¹⁾	Consolidated profit	Total
Equity as of 1.1.2007	140,824	228,228	57,019	- 2,929	197,154	620,296
Net profit from 1.1. to 31.12.2007	-	-	-	-	57,697	57,697
Changes in revaluation reserve pursuant to IAS 39	-	-	-	- 5,015	-	- 5,015
Total consolidated profit 2007				- 5,015	57,697	52,682
Dividend payment comdirect bank AG	-	-	-	-	- 197,154	- 197,154
Issue of new shares	397	1,968	-	-	-	2,365
Allocation to reserves/transfer from reserves	-	-	- 204	-	204	0
Equity as of 31.12.2007/1.1.2008	141,221	230,196	56,815	- 7,944	57,901	478,189
Net profit from 1.1. to 31.12.2008	-	-	-	-	57,692	57,692
Changes in revaluation reserve pursuant to IAS 39	-	-	-	- 1,866	-	- 1,866
Total consolidated profit 2008				- 1,866	57,692	55,826
Dividend payment comdirect bank AG	-	-	-	-	- 57,901	- 57,901
Allocation to reserves/transfer from reserves	-	-	- 209	-	209	0
Equity as of 31.12.2008	141,221	230,196	56,606	- 9,810	57,901	476,114

1) Pursuant to IAS 39

The change in the revaluation reserve amounting to €-1,866 thousand after tax (2007: €-5,015 thousand) comprises a fall in the revaluation reserve before tax of €1,554 thousand (2007: €5,192 thousand), current tax income of €9,126 thousand (2007: €625 thousand) and deferred tax expenses of €9,438 thousand (2007: €448 thousand).

In financial year 2008, dividend payments totalling €57,901 thousand were distributed to shareholders. This equates to a payment of €0.41 per share.

In financial year 2008, 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.

No options were exercised under our stock option programme in the financial year and therefore no new shares of comdirect bank AG were issued. A total of 720,815 no-par value bearer shares of comdirect bank AG with a calculated nominal value of €1 per share were issued under the stock option programme in previous years.

> Cash flow statement

€ thousand	1.1. to 31.12.	
	2008	2007
Net profit	57,692	57,697
Non-cash items and transfer to cash flow from operating activities contained in net profit		
Depreciation, valuation allowance, additions to assets, change in provisions and net changes due to hedge accounting and trading	26,350	4,542
Result from the sale of assets	11,975	9,641
Other adjustments	- 132,190	- 62,539
Sub-total	- 36,173	9,341
Changes in assets and liabilities from operating activities after adjustment for non-cash items		
Claims		
on banks	- 1,768,813	- 1,852,860
on customers	14,516	- 9,674
Positive/negative fair values from derivative hedging instruments and trading assets	13,459	2,451
Securities	- 1,071,932	- 928,296
Other assets from operating activities	- 1,963	- 1,711
Liabilities		
to banks	50,781	0
to customers	2,757,304	3,054,568
Other liabilities and equity from operating activities	- 10,504	- 15,284
Interest and dividends received	452,145	256,420
Interest paid	- 304,007	- 158,157
Income tax payments	- 10,744	- 34,797
Cash flow from operating activities	84,069	322,001
Cash outflows for the acquisition of fixed assets and intangible assets	- 15,055	- 11,732
Cash flow from investment activities	- 15,055	- 11,732
Proceeds from capital increases	0	2,365
Dividend payment	- 57,901	- 197,154
Cash flow from financing activities	- 57,901	- 194,789
Cash and cash equivalents as of the end of the previous year	198,412	82,932
Cash flow from operating activities	84,069	322,001
Cash flow from investment activities	- 15,055	- 11,732
Cash flow from financing activities	- 57,901	- 194,789
Cash and cash equivalents as of the end of the period	209,525	198,412

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

> Notes

Basis of accounting principles

The consolidated financial statements of comdirect bank as of 31 December 2008 were prepared in accordance with Section 315a (1) of the German Commercial Code (HGB) and Regulation (EC) 1606/2002 (IAS Regulation) of the European Parliament and of the Council of 19 July 2002 as well as further regulations on the adoption of certain international accounting standards in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), which were approved and published by the International Accounting Standards Board (IASB). Further more, the additional standards to be applied under Section 315a (1) of the German Commercial Code (HGB) were observed.

The sub-group of comdirect bank Aktiengesellschaft, Pascalkehr 15, D-25451 Quickborn, Germany is included in the consolidated financial statements of our ultimate parent company, Commerzbank AG, Frankfurt/Main. The consolidated financial statements of Commerzbank AG as of 31 December 2007 were published in the online Federal Gazette on 22 April 2008.

In addition to the consolidated balance sheet and the consolidated income statement, the consolidated financial statements include the statement of changes in equity, the cash flow statement and the notes. The group management report, including the risk report in accordance with Section 315 of the German Commercial Code (HGB) can be found on pages 22 to 74 of the present annual report.

The consolidated financial statements were approved for publication by the Board of Managing Directors on 20 February 2009.

Accounting and measurement methods

(1) Basic principles

The consolidated financial statements are based on the going concern principle.

Income and expenses are recognised on a pro-rata basis; they are shown for the period to which they may be assigned in economic terms.

An asset is recognised in the balance sheet if it is probable that there will be future economic benefits for the company and if the cost of acquisition or manufacture or another value can be reliably measured. A liability is recognised in the balance sheet if it is probable that fulfilment of the current obligation will result in a direct outflow of resources with economic benefits and the amount to be paid can be reliably measured.

In principle, assets and liabilities are shown at (amortised) cost of acquisition or manufacture (assets) and the issue amount or amount to be paid (liabilities) respectively.

Financial instruments are accounted for and measured using IAS 39 and the different classification and measurement principles specified by this regulation. Derivative hedging instruments are subject to the provisions of hedge accounting.

Where estimates and assessments are necessary in accounting for assets and liabilities, these are based on past experience and other factors such as forecasts and, from today's viewpoint, the probable expectations and forecasts of future events. Uncertainties pertaining to estimates relate in particular to determining the provisions for possible loan losses, the fair value of financial instruments and pension obligations.

All the units included in the consolidation prepared their financial statements as of 31 December 2008.

(2) IAS/IFRS and SIC/IFRIC rules applied for first time and to be applied in future

In the consolidated financial statements of comdirect bank, all the standards and interpretations to be compulsorily applied in the EU in financial year 2008 were taken into account.

In the wake of the financial market crisis, the IASB passed amendments to IAS 39 and IFRS 7, which were adopted and published by the European Commission in October 2008. comdirect bank has not made use of any of the relaxation options with regard to the measurement of financial instruments under these amendments which allow retrospective reclassification as “loans and receivables” or “held to maturity”.

IAS/IFRS to be applied in future:

Standard	Title	Date of application
IAS 1 (revised)	Presentation of financial statements	1 January 2009
IAS 27 (revised)	Consolidated and separate financial statements	1 January 2010
IAS 39 (supplement)	Financial instruments: recognition and measurement (eligible hedged items)	1 January 2010
IFRS 2 (supplement)	Share-based payment	1 January 2009
IFRS 3 (revised)	Business combinations	1 January 2010
IFRS 8	Operating segments	1 January 2009
	Improvements to IFRS (2007)	1 January 2009

Application of the revised IAS 1 will change the presentation of the financial statements, in particular through the introduction of the Statement of Comprehensive Income. IFRS 8 will probably lead to changes in the segment reporting presentation. We do not expect the future application of the other standards to have any material impact on accounting, measurement and reporting.

(3) Consolidated companies

Apart from the parent company, comdirect bank AG, Quickborn, the consolidated companies consist of one subsidiary, comdirect private finance AG, Quickborn, and five special funds, special purpose entities (SPE) in accordance with IAS 27 in conjunction with SIC-12.

One subsidiary of minor importance for the overview of earnings situation, financial situation and assets of the group was not consolidated but accounted for as a holding under financial investments.

comdirect bank AG holds 100% of the shares in the consolidated group units.

(4) Principles of consolidation

In the consolidation of the capital accounts, the historical cost of the holding in the subsidiary is set off against the proportion of the subsidiary's equity as part of group equity as of the date of acquisition.

Intra-group expenses and income, as well as claims and liabilities, are eliminated as part of the debt and income consolidation.

Holdings in subsidiaries that are not included in the consolidation due to their minor importance are shown at historical cost under financial investments.

(5) Hedge Accounting

The rules under IAS 39 on hedge accounting apply to derivatives demonstrably used to hedge risks arising from non-trading transactions. At comdirect bank AG, fair value hedges were used exclusively to hedge the fair value risk of individual securities using interest rate swaps (fair value hedge). The application of the hedge accounting rules is contingent on the comprehensive documentation of the hedging relationship and evidence of the effectiveness of the hedge.

The fair values determined are reported in the balance sheet as “positive fair values from derivative hedging instruments” or “negative fair values from derivative hedging instruments”. The changes in fair value of the hedges and underlying transactions resulting from the hedged risk are recognised in the income statement under result from hedge accounting. In an effective hedge, the changes in value of an underlying transaction and the hedge recorded in the income statement will largely offset one another.

(6) Cash reserve

The reserve is reported at nominal value.

(7) Claims

All claims of the comdirect bank group on banks and customers are measured at amortised costs. On the balance sheet, the valuation allowances are openly deducted and reported separately as provisions for possible loan losses.

(8) Currency translation

Monetary assets and liabilities carried in the balance sheet which are held in foreign currency are translated at the spot rate on the balance sheet date (reporting date rate).

Income and expenses are translated at exchange rates as of the time of transaction.

(9) Provision for possible loan losses

We provide for the particular credit risks associated with banking business by forming general valuation allowances for specific loans and portfolio valuation allowances.

Valuation allowances were formed for claims on customers in the 2008 consolidated financial statements.

Where there are objective indications of an impairment, we have formed general valuation allowances for specific loans to cover the existing credit-standing risks relating to claims on customers in the amount of the default. Such an objective indication always exists if the loan is in the default action process or has been called in. To determine the amount of the valuation allowance, the individual loans identified are allocated to product-related portfolios. Depending on the portfolio, various valuation allowance rates are applied to the unsecured portions of all credit exposure in the portfolio. Both the valuation allowance rates and the collateral are based on internal estimates which in turn are based on empirical values. An increase in the valuation allowance rates or impairment of the collateral would lead to a corresponding increase in the provision for possible loan losses.

We have also formed a portfolio valuation allowance. Past losses, the quality of securities accepted as collateral and the allocation of loans to internal rating classes serve as a yardstick for the scale on which the new portfolio valuation allowance must be formed.

Unrecoverable accounts are written off immediately. Claims are deemed unrecoverable if they have been through the default action process and passed on to a collection agency for recovery or have been waived in whole or in part. Income on such claims is recognised as income in the income statement.

(10) Positive fair values from derivative hedging instruments

Derivative financial instruments used for hedging purposes, which qualify for hedge accounting and show a positive fair value are reported under this item. The instruments are measured at fair value in accordance with the net present value method. The measurement results determined for fair value hedges under hedge accounting are recognised in the income statement under "result from hedge accounting".

(11) Trading assets

Derivative financial instruments that are not used as hedging instruments as part of hedge accounting and show a positive fair value are reported as trading assets. The instruments are measured at fair value. The changes in fair value as well as interest income and expenses are recorded in the income statement under the trading result.

(12) Financial investments

Purchases and sales of financial assets are shown in the balance sheet in accordance with the trade date accounting method.

Under financial investments, we report all the securities which we have assigned solely to the "available-for-sale" category as well as holdings in non-consolidated subsidiaries. In the previous year, this line item was "investments and securities portfolio". The new designation "financial investments" does not entail any changes to the content of the item compared to previous years.

As of the balance sheet date, all bonds, other fixed-income securities, equities and other variable-yield securities (investment fund units) not held for trading purposes were assigned to the "available-for-sale" category. comdirect has not used any of the relaxation options rules issued under IAS 39 and IFRS 7 regarding the reclassification of financial instruments from fair value measurement to amortised cost.

These financial instruments are accounted for and measured at fair value. In principle, stock market prices are used for this. Where no current stock market prices are available, the fair value is determined using OTC trading prices and quotations. Where these are not available, instruments from the same issuer or comparable issuer in the same industry with similar features are used. The spreads determined from this paper are used with the aid of the discounted cash flow method as the basis for the measurement taking appropriate yield curves into account.

The measurement results are posted in the revaluation reserve with an income-neutral effect and taking deferred taxes into account. Realised gains and losses only affect the income statement when the portfolios are sold or subject to impairment.

Debt instruments are subject to an impairment test using quantitative or qualitative trigger events. Qualitative indications of impairment include arrears or default on interest and capital payments on the part of a counterparty. Quantitative trigger events include significant price falls as well as rating changes. Should these trigger events apply, impairments are carried out if payment defaults are to be expected. With regard to equity instruments and investment units, an impairment is carried out if the fair value lies significantly or longer-term below the historical cost.

With regard to debt instruments, reversals of impairment losses are posted in the revaluation reserve with an income-neutral effect in subsequent periods if the trigger event still applies. Where the trigger events no longer apply, reversals of impairment losses are recognised in the income statement; impairments recognised in the income statement in previous periods are charged off against the revaluation reserve with an impact on income. For equity instruments, reversals of impairments are consistently posted in the revaluation reserve with an income-neutral effect.

Where there is an effective hedging relationship between securities and a derivative financial instrument, the proportion of the change in the fair value attributable to the hedged risk is reported in the income statement under "result from hedge accounting" and affects the income result.

All the interest income generated by securities of the "available-for-sale" category is shown in the income statement under interest income.

(13) Intangible assets

Under intangible assets we include internally generated software, purchased software and acquired customer relationships (customer base).

Internally generated software is recognised if all provisions of IAS 38 are met. Recognition is made at production cost. Recognition of sundry intangible assets is made at historical cost.

In principle, internally generated software and purchased individual software is amortised using the straight-line method and according to schedule against earnings over

a period of five years; standard software over three years. Customer relationships are amortised using the straight-line method and according to schedule over a period of 10 years.

Both the useful life and the amortisation method are reviewed for significant changes each year at the end of the reporting period. In addition they are checked annually for signs of impairment within the meaning of IAS 36 which would necessitate impairments that are recognised in the income statement.

(14) Fixed assets

The item "fixed assets" shows land and buildings as well as office furniture and equipment.

All the fixed assets are capitalised at historical cost. Office furniture and equipment are depreciated using the straight-line method and according to schedule to reflect their probable useful economic lives.

In determining the useful life, their likely physical wear and tear, their technical obsolescence as well as legal and contractual restrictions are taken into account.

All fixed assets, with the exception of land and buildings, are depreciated over a period of 3 to 20 years.

Gains and losses arising from the sale of fixed assets are shown in the income statement under "other operating result".

Both the useful life and the amortisation method are reviewed for significant changes each year at the end of the reporting period. In addition, they are checked annually for signs of impairment within the meaning of IAS 36 which would necessitate impairments that are recognised in the income statement.

(15) Leases

In accounting for leases, a distinction is made between operating leases and finance leases. A lease is classified as a finance lease if it substantially transfers all of the risks and rewards pertaining to ownership to the lessee. The accounting for the leased items is then carried out by the lessee. In contrast, where the risks and rewards pertaining to ownership are not substantially transferred to the lessee, the lease constitutes an operating lease. In such cases, the accounting for the leased item is carried out by the lessor.

Essentially, the bank appears as a lessee in operating leases (bank building and offices, office furniture and equipment).

(16) Liabilities

Financial liabilities, with the exception of those that result from derivatives, are shown at amortised historical cost.

Where there is a material difference between the nominal value and fair value at the time of recognition, the amount is carried at fair value. The difference between this and the nominal value is recognised in net interest income in accordance with the effective interest rate method.

(17) Negative fair values from derivative hedging instruments

Derivative financial instruments used for hedging purposes and which qualify for hedge accounting and show a negative fair value are reported under this item. The instruments are measured at fair value in accordance with the net present value method. The measurement results determined for fair value hedges under hedge accounting are recognised in the income statement under "result from hedge accounting".

(18) Trading liabilities

Derivative financial instruments that are not used as hedging instruments as part of hedge accounting and show a negative fair value are reported as trading liabilities.

The instruments are measured at fair value. The changes in fair value are recorded in the income statement under the trading result.

(19) Provisions for pensions and similar obligations

The Board of Managing Directors of comdirect bank AG receive a company pension based on various pension schemes.

On the one hand, the members of the Board of Managing Directors acquire a vested right to benefits on the basis of an indirect benefit obligations for which comdirect bank pays a fixed premium to Versicherungsverein des Bankgewerbes a. G. (BVV), Berlin. The level of the pension benefit is determined by the premiums paid and the resultant accumulated investment income (defined contribution plan).

The accounting regulations pursuant to IAS 19 for a defined contribution plan are applied to this indirect pension plan i.e. the regular premium payments to BVV are recorded as an expense in the financial year and no provision is therefore formed.

On the other hand, the members of the Board of Managing Directors acquire a vested right to benefits on the basis of a direct benefit obligation, whereby the level of benefit is fixed and depends on factors such as age, remuneration and length of service (defined benefit plan).

The accounting regulations pursuant to IAS 19 for a defined benefit plan are applied to this direct pension plan and provisions are formed accordingly. The pension obligations are calculated annually by an independent actuary in accordance with the projected unit credit method. This calculation is based on the current calculatory interest rate and the expected future rates of increase for salaries and pensions.

The obligations similar to those for a pension include deferred compensation.

These refer to an offer to the Board of Managing Directors and a specific group of employees whereby they give up a portion of their gross salary for pension benefits later on.

The trustee required for a bilateral trust was established by Commerzbank AG in the form of the Commerzbank Pension-Trust e.V.

In this regard, the companies in the comdirect bank group insure old-age pension obligations by means of a contractual trust agreement.

The assets transferred to Commerzbank Pension-Trust e.V. (plan assets) are to be set off against the pension provisions, as the corresponding requirements of IAS 19 are met.

The pension costs relating to the defined benefit old-age pension obligations for the members of the Board of Managing Directors and for the deferred compensation to be recognised in the income statement comprise the service cost and the interest cost. The net income expected from the trust assets reduces the pension costs. Further information on the pension obligations granted to the members of the Board of Managing Directors is provided in note (72) on page 122.

If the parameters taken into account in the calculation of the pension obligations and plan assets deviate from the original expectations, this generates an actuarial gain or loss which has to be recorded in accordance with the corridor method. Pursuant to this method, only the actuarial gains or losses that exceed 10% of the pension obligations or plan assets are recognised in the pension costs. The allocation of these previously unrecorded actuarial gains or losses outside this corridor takes place over three years.

(20) Other provisions

Other provisions are formed on the scale deemed necessary for liabilities of uncertain amount towards third parties and for anticipated losses relating to pending transactions. Provisions are recorded at net present value where a material interest effect applies.

(21) Income taxes

Current income tax assets and liabilities are calculated by applying the valid tax rates at which a refund from or a payment to the relevant tax authorities is expected.

Temporary differences are the result of the discrepancy between assigned value in accordance with IFRS/IAS and the valid tax regulations, measured using the German income tax rate which can be expected to apply for the period in which they are realised.

Deferred income tax assets are shown in the balance sheet only if taxable profits are likely to occur in the same tax unit in the future.

Income tax assets and liabilities are formed and carried such that – depending on the treatment of the underlying item – they are recognised either under “taxes on income” in the income statement or they are set off against the relevant equity items with no effect on the income statement.

Current and deferred income tax assets and liabilities are netted against one another where they exist towards the same tax authority and the right of set-off can actually be enforced vis à vis the tax authority.

(22) Conditional and authorised capital

Through the resolution adopted on 28 April 2004 and its entry into the commercial register on 10 June 2004, authorised capital of €60,000 thousand was created. The authorisation for the capital increase expires on 27 April 2009.

The Board of Managing Directors is authorised, with the consent of the Supervisory Board, to increase the share capital of the company by issuing new shares against cash or non-cash contributions on one or more occasions up to a maximum amount of €60,000 thousand. The shareholders' subscription right may be partially excluded by the Board of Managing Directors, with the consent of the Supervisory Board.

In addition, since the resolution adopted on 11 May 2000 and entered into the commercial register on 31 May 2000, conditional capital of originally €3,600 thousand was created in order to service up to 3,600,000 subscription rights as part of the bank's stock option programme (conditional capital I).

As of 31 December 2008, conditional capital I amounted to €2,879,185 due to the issue of 720,815 new bearer shares of comdirect bank AG.

Through the resolution adopted on 9 May 2008 and its entry into the commercial register on 3 July 2008, an additional conditional capital of €30,000 thousand was created (conditional capital 2008).

The conditional capital 2008 increase will only be effected to the extent that holders and/or creditors of convertible bonds or convertible profit-sharing certificates or of warrants from bonds with warrants or profit-sharing certificates with warrants may exercise their option or conversion rights or fulfil their conversion obligations.

The Board of Managing Directors is authorised to issue, with the approval of the Supervisory Board, bearer bonds with convertible bonds or bonds with warrants or profit-sharing certificates as mentioned above on one or more occasions, up to a maximum amount of €300,000 thousand with or without a fixed maturity. This authorisation is limited until 8 May 2013.

(23) Earnings

In principle, earnings are accounted for at fair value of the consideration. Interest income, with the exception of that from derivatives in the “held-for-trading” category, is recognised using the effective interest rate method. Commission income is recognised in principle if the underlying service was provided. For charges relating to specific periods (e.g. custody charges, account charges), the fees are deferred on the reporting date.

(24) Appropriation of profits

The basis for the appropriation of profits is the national legislation, especially the German Commercial Code (HGB) and the Stock Corporation Act (AktG).

For financial year 2008, comdirect bank AG reported a distributable profit according to the German Commercial Code (HGB) of €57,900,534.15.

The Board of Managing Directors and the Supervisory Board of comdirect bank AG will propose to the annual general meeting a dividend payment in the amount of €57.9m, that is €0.41 per no-par value bearer share.

(25) Earnings per share

Undiluted earnings per share are calculated in accordance with IAS 33 and based on the net profit for the year. Both the undiluted earnings per share and the diluted earnings per share are shown below the income statement.

In calculating the undiluted earnings per share, we have set off the net profit for the year against the average number of shares in the financial year.

The diluting effects result from a stock option programme launched in July 2000 with a maximum of 3,600,000 subscription rights, of which approximately 3.1 million subscription rights had been issued in five tranches as of 31 December 2008.

(26) Stock option programme

The stock option programme as approved by the annual general meeting resolution of 11 May 2000 allowed up to 3,600,000 subscription rights to be issued.

Eligible participants were members of the Board of Managing Directors of comdirect bank AG, members of the boards of affiliated companies, as well as executives and selected members of staff of comdirect bank AG and affiliated companies.

The subscription rights could be granted at any time up to and including 1 July 2005.

A total of 3,104,580 subscription rights in five tranches were issued. Of these subscription rights issued, a total of 2,021,848 have expired; 411,856 of these expired in financial year 2008 (2007: 352,552). As of the end of the financial year, 361,917 (2007: 773,773) subscription rights with an average remaining term of one year were still to be exercised (2007: 1.5 years).

No subscription rights were exercised in financial year 2008.

The subscription rights are equally divided into two subsets, which are different with regard to the exercise hurdles and the exercise price. Half of the subscription rights are thus always granted as subset A, and the other half always as subset B.

Eligible participants receive the right to purchase one bearer share of comdirect bank AG, which carries a proportion of the share capital in the sum of €1.00 per subscription right under the stipulated conditions.

Subscription rights may only be exercised if stipulated targets are attained.

The following applies for subset A:

The comdirect bank share outperforms the DAXSector Financial Services Price Index by more than five percentage points.

The following applies for subset B:

The absolute rise in the price of the comdirect bank share for subscription rights granted in 2000 is at least 25% compared to the issuing price and for subscription rights granted beginning in 2001 or later a rise of at least 20% compared to an average price determined prior to the time that they were granted.

The price that an eligible participant has to pay to comdirect bank AG when exercising a subscription right corresponds to:

For subset A

The daily price at the time of exercise minus 1% for every full percentage point of outperformance of the index over five percentage points, but at least 90% of the daily price for options granted between 2000 and 2002, or 70% of the daily price for options granted in 2003 and 2004.

The following values were used as the basis:

Parameter		Tranche 2	Tranche 3	Tranche 4	Tranche 5
Term				5 years	
Blocking period				2 years	
Share price	€			7.15	
Volatility of comdirect share	%			36.04	
Index volatility	%			15.58	
Volatility correlation	%			66.00	
Date granted		25.07.2001	02.09.2002	05.11.2003	27.12.2004
Basis price	€	10.96	3.96	7.32	7.24
Interest rate	%	2.29	2.39	2.59	2.84
Determined option values					
Subset A	€	0.5883	1.0285	0.1600	0.4358
Subset B	€	0.0649	2.5325	1.0626	1.2485

The values for volatility and correlation were determined on the basis of a standard period, which spanned from one year before the valuation date to the valuation date. The respective weekly closing prices were used as a basis.

For subset B

The daily price at the time of exercise minus 1% for every full percentage point by which the absolute rise in the price of the comdirect share is higher than the XETRA closing price of the share at the time of granting, but at least 50% of the daily price on exercise.

The value of the stock options as of the reporting date relevant for accounting purposes was determined by an external expert. The model used is based on the arbitrage-free valuation according to Black/Scholes. A numerical solution option is necessary because of the complexity of the option programme and the procedure used is the Monte Carlo simulation.

Of the five tranches issued, four have been valued as of the year-end date. Tranche 1 does not fall within the timeframe covered by IFRS 2 and has therefore not been valued.

(27) Performance share plan

A new long-term incentive plan (LTIP) was issued in 2005 as a component with a long-term incentive effect and risk elements.

As the beneficiaries of this LTIP, the members of the Board of Managing Directors and selected managers and executives will receive a conditional allocation of virtual, non-fungible shares (performance shares) in yearly tranches. The shares encompass the conditional right to a cash payment at the end of the three-year waiting period. The level of the cash payment depends on achieving performance targets which are set at the beginning of the planning period and the current share price at the end of the waiting period.

The performance targets set at the beginning of the planning period are based on total shareholder return (TSR), an indicator which takes both share price performance and the dividends paid during the waiting period into account.

The number of performance shares falling due for payment depends equally on the TSR outperformance targets against the DAXSector Financial Services Performance Index and the absolute rise in TSR of the comdirect share.

However, for both performance targets there are set hurdles that must be overcome before the performance shares become valuable and due for payment. With regard to TSR outperformance (subset A), the share price performance during the three-year waiting period must be at least as good as the reference index. If the comdirect share price including

dividends paid has increased in absolute terms over the same period (subset B) by at least 25% compared to the price on issue, this subset also becomes valuable. The total payout from the performance share plan is capped. Should the performance targets set at the beginning of the planning period not be met, the performance shares lapse at the end of the waiting period.

Both subsets comply with the requirements of the Corporate Governance Code.

The volume of the LTIP component, the LTIP target value of each eligible beneficiary, amounts to a percentage of the individual basic salary. The individual number of performance shares is derived by dividing the LTIP target value and the fair value of a performance share at the time of issue. The fair value of a performance share is determined using an option measurement model before each tranche is set up. The Supervisory Board's Presiding Committee or the Board of Managing Directors decides on the allocation of performance shares.

The value of the performance shares as of the reporting date is determined by an external expert. The model used is based on the arbitrage-free valuation according to Black/Scholes. A numerical solution option is necessary because of the complexity of the option programme and the procedure used is the three-dimensional binomial model.

(28) Related party disclosures

Relations with affiliated companies

The parent company of comdirect bank AG is Commerzbank Inlandsbanken Holding GmbH. The ultimate parent company is Commerzbank AG.

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

On 6 August 2007, a master agreement was concluded with Commerzbank which supersedes the existing general agreement. The individual contracts concluded under the general agreement remain in place until expiry of their respective term. New individual contracts will be concluded based on the master agreement.

On the basis of the general agreement and the master agreement, the following services were agreed upon and used during financial year 2008:

- Trading and processing services
- Payments and cash dispenser service
- Printing services
- IT services
- Risk management
- Handling of financial instruments in own trading and credit services
- Compliance
- Internal audit
- Use of "Intelligence Commerzbank" (ICOM) securities trading system
- Project services, e.g. final withholding tax
- Other services

In total, the expenses for the above services amounted to €25.1m in the financial year.

Outside of the general agreement, there are also existing business relations between comdirect bank AG and Commerzbank AG:

Through its connection to Commerzbank, comdirect offers its customers new issues and a range of certificates for subscription. These sales are remunerated in line with the commission for the banking syndicate or issuing institution. In addition, comdirect receives pro rata commission for carrying out capital measures. In total, comdirect received commission of €0.3m in relation to the above in financial year 2008.

In joint campaigns with Commerzbank, comdirect offered its customers the opportunity to buy and sell Commerzbank warrants and certificates OTC for a limited period of time, whereby comdirect waived the commission payable by the customer on all transactions with a defined maximum volume. In return, comdirect received a total of €2.4m from Commerzbank to compensate for the loss of order commission.

comdirect bank AG is party to an agreement of Commerzbank AG with Brown Brothers Harriman, enabling customers of comdirect bank to trade on US stock exchanges.

comdirect bank currently offers its customers approximately 6,500 funds from more than 110 investment companies, including investment companies of the Commerzbank Group. In financial year 2008, comdirect bank received commission on portfolio holdings and sales at prevailing market rates from the investment companies of the Commerzbank Group.

On 22 March 2000, comdirect bank AG concluded an agreement with Commerzbank AG. Among other things, the agreement relates to support for PR activities, compliance with stock exchange and other obligations resulting from admission to the stock exchange and advice on the holding of the public annual general meeting of shareholders.

On 15 May 2005, comdirect bank AG concluded an agreement with Commerzbank AG concerning the cash receiving office and depository service for the shares of comdirect bank.

As part of its money and capital market transactions, comdirect bank invests money with Commerzbank AG and its affiliated companies. As of the reporting date, the nominal value of such transactions amounted to €6,271m. In financial year 2008, comdirect bank achieved total interest income from these transactions with Commerzbank of €287.3m and of €2.3m with its affiliated companies. As of the reporting date, the portfolio included bonds and notes from affiliated companies amounting to €1,801m. Interest income on this item amounted to €44.1m for the full financial year.

On 16 May 2000, a general agreement on securities lending was concluded with Commerzbank, whereby comdirect can lend securities to Commerzbank. During the reporting year, income of €1.1m was generated on the average portfolio of loans amounting to €702.1m.

Commerz Service GmbH, whose sole shareholder is Commerzbank, provides call centre services for the purposes of gaining and supporting customers and promoting sales, primarily for customers of and on behalf of Commerzbank. Commerz Service GmbH does not have its own customer base.

comdirect has service agreements with Commerz Service GmbH in the field of operating customer business and provision of operating resources. In financial year 2008, comdirect bank received payment of €2.4m for these services.

comdirect bank AG and its affiliated companies have insured old-age pension obligations by means of an allocation to trust assets with Commerzbank Pension-Trust e.V.

As of 31 December 2008 the market value of trust assets administered in the trust totalled €3.9m (2007: €5.0m).

With an agreement dated 9 January 2003, comdirect bank AG acquired a holding in WST-Broker GmbH, Frankfurt/Main. WST-Broker GmbH routes customer orders to execution on the trading floors on behalf of comdirect bank AG.

The Board of Managing Directors reports separately on the scope and appropriateness of the intra-group services of comdirect bank AG with financial affiliated companies as part of its dependency report (Section 312 German Stock Corporation Act (AktG)).

Other related party disclosures

In the financial year, 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 in the form of comdirect bank product use as part of the normal product and service offering. All products and services were carried out at 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 bank, nor did comdirect bank suffer any financial losses.

In addition to the financial relations as part of the product and service offering of comdirect bank, related parties received compensation on the basis of their position as members of the boards (see note (72)).

There were no other more extensive financial relations with related natural persons in the financial year.

Notes to the income statement

(29) Net interest income before provisions

€ thousand	2008	2007	Change in %
Interest income from fixed-income securities held in the available-for-sale portfolio	147,673	103,313	42.9
Interest income from credit and money market transactions	329,195	179,422	83.5
Balance of interest from derivative hedging instruments	1,617	3,226	-49.9
Interest income	478,485	285,961	67.3
Interest expenses for deposits	318,870	160,568	98.6
Interest expenses from finance leases	28	12	133.3
Interest expenses	318,898	160,580	98.6
Operating income from investments, shares and other variable-yield securities	2,785	1,783	56.2
Total	162,372	127,164	27.7

Interest income and interest expenses for financial instruments measured in accordance with IAS 39 "At fair value through profit or loss – sub-category: held for trading", are reported under trading result (see note (33) Trading result).

(30) Provisions for possible loan losses

The provisions of the comdirect bank group break down as follows:

€ thousand	2008	2007	Change in %
Allocation to provisions	-2,560	-2,398	6.8
Write-back of provisions	2,012	2,087	-3.6
Direct write-downs	-1,240	-2,453	-49.4
Income received on written-down claims	616	817	-24.6
Total	-1,172	-1,947	-39.8

(31) Net commission income

€ thousand	2008	2007	Change in %
Securities transactions	124,325	141,293	-12.0
Payment transactions	5,691	5,561	2.3
Other commission	8,425	5,870	43.5
Total	138,441	152,724	-9.4

(32) Result from hedge accounting

The results shown from underlying and hedging transactions only include measurement effects from effective fair value hedges.

€ thousand	2008	2007	Change in %
Results from hedging instruments	-1,376	-2,234	-38.4
Results from hedged underlying transactions	1,243	2,290	-45.7
Total	-133	56	-337.5

comdirect bank reports these in line with the hedge accounting regulations under IAS 39. The individual bonds (underlying transactions) in the balance sheet line item financial investments are hedged against fluctuations in fair value due to changes in market rates using interest rate swaps.

(33) Trading result

€ thousand	2008	2007	Change in %
Result from interest rate related transactions	540	-519	-204.0
Trading result	540	-519	-204.0

All financial instruments in the trading portfolio are measured at fair value. The trading result includes all interest income and interest expenses for financial instruments measured in accordance with IAS 39 in the category "At fair value through profit or loss – sub-category: held for trading".

(34) Result from financial investments

The disposal proceeds and gains and losses from impairments and recoveries in the "available-for-sale" securities portfolio and holdings in subsidiaries which have not been consolidated are shown under the result from financial investments.

€ thousand	2008	2007	Change in %
Disposal gains	1,563	2,208	-29.2
Disposal losses	-13,538	-11,832	14.4
Impairment	-6,286	0	-
Total	-18,261	-9,624	89.7

(35) Administrative expenses

The comdirect bank group's administrative expenses consist of personnel expenses, other administrative expenses and depreciation of office furniture and equipment as well as on intangible assets.

Personnel expenses			
€ thousand	2008	2007	Change in %
Wages and salaries	37,562	34,013	10.4
Compulsory social security contributions	5,828	5,228	11.5
Expenses for pensions and other employee benefits	208	436	-52.3
Total	43,598	39,677	9.9

The item "wages and salaries" includes share-based payments (IFRS 2) totalling €180 thousand (2007: €214 thousand).

Breakdown of expenses for pensions and other employee benefits			
€ thousand	2008	2007	Change in %
Company pension scheme	191	416	-54.1
Contributions to Versicherungsverein des Bankgewerbes a.G. (BVV)	17	20	-15.0
Total	208	436	-52.3

Other administrative expenses			
€ thousand	2008	2007	Change in %
Marketing expenses	79,798	74,268	7.4
Communication expenses	5,897	5,277	11.7
Consulting expenses	13,831	12,754	8.4
Expenses for external services	29,048	22,629	28.4
Sundry administrative expenses	27,002	22,698	19.0
Total	155,576	137,626	13.0

Sundry administrative expenses includes rental and lease payments of €7,065 thousand for business premises and software licences.

Depreciation of office furniture and equipment and intangible assets			
€ thousand	2008	2007	Change in %
Office furniture and equipment	3,799	2,874	32.2
Intangible assets	5,775	7,260	-20.5
Total	9,574	10,134	-5.5

(36) Other operating result

€ thousand	2008	2007	Change in %
Other operating expenses	9,086	2,340	288.3
Expenses for VAT from previous years	0	58	-100.0
Goodwill payments and price differences in securities transactions	600	391	53.5
Interest on taxes from previous years	354	410	-13.7
Losses on the disposal of fixed assets	328	16	1,950.0
Valuation allowances and write-down of adviser balances	4,504	627	618.3
Sundry expense items	3,300	838	293.8
Other operating income	13,807	12,403	11.3
Income from writing-back of provisions and accruals	5,027	4,714	6.6
Income from service level agreements	2,424	2,327	4.2
Income from recoverable input taxes	1,759	1,359	29.4
Sundry income items	4,597	4,003	14.8
Total	4,721	10,063	-53.1

(37) Taxes on income

€ thousand	2008	2007
Current taxes on income in the financial year	20,227	33,131
Current taxes on income from previous years	-1,445	-240
Deferred taxes	1,286	-108
Total	20,068	32,783

In the current year, €634 thousand (previous year €535 thousand) of deferred tax expenses were reclassified as current taxes on income for financial year 2007.

Reconciliation of taxes on income

€ thousand	2008	2007
Profit from ordinary activities	77,760	90,480
multiplied by the German income tax rate of 25.98%		
= Calculated income tax paid in financial year	20,198	32,300
Effect of tax-free income from financial investments	-243	-309
Effect of losses from financial investments; not tax deductible	1,381	0
Effect of taxes from previous years recognised in the financial year	-1,445	-240
Effect of adjustment of deferred income tax assets to tax rates valid as of 1.1.2008	0	507
Other effects	177	525
Total	20,068	32,783

The income tax rate selected as a basis for the reconciliation is made up of the corporation tax rate of 15.0% applicable in Germany, plus a solidarity surcharge of 5.5% and a rate of 10.15% for trade tax.

This produces a German income tax rate of around 25.98%.

Notes to the balance sheet

(38) Cash reserve

The cash reserve includes the following items:

€ thousand	31.12.2008	31.12.2007	Change in %
Cash on hand	211	176	19.9
Balances held at central banks	209,314	198,236	5.6
Total	209,525	198,412	5.6

The minimum reserve requirement to be met at the end of December 2008 totalled €209,187 thousand (2007: €144,197 thousand).

(39) Claims on banks

€ thousand	Total			Due on demand		Other claims	
	31.12.2008	31.12.2007	Change in %	31.12.2008	31.12.2007	31.12.2008	31.12.2007
German banks	6,568,372	4,729,002	38.9	390,855	630,308	6,177,517	4,098,694
Foreign banks	30,000	81,439	-63.2	0	0	30,000	81,439
Total	6,598,372	4,810,441	37.2	390,855	630,308	6,207,517	4,180,133

The claims on banks include foreign currency amounts of €55,283 thousand (2007: €62,466 thousand).

Claims on banks primarily consist of overnight money and fixed-term deposits of €5,967,000 thousand (2007: €4,394,500 thousand).

(40) Claims on customers

Claims on customers relate exclusively to private customers and break down as follows:

€ thousand	Total			Due on demand		Other claims	
	31.12.2008	31.12.2007	Change in %	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Claims on German customers	196,212	211,807	-7.4	195,129	210,756	1,083	1,051
Claims on international customers	5,607	4,685	19.7	5,607	4,685	0	0
Total	201,819	216,492	-6.8	200,736	215,441	1,083	1,051

Claims on customers include €165,539 thousand (2007: €187,548 thousand) from loans to purchase securities. These claims are secured by securities. The claims on customers include amounts in foreign currency totalling €0.4 thousand (2007: €11 thousand).

(41) Provisions for possible loan losses

As in the previous year, the total amount of loan loss provisions relates exclusively to claims on customers.

€ thousand	Total			Individual valuation allowances		Portfolio valuation allowances	
	31.12.2008	31.12.2007	Change in %	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Loans to purchase securities							
Balance as of 1 January	-2,709	-2,337	15.9	-9	-77	-2,700	-2,260
Allowances	-1,033	-1,578	-34.5	-14	-9	-1,019	-1,569
Reversals	1,493	1,206	23.8	9	77	1,484	1,129
Provisions for possible loan losses as of 31 December	-2,249	-2,709	-17.0	-14	-9	-2,235	-2,700
Current accounts and clearing accounts							
Balance as of 1 January	-1,913	-1,974	-3.1	-454	-678	-1,459	-1,296
Allowances	-1,527	-820	86.2	-407	-431	-1,120	-389
Reversals	519	881	-41.1	424	655	95	226
Provisions for possible loan losses as of 31 December	-2,921	-1,913	52.7	-437	-454	-2,484	-1,459
Total							
Balance as of 1 January	-4,622	-4,311	7.2	-463	-755	-4,159	-3,556
Allowances	-2,560	-2,398	6.8	-421	-440	-2,139	-1,958
Reversals	2,012	2,087	-3.6	433	732	1,579	1,355
Provisions for possible loan losses as of 31 December	-5,170	-4,622	11.9	-451	-463	-4,719	-4,159

(42) Positive fair values from derivative hedging instruments

The table shows derivative financial instruments used for hedging purposes and hedge accounting which show a positive fair value:

€ thousand	31.12.2008	31.12.2007	Change in %
Positive fair values from allocated effective fair value hedges	0	1,847	-100.0

As of the reporting date, there are no current hedges. As of 31 December 2007, the nominal value of underlying and hedging transactions amounted to €123m.

(43) Trading assets

Trading assets comprise the positive fair values from derivative financial instruments not used for hedging purposes under hedge accounting. As of the reporting date, these relate to interest rate swaps with a nominal value of €300m (2007: €600m).

€ thousand	31.12.2008	31.12.2007	Change in %
Interest rate related transactions	8,723	13,036	-33.1

(44) Financial investments

The item financial investments consists of the bonds and other fixed-income securities, equities and other variable-yield securities not held for trading purposes, as well as holdings in subsidiaries not included in the consolidation.

The financial instruments shown in the financial investments portfolio are allocated to the category available-for-sale and, with the exception of holdings in subsidiaries not included in the consolidation, are valued at fair value.

€ thousand	31.12.2008	31.12.2007	Change in %
Bonds, notes and other fixed-income securities of the available-for-sale portfolio	3,977,676	2,896,645	37.3
Money market instruments	72,623	20,877	247.9
issued by other borrowers	72,623	20,877	247.9
Bonds and notes	3,905,053	2,875,768	35.8
issued by public sector borrowers	113,242	163,521	-30.7
issued by other borrowers	3,791,811	2,712,247	39.8
Equities and other variable-yield securities of the available-for-sale portfolio	30,672	48,895	-37.3
Holdings in subsidiaries	27	27	0.0
Total	4,008,375	2,945,567	36.1

As part of its securities lending transactions, comdirect bank AG has transferred bonds and notes with a nominal value of €1,197,000 thousand to a borrower of securities. The book values of the transferred bonds and notes as of the reporting date amounted to €1,186,705 thousand (2007: €643,376 thousand).

In securities lending transactions, the risks and rewards of the securities loaned remain with the lender of securities. The lender bears the credit and market price risks and is entitled to the current income and other rights accruing from this paper.

(45) Intangible assets

€ thousand	31.12.2008	31.12.2007	Change in %
Internally generated software	11,601	7,907	46.7
Software purchased	1,059	1,574	-32.7
Acquired customer relationships	8,215	9,388	-12.5
Total	20,875	18,869	10.6

Changes in intangible assets are shown in the schedule of assets (note (47)).

(46) Fixed assets

€ thousand	31.12.2008	31.12.2007	Change in %
Land and buildings	3,309	3,309	0.0
Office furniture and equipment	15,319	12,165	25.9
Total	18,628	15,474	20.4

Changes in fixed assets are shown in the schedule of assets (note (47)).

(47) Schedule of assets

€ thousand	Intangible assets					
	Internally generated software		Software purchased		Acquired customer relationships	
	2008	2007	2008	2007	2008	2007
Book value as of 1 January	7,907	6,853	1,574	2,359	9,388	10,551
Cost of acquisition/manufacture as of 1 January	56,451	50,771	20,510	19,835	11,591	11,580
Additions	7,095	5,680	686	675	0	11
Disposals	0	0	0	0	0	0
Cost of acquisition/manufacture as of 31 December	63,546	56,451	21,196	20,510	11,591	11,591
Cumulative write-downs as of 1 January	48,544	43,918	18,936	17,476	2,203	1,029
Additions	3,401	4,626	1,201	1,460	1,173	1,174
Disposals	0	0	0	0	0	0
Cumulative write-downs as of 31 December	51,945	48,544	20,137	18,936	3,376	2,203
Book value as of 31 December	11,601	7,907	1,059	1,574	8,215	9,388

€ thousand	Fixed assets			
	Land		Office furniture and equipment	
	2008	2007	2008	2007
Book value as of 1 January	3,309	3,309	12,165	9,690
Cost of acquisition/manufacture as of 1 January	3,309	3,309	57,354	54,165
Additions	0	0	7,274	5,364
Disposals	0	0	9,639	- 2,175
Cost of acquisition/manufacture as of 31 December	3,309	3,309	54,989	57,354
Cumulative write-downs as of 1 January	0	0	45,189	44,475
Additions	0	0	3,799	2,874
Disposals	0	0	9,318	- 2,160
Cumulative write-downs as of 31 December	0	0	39,670	45,189
Book value as of 31 December	3,309	3,309	15,319	12,165

€ thousand	Investments			
	Investments		Holdings in subsidiaries	
	2008	2007	2008	2007
Book value as of 1 January	0	0	27	27
Cost of acquisition/manufacture as of 1 January	10,500	10,500	27	27
Additions	0	0	0	0
Disposals	0	0	0	0
Cost of acquisition/manufacture as of 31 December	10,500	10,500	27	27
Cumulative write-downs as of 1 January	10,500	10,500	0	0
Additions	0	0	0	0
Disposals	0	0	0	0
Cumulative write-downs as of 31 December	10,500	10,500	0	0
Book value as of 31 December	0	0	27	27

(48) Income tax assets

€ thousand	31.12.2008	31.12.2007
Current income tax assets	2,068	3,304
Deferred income tax assets	0	5,145
Total	2,068	8,449

The deferred income tax assets and liabilities are netted out as they relate to the same tax authorities.

In financial year 2008, the netting of deferred income tax assets and liabilities produced an income tax liability. A breakdown is given in note (54).

Of the income tax assets of €2,068 thousand (previous year: €3,304 thousand), €1,298 thousand will probably be realised after the end of 2009 (previous year: €1,438 thousand after the end of 2008).

(49) Other assets

€ thousand	31.12.2008	31.12.2007	Change in %
Deferred items	281	318	-11.6
Claims on advisers/offices of comdirect private finance AG	1,964	6,033	-67.4
Claims on product providers	3,224	1,394	131.3
Claims on group companies	34	149	-77.2
Other	802	952	-15.8
Total	6,305	8,846	-28.7

With the exception of claims on advisers and offices of comdirect private finance AG, we assume an average remaining lifetime for other assets of less than one year. This also applied in the previous year.

The movement in valuation allowances carried out for claims on advisers and offices of comdirect private finance AG was as follows:

€ thousand	2008
As of 1 January	1,107
Additions	4,626
Reversals	248
Valuation allowances as of 31 December	5,485

(50) Liabilities to banks

€ thousand	Total			Due on demand		Other liabilities	
	31.12.2008	31.12.2007	Change in %	31.12.2008	31.12.2007	31.12.2008	31.12.2007
German banks	50,781	0	-	50,781	0	0	0
Total	50,781	0	-	50,781	0	0	0

At €41.3m, the majority of liabilities to banks relates to a bank clearing account with Commerzbank AG.

(51) Liabilities to customers

€ thousand	Total			Due on demand		With agreed maturity or withdrawal notice	
	31.12.2008	31.12.2007	Change in %	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Germany	10,265,194	7,533,853	36.3	8,079,440	5,754,020	2,185,754	1,779,833
Private customers	10,258,789	7,530,213	36.2	8,073,987	5,750,391	2,184,802	1,779,822
Corporate customers and self-employed private individuals	6,405	3,640	76.0	5,453	3,629	952	11
International	200,923	160,069	25.5	134,078	107,351	66,845	52,718
Private customers	199,667	159,765	25.0	132,822	107,047	66,845	52,718
Corporate customers and self-employed private individuals	1,256	304	313.2	1,256	304	0	0
Total	10,466,117	7,693,922	36.0	8,213,518	5,861,371	2,252,599	1,832,551

Liabilities to customers include foreign currency amounts of €55,216 thousand (2007: €62,270 thousand).

Through the depositor protection fund of the German banking association Bundesverband deutscher Banken e.V., each customer is insured for deposits of up to €116.8m. In addition, comdirect bank AG is a member of Entschädigungseinrichtung deutscher Banken GmbH.

(52) Negative fair values from derivative hedging instruments

Derivative financial instruments used for hedging purposes and covered by hedge accounting and showing a negative fair value are disclosed in this item:

€ thousand	31.12.2008	31.12.2007	Change in %
Negative fair values from allocated effective fair value hedges	0	730	-100.0

As of the reporting date, no current hedges were in place. As of 31 December 2007, the nominal value of the underlying and hedging transactions amounted to €50m.

(53) Provisions

€ thousand	31.12.2008	31.12.2007	Change in %
Provisions for pensions and similar commitments	732	378	93.7
Other provisions	18,184	17,841	1.9
Total	18,916	18,219	3.8

Provisions for pensions and similar commitments comprise pension obligations and deferred compensation (for details see note (19)).

Breakdown of pension obligations shown in the balance sheet:

€ thousand	31.12.2008	31.12.2007
Net present value of pension obligations	4,270	5,450
Market value of plan assets	-3,530	-5,003
Unrecognised actuarial gains and losses	-38	-46
Unrecognised additional service costs	0	-49
Total	702	352

Allocation to balance sheet items:

€ thousand	31.12.2008	31.12.2007
Provisions for pensions and similar obligations	732	378
Other assets	30	26

Other assets refer to a surplus in the plan assets compared to the pension obligations of comdirect private finance AG.

Breakdown of allocations to provisions for pensions as recognised in the income statement:

€ thousand	2008	2007
Current service cost	120	127
Interest cost	295	263
Expected returns from plan assets	-275	-131
Actuarial gains and losses	-1	80
Additional service cost	49	49
Settlement	0	0
Total allocations	188	388

All the types of expenses indicated above are reported under administrative expenses.

The expenses for old-age pensions (€208 thousand, see note (35), 2007: €436 thousand) differ in particular as a result of the additional costs for pension insolvency insurance of €3 thousand (2007: €25 thousand) as well as the costs for the Versicherungverein des Bankengewerbes a.G. (BVV) amounting to €17 thousand (2007: €20 thousand). The actual losses from plan assets amounted to €90 thousand (2007: €38 thousand). A return of 5.5% (2007: 5.5%) p. a. was used to calculate the expected return on plan assets.

Changes in the net present value of pension obligations during the financial year:

As a result of the changes to the Board of Managing Directors of comdirect bank AG with effect from 4 March 2008, payments amounting to the net present value of the vested pension claims of the members of the Board of Managing Directors who have left (Karin Katerbau, Andre Carls) were made to the new employers in the Commerzbank Group.

As part of this, the corresponding equivalent of the cover funds transferred to Commerzbank Pension Trust e.V. was returned to comdirect bank AG.

€ thousand	2008	2007
Net present value of pension obligations as of 1 January	5,450	5,935
Allocations		
Current service cost	120	127
Contributions from employees from salary sacrifice	197	154
Interest cost	295	263
Utilised		
Pension benefits paid	-193	-159
Settlement	-1,224	0
Actuarial gains and losses	-375	-870
Net present value of pension obligations as of 31 December	4,270	5,450

€ thousand	2008	2007
Market value of plan assets as of 1 January	5,003	1,091
Allocation to plan assets	0	4,106
Refunds for settlements	-1,190	0
Refunds for pension benefits	-193	-156
Expected returns from plan assets	275	131
Actuarial gains and losses	-365	-169
Market value of plan assets as of 31 December	3,530	5,003

Almost all the plan assets are invested in investment units.

Overview of pension obligations and plan assets:

€ thousand	31.12.2008	31.12.2007	31.12.2006
Net present value of pension obligations	4,270	5,450	5,935
Plan assets	3,530	5,003	1,091
Deficit	740	447	4,844
Experience-based adjustments to pension obligations	-375	-870	-153
Experience-based adjustments to fair value of plan assets	-365	-169	-34

The following parameters are included in the actuarial calculations:

in %	31.12.2008	31.12.2007
Calulatory interest rate	6.00	5.50
Changes in salaries	2.00	2.00
Changes in pensions	1.60	1.60
Expected interest earned on plan assets	5.50	5.50

Changes in other provisions:

€ thousand	as of 1.1.2008	Utilised	Written-back	Allocation	as of 31.12.2008
Provisions for non-income related taxes	5,965	0	0	0	5,965
Provisions for staff	6,224	4,566	1,037	5,809	6,430
Provisions for contingent losses	2,971	721	0	0	2,250
Provisions for interest from additional tax claims	1,668	0	0	369	2,037
Provisions for restructuring	32	0	32	0	0
Other provisions	981	349	47	917	1,502
Total	17,841	5,636	1,116	7,095	18,184

Provisions for staff mainly relate to provisions for bonuses, which are scheduled to be used in financial year 2009. This item also includes a provision for a performance share plan amounting to €431 thousand (2007: €503 thousand).

Changes in provisions for contingent losses break down as follows:

€ thousand	as of 1.1.2008	Utilised	Written-back	Allocation	as of 31.12.2008
Implementation of the com one programme for the future	1,250	0	0	0	1,250
Products & advertising	721	721	0	0	0
Sale of comdirect ltd	1,000	0	0	0	1,000
Provisions for contingent losses	2,971	721	0	0	2,250

Within other provisions, we expect an average remaining lifetime of more than one year for the provisions for non-income related taxes, provisions for interest from additional tax claims and the provisions for contingent losses relating to implementation of the com one programme for the future. The average remaining lifetime for these items was also more than one year in 2007.

(54) Income tax liabilities

Income tax liabilities break down as follows:

€ thousand	31.12.2008	31.12.2007	Change in %
Current income tax liabilities	3,632	5,958	-39.0
Deferred income tax liabilities	5,581	0	-
Total	9,213	5,958	54.6

Deferred income tax assets and liabilities are netted out, since they are both due to the same tax authority. In the previous year, these were reported under income tax assets in note (48).

€ thousand	Income tax assets	Income tax liabilities	31.12.2008 balance	Income tax assets	Income tax liabilities	31.12.2007 balance
Claims on banks	0	0	0	-2	339	337
Provisions for possible loan losses	-1,002	0	-1,002	-899	0	-899
Positive fair values from derivative hedging instruments	0	0	0	0	480	480
Negative fair values from derivative hedging instruments	0	0	0	-190	0	-190
Trading assets	-1,617	2,265	648	-3,418	3,386	-32
Financial investments						
Recognised as income	-5,994	1,789	-4,205	-5,226	0	-5,226
Not recognised as income	-4,099	12,633	8,534	-3,859	2,953	-906
Intangible assets	-2,046	5,148	3,102	-2,338	4,493	2,155
Provisions	-1,517	21	-1,496	-885	21	-864
Total	-16,275	21,856	5,581	-16,817	11,672	-5,145

Of the income tax liabilities on financial investments recognised as income in 2007 (€1,461 thousand), €2,914 thousand which relate to issues not recognised as income for 2007, were reclassified as income tax liabilities on financial investments not recognised as income for 2007 (€39 thousand).

Of the income tax liabilities amounting to €9,213 thousand (previous year: €5,958 thousand), €4,186 thousand are expected to be due after the end of 2009 (previous year: €4,469 thousand after the end of 2008).

As in the previous year, as of 31 December 2008, the deferred income tax assets and liabilities were measured at the valid German tax rates resulting from the corporate tax reform 2008 resolved on 6 July 2007.

The German income tax rate comprises the corporation tax rate in Germany valid as of 1 January 2008 (15%) plus the solidarity surcharge (5.5%) and the trade tax rate applicable to comdirect bank AG (10.15%).

This produces a German income tax rate of around 25.98%.

(55) Other liabilities

€ thousand	31.12.2008	31.12.2007	Change in %
Deferred items	182	75	142.7
Liabilities from other taxes	19,194	9,177	109.2
Trade liabilities	18,484	12,351	49.7
Liabilities to affiliated companies	10,014	9,200	8.8
Other	505	4,990	-89.9
Total	48,379	35,793	35.2

Other liabilities do not include any material items with a remaining lifetime of more than 12 months. This was also the case in the previous year.

(56) Equity

€ thousand	31.12.2008	31.12.2007	Change in %
Subscribed capital	141,221	141,221	0.0
Capital reserve	230,196	230,196	0.0
Retained earnings	56,606	56,815	-0.4
Revaluation reserve	-9,810	-7,944	23.5
Consolidated profit	57,901	57,901	0.0
Equity	476,114	478,189	-0.4

Subscribed capital

Subscribed capital comprises no-par value shares.

	Number
Number of shares held as of 1.1.2008	141,220,815
Issue of new shares	0
Number of shares held as of 31.12.2008	141,220,815

There are no privileges or restrictions related to dividend distribution at comdirect bank AG. All shares issued are fully paid up.

Capital reserve

The capital reserve shows free reserves as well as the amount exceeding the subscribed capital from the exercise of stock options.

Retained earnings

Retained earnings show the net profit which has not been distributed.

Revaluation reserve

Gains or losses on remeasurement of the financial investments portfolio, which is broken down into interest-bearing and dividend-based instruments, are shown at fair value in the revaluation reserve, taking into account deferred taxes. Gains and losses only affect the income statement when the asset is sold or impairments or write-ups are carried out.

(57) Equity management

Through equity management, comdirect bank aims to ensure it has adequate capital resources at all times to ensure the bank has the ability to act, to achieve an appropriate return on equity and meet regulatory requirements.

Risk-taking capability calculation

The risk-taking capability, i.e. economic capital requirement versus the risk cover assets, is used to limit the overall risk of the bank in conjunction with the capital resources. The overall risk position represents the economic capital requirement for operational risks, business risks, market risks and credit default risks. The risk cover assets comprise the (planned) pre-tax profit, capital reserve and retained earnings as well as the revaluation reserve (after tax in the previous year). The risk-taking capability is ensured as long as the risk cover assets exceed the overall risk position.

The economic group risk is measured using the economic risk capital with the aid of the value-at-risk approach (VaR) based on a confidence level of 99.95% and a holding period of one year.

At the year-end, the overall risk position of comdirect bank amounted to €93.0m (2007: €52.9m). The risk cover assets comprised the following:

€ million	31.12.2008	31.12.2007
Pre-tax profit	77.8	90.5
Revaluation reserve (2007: after tax)	-13.3	-7.9
General reserves	286.8	287.2
Risk cover assets	351.3	369.8

At the end of the financial year, the utilisation of the risk cover assets amounted to 26.5% (2007: 14.3%).

The risk report on pages 60–62 contains further explanations on the overall risk position.

Equity resources in accordance with Section 10, German Banking Act (KWG)

comdirect bank AG is an institution registered in Germany and is a subordinate company within an institution group pursuant to Section 10a (1) of the German Banking Act (KWG). In this capacity, comdirect bank AG has exercised the waiver under Section 2a of the German Banking Act (KWG). comdirect bank AG is included in the regulatory report of the Commerzbank Group.

The regulatory capital of comdirect bank AG is determined on the basis of the regulations of the German Banking Act (KWG) and is used for internal management, without notification to the regulatory authorities.

The main factor is the liable equity in the company financial statements of comdirect bank AG in accordance with the provisions of the German Commercial Code. The liable equity comprises the core capital and supplementary capital.

Banking regulatory capital requirements were complied with at all times during the reporting year. At comdirect bank AG, the own funds ratio as of the end of the financial year stood at 49.1% (in accordance with Section 2 (6) of the Solvency Regulation (SolvV) and before application of the transition provisions of Section 339 SolvV; previous year pursuant to principle I: 20.8%).

€ thousand	31.12.2008	31.12.2007
Subscribed capital	141,221	141,221
General reserves	250,186	255,526
Deducted items	-1,752	-2,378
Core capital	389,655	394,369
Liable equity	389,655	394,369

(58) Maturities, by remaining lifetime

€ thousand	Remaining lifetimes as of 31 December 2008					
	Total	Due on demand and unlimited in time	Up to three months	Three months to one year	One to five years	More than five years
Claims on banks	6,598,372	390,855	5,447,517	271,750	488,250	0
Claims on customers	201,819	200,736	1,083	0	0	0
Bonds, notes and other fixed-income securities in the available-for-sale portfolio	3,977,676	0	148,837	397,261	3,343,530	88,048
Total	10,777,867	591,591	5,597,437	669,011	3,831,780	88,048
Liabilities to banks	50,781	50,781	0	0	0	0
Liabilities to customers	10,466,117	8,213,518	1,351,762	757,955	142,882	0
Total	10,516,898	8,264,299	1,351,762	757,955	142,882	0

€ thousand	Remaining lifetimes as of 31 December 2007					
	Total	Due on demand and unlimited in time	Up to three months	Three months to one year	One to five years	More than five years
Claims on banks	4,810,441	630,308	3,462,633	464,000	253,500	0
Claims on customers	216,492	215,441	1,051	0	0	0
Bonds, notes and other fixed-income securities in the available-for-sale portfolio	2,896,645	0	166,888	405,083	2,167,990	156,684
Total	7,923,578	845,749	3,630,572	869,083	2,421,490	156,684
Liabilities to banks	0	0	0	0	0	0
Liabilities to customers	7,693,922	5,861,371	1,455,651	242,318	134,582	0
Total	7,693,922	5,861,371	1,455,651	242,318	134,582	0

Time remaining to maturity is considered as the period between the balance sheet date and the contractual maturity of the claim or obligation.

(59) Claims on/liabilities to affiliated companies

€ thousand	31.12.2008	31.12.2007	Change in %
Assets			
Claims on banks	6,391,185	4,399,910	45.3
Positive fair values from derivative hedging instruments	0	1,847	-100.0
Trading assets	6,577	5,768	14.0
Financial investments	1,801,083	630,225	185.8
Other assets	34	149	-77.2
Total	8,198,879	5,037,899	62.7
Liabilities			
Liabilities to banks	41,321	0	-
Negative fair values from derivative hedging instruments	0	730	-100.0
Other liabilities	10,014	9,200	8.8
Total	51,335	9,930	417.0

(60) Risk reporting on financial instruments**Risk management**

The risk strategy is determined by the Board of Managing Directors of comdirect bank, which also bears the responsibility for group-wide risk management and risk controlling.

At comdirect bank, the CFO is responsible for monitoring and implementing the risk strategy.

The implementation and monitoring of the risk strategy is carried out through risk management on the one hand and risk controlling on the other. The task of risk management is to proactively and consciously manage all risks in the relevant divisions. For effective value-oriented overall bank management, risk management is carried out on a decentralised basis in the individual divisions. The task of risk controlling is to identify, evaluate, limit and continually monitor risks and to report to the Board of Managing Directors regularly on the respective risk situation.

Credit default risk

The credit default risk describes the risk of a financial loss as a result of a borrower being unable to pay or to pay on time the contractually agreed consideration.

One of the methods used to monitor credit default risk is the monthly calculation of the CVaR for lending to customers and companies as well as for trading transactions. Credit default risks are therefore part of overall bank management.

Maximum credit default risk

€ thousand	Max. default risk 31.12.2008	Max. default risk 31.12.2007
Assets		
Cash reserve	209,525	198,412
Claims on banks	6,598,372	4,810,441
Claims on customers	196,649	211,870
Positive fair values from derivative hedging instruments	0	1,847
Trading assets	8,723	13,036
Financial investments		
Bonds	3,977,676	2,896,645
Total	10,990,945	8,132,251

The maximum default risk for group companies amounts to €8,198m (2007: €5,038m).

The figures indicated are theoretical default risks in the unlikely event of a simultaneous default in full of all borrowers.

Credit quality of financial assets that are neither overdue nor impaired

€ thousand	31.12.2008	31.12.2007
Banks		
Cash reserve	209,525	198,412
Claims on banks	6,598,372	4,810,441
Positive fair values from derivative hedging instruments	0	1,847
Trading assets	8,723	13,036
Financial investments		
Bonds	3,956,597	2,733,124
Total	10,773,217	7,756,860
Retail customers		
Claims on customers	199,043	213,231
Public sector issuers		
Financial investments		
Bonds	21,079	163,521
Corporates		
Claims on customers	0	0
Total	10,993,339	8,133,612

Overdue, but as yet unimpaired financial assets

€ thousand	Claims on customers	
	31.12.2008	31.12.2007
Age structure		
30 to 90 days	1,424	1,426
91 to 179 days	559	420
180 days and over	272	469
Total	2,255	2,315

Individually impaired financial assets

€ thousand	Claims on customers	
	31.12.2008	31.12.2007
Volume of claims adjusted by individual valuation allowances	521	946
Individual valuation allowances	-451	-463
Book value	70	483

In its retail business (claims on customers), comdirect bank distinguishes between loans to purchase securities due on demand and overdraft facilities on current accounts. Loans to purchase securities are collateralised by pledged securities.

The risk report contains further details on the extent and causes of the credit default risk (page 60), on risk management, reporting and quantification (page 63) as well as information on the current risk situation (page 63).

Liquidity risk

Liquidity risk in the narrower sense is understood as the risk that the bank will be unable to meet or to meet on time its current and future payment obligations. The wider definition of liquidity risk also encompasses refinancing risk, that is the risk that the liquidity will not be sufficient if required or that it can only be acquired in the money and capital markets at terms that are significantly less favourable than expected – as well as market liquidity risk.

The latter describes the risk of being unable to close out positions to the desired extent or only at a loss as a result of inadequate market depth or market disturbances.

Payment obligations under financial liabilities in accordance with contractually agreed maturities

€ thousand	Remaining lifetimes as of 31 December 2008				
	Book value	Due on demand	Up to one year	One to five years	More than five years
Non-derivative financial liabilities					
Liabilities to customers	10,466,117	8,211,421	2,136,989	170,273	0
Liabilities to banks	50,781	50,781	0	0	0
Derivative financial liabilities					
Negative fair values from derivative hedging instruments	0	0	0	0	0
Credit obligations	0	2,970,163	0	0	0
Total	10,516,898	11,232,365	2,136,989	170,273	0

€ thousand	Remaining lifetimes as of 31 December 2007				
	Book value	Due on demand	Up to one year	One to five years	More than five years
Non-derivative financial liabilities					
Liabilities to customers	7,693,922	5,861,371	1,469,990	251,497	134,668
Derivative financial liabilities					
Negative fair values from derivative hedging instruments	730	0	745	0	0
Credit obligations	0	2,939,932	0	0	0
Total	7,694,652	8,801,303	1,470,735	251,497	134,668

The risk report contains further details on the extent and causes of the liquidity risk (page 60), on risk management, reporting and quantification (page 64) and information on the current risk situation (page 64).

Market risk

Market price risks encompass the risk of loss from changes in market parameters (interest rates, credit spreads, exchange rates and share prices).

The statistical/mathematical approach of historic simulation to calculate the value-at-risk values is used to quantify and monitor general market price risks (interest rate, currency and share price risks) on a daily basis. The value-at-risk describes the maximum loss under normal market conditions for a specific probability (confidence level) and specific holding period. The underlying statistical parameters are based on an historic monitoring period of the past 255 trading days, a holding period of one day and a confidence level of 97.5%.

The key feature of the historic simulation is that it does not use a parametric model for the risk factors. Historic market data and its empirical distribution function is used directly. A portfolio value is obtained for every day of the historic monitoring period. For a monitoring period of 255 days, a confidence level of 97.5% and a holding period of one day, the value-at-risk is the seventh highest daily loss in the historic monitoring period.

The variance/covariance approach, also with a confidence level of 97.5% and a holding period of one day, is used to quantify and monitor the specific market price risks (credit spreads). The model parameters are credit spread sensitivities, volatilities and correlations. These are determined by historic market data.

The two value-at-risk figures from the general and specific market price risk are combined to form an overall value-at-risk by assuming a correlation of zero between credit spreads and risk factors in the general market price risk.

Stress tests are carried out at comdirect bank AG to monitor extreme market movements. The stress figure shows the maximum portfolio loss under worst case conditions. The respective maximum losses in the scenarios for the share price, interest rate and foreign currency risk factors are added together. This aggregate figure is combined with the maximum loss in the credit spread scenarios on the assumption that these are uncorrelated to form the overall stress value.

€ thousand	As of 31.12.2007	As of 31.12.2008	Annual high	Annual low	Median 2008	Median 2007
Total VaR 97.5%, Holding period 1 day	888	5,910	5,910	848	1,402	805
Stress test – overall result	10,390	21,897	22,050	10,033	11,998	11,026

The risk report contains further details on the extent and causes of the market risk (page 60), on risk management, reporting and quantification (page 62) and information on the current risk situation (page 62).

(61) Fair Value of financial instruments

The table below shows the fair values of balance sheet items compared to their book values. The fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing partners 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.

€ thousand	Fair value		Book value	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Loans and receivables				
Cash reserve	209,525	198,412	209,525	198,412
Claims on banks	6,605,362	4,808,666	6,598,372	4,810,441
Claims on customers after provisions	196,649	211,870	196,649	211,870
Total	7,011,536	5,218,948	7,004,546	5,220,723
Available for sale financial assets				
Financial investments	4,008,375	2,945,567	4,008,375	2,945,567
Total	4,008,375	2,945,567	4,008,375	2,945,567
Liabilities measured at amortised cost				
Liabilities to customers	10,469,299	7,692,501	10,466,117	7,693,922
Liabilities to banks	50,791	0	50,791	0
Total	10,520,090	7,692,501	10,516,908	7,693,922
At fair value through profit or loss: held for trading				
Trading assets	8,723	13,036	8,723	13,036
Other				
Positive fair values from derivative hedging instruments	0	1,847	0	1,847
Negative fair values from derivative hedging instruments	0	730	0	730

For short-term claims on banks of €5,838,372 thousand (2007: €4,092,940 thousand), short-term claims on customers of €196,649 thousand (2007: €211,870 thousand), short-term liabilities to banks of €50,781 thousand (2007: €0) and short-term liabilities to customers of €9,565,280 thousand (2007: €7,317,022 thousand), the fair value was equated to the book value for simplification purposes.

(62) Net result from financial instruments

The following table shows the net result before income tax per financial instrument category within the meaning of IAS 39.

€ thousand	31.12.2008	31.12.2007
Loans and receivables		
Interest income	329,195	179,422
Provisions for possible loan losses	-1,172	-1,947
Net result	328,023	177,475
Available for sale financial assets		
Fair value changes (recognised in equity)	-19,815	-14,816
Valuation results reclassified from the revaluation reserve to the income statement	6,286	0
Results of sales reclassified from the revaluation reserve to the income statement	11,975	9,624
Sub-total: change in revaluation reserve before tax	-1,554	-5,192
Interest income	147,673	103,313
Dividends and similar income	2,785	1,783
Result from financial investments	-18,261	-9,624
Change in hedged fair value from hedging relationships	1,243	2,290
Net result	131,886	92,570
Liabilities measured at amortised cost		
Interest expenses	-318,898	-160,580
Net result	-318,898	-160,580
At fair value through profit or loss: held for trading		
Trading result	540	-519
Net result	540	-519
Other: derivative hedging instruments		
Balance of interest	1,617	3,226
Change in fair value from hedging instruments	-1,376	-2,234
Net result	241	992

(63) Average number of employees during the reporting period

	2008			2007			Change (Total) in %
	Total	Female	Male	Total	Female	Male	
At comdirect bank AG	811	426	385	765	405	360	6.0
in the call centre	356	194	162	309	174	135	15.2
in the back office	149	119	30	181	134	47	-17.7
in other areas	306	113	193	275	97	178	11.3
At comdirect private finance AG	61	24	37	34	15	19	79.4
Average number of employees during the reporting period	872	450	422	799	420	379	9.1

The employee details listed above include full-time and part-time staff. The number of employees does not include the average number of trainees in the group in financial year 2008.

	2008			2007			Change (Total) in %
	Total	Female	Male	Total	Female	Male	
Trainees	24	17	7	20	16	4	20.0

(64) Income statement of comdirect bank group according to IAS/IFRS – year-to-year comparison

€ thousand	1.1. to 31.12.2008	1.1. to 31.12.2007	1.1. to 31.12.2006	1.1. to 31.12.2005	1.1. to 31.12.2004
Interest income	481,270	287,744	143,057	88,603	86,117
Interest expenses	318,898	160,580	54,324	24,583	29,165
Net interest income before provisions	162,372	127,164	88,733	64,020	56,952
Provisions for possible loan losses	- 1,172	- 1,947	- 3,377	- 1,418	- 290
Net interest income after provisions	161,200	125,217	85,356	62,602	56,662
Commission income	169,120	185,595	164,291	116,311	101,657
Commission expenses	30,679	32,871	27,726	17,278	14,564
Net commission income	138,441	152,724	136,565	99,033	87,093
Result from hedge accounting	- 133	56	- 45	- 40	0
Trading result	540	- 519	- 317	0	0
Result from financial investments	- 18,261	- 9,624	- 6,327	6,751	3,858
Administrative expenses	208,748	187,437	135,626	119,330	103,559
Personnel expenses	43,598	39,677	33,069	29,612	28,801
Other administrative expenses	155,576	137,626	92,828	80,323	63,240
Marketing expenses	79,798	74,268	40,320	33,662	16,460
Communication expenses	5,897	5,277	2,104	1,909	2,045
Consulting expenses	13,831	12,754	10,357	8,507	9,550
Expenses for external services	29,048	22,629	21,323	19,827	18,804
Sundry administrative expenses	27,002	22,698	18,724	16,418	16,381
Depreciation of office furniture and equipment and intangible assets	9,574	10,134	9,729	9,395	11,518
Other operating result	4,721	10,063	5,994	3,764	7,036
Pre-tax profit	77,760	90,480	85,600	52,780	51,090
Taxes on income	20,068	32,783	28,598	18,593	17,121
Net profit	57,692	57,697	57,002	34,187	33,969

(65) Income statement of comdirect bank group according to IAS/IFRS – quarterly comparison

€ thousand	2008			
	Q1	Q2	Q3	Q4
Interest income	97,440	115,305	135,060	133,465
Interest expenses	55,910	74,842	92,881	95,265
Net interest income before provisions	41,530	40,463	42,179	38,200
Provisions for possible loan losses	- 116	- 279	- 961	184
Net interest income after provisions	41,414	40,184	41,218	38,384
Commission income	44,155	35,136	37,876	51,953
Commission expenses	7,831	5,812	6,538	10,498
Net commission income	36,324	29,324	31,338	41,455
Result from hedge accounting	- 109	77	- 101	0
Trading result	1,003	- 4,049	1,313	2,273
Result from financial investments	- 3,134	- 3,349	- 3,751	- 8,027
Administrative expenses	50,040	53,520	50,955	54,233
Personnel expenses	10,100	10,631	11,367	11,500
Other administrative expenses	37,524	39,855	37,775	40,422
Marketing expenses	19,638	22,493	18,778	18,889
Communication expenses	1,423	1,278	1,249	1,947
Consulting expenses	2,870	3,413	4,202	3,346
Expenses for external services	6,595	6,666	7,264	8,523
Sundry administrative expenses	6,998	6,005	6,282	7,717
Depreciation of office furniture and equipment and intangible assets	2,416	3,034	1,813	2,311
Other operating result	2,033	4,090	1,533	- 2,935
Pre-tax profit	27,491	12,757	20,595	16,917
Taxes on income	7,084	3,132	5,717	4,135
Net profit	20,407	9,625	14,878	12,782

€ thousand	2007			
	Q1	Q2	Q3	Q4
Interest income	54,600	64,919	80,010	88,215
Interest expenses	26,033	35,506	47,322	51,719
Net interest income before provisions	28,567	29,413	32,688	36,496
Provisions for possible loan losses	-495	-231	-149	-1,072
Net interest income after provisions	28,072	29,182	32,539	35,424
Commission income	48,160	45,276	45,727	46,432
Commission expenses	9,087	7,278	7,297	9,209
Net commission income	39,073	37,998	38,430	37,223
Result from hedge accounting	63	24	-126	95
Trading result	-235	-400	693	-577
Result from financial investments	-297	-1,820	-1,853	-5,654
Administrative expenses	42,382	44,884	47,827	52,344
Personnel expenses	8,971	10,163	10,561	9,982
Other administrative expenses	31,206	32,337	34,730	39,353
Marketing expenses	14,768	17,655	17,543	24,302
Communication expenses	1,174	1,309	1,096	1,698
Consulting expenses	3,675	2,151	3,839	3,089
Expenses for external services	4,952	6,153	7,165	4,359
Sundry administrative expenses	6,637	5,069	5,087	5,905
Depreciation of office furniture and equipment and intangible assets	2,205	2,384	2,536	3,009
Other operating result	1,569	1,435	1,513	5,546
Pre-tax profit	25,863	21,535	23,369	19,713
Taxes on income	9,026	7,374	9,340	7,043
Net profit	16,837	14,161	14,029	12,670

(66) Segment reporting by business line

€ thousand	1.1. to 31.12.2008			
	comdirect online	comdirect offline	Group management/ consolidation/ others	comdirect bank group total
Net interest income before provisions	162,308	64	0	162,372
Provisions for possible loan losses	-1,172	0	0	-1,172
Net interest income after provisions	161,136	64	0	161,200
Net commission income	129,426	10,298	-1,283	138,441
Result from hedge accounting	-133	0	0	-133
Trading result	540	0	0	540
Result from financial investments	-18,261	0	0	-18,261
Administrative expenses	200,073	12,607	-3,932	208,748
Other operating result	7,667	-297	-2,649	4,721
Pre-tax profit	80,302	-2,542	0	77,760
Segment investments	14,550	505	-	15,055
Segment depreciation	9,166	408	-	9,574
Other non-cash expenses	35,467	6,039	-	41,506
Cost/income ratio	71.1%	125.3%	-	72.6%
Segment income	639,147	31,160	-4,010	666,297
of which external income	637,588	28,709	-	666,297
of which inter-segmental income	1,559	2,451	-4,010	0
Segment expenses	558,845	33,702	-4,010	588,537
Segment assets	11,021,212	4,569	43,739	11,069,520
Segment debt	10,521,035	770	71,601	10,593,406

Allocation to the segments is based on the business lines of the comdirect bank group. Determination of the business lines was carried out in compliance with IAS 14 and its principle of materiality.

The comdirect online segment comprises the brokerage and banking fields of competence. The comdirect offline segment comprises the advice field of competence.

The transfer prices between the segments are measured on a cost basis.

€ thousand	1.1. to 31.12.2007			
	comdirect online	comdirect offline	Group management/ consolidation/ others	comdirect bank group total
Net interest income before provisions	127,122	42	0	127,164
Provisions for possible loan losses	- 1,947	0	0	- 1,947
Net interest income after provisions	125,175	42	0	125,217
Net commission income	145,021	9,157	- 1,454	152,724
Result from hedge accounting	56	0	0	56
Trading result	- 519	0	0	- 519
Result from financial investments	- 9,624	0	0	- 9,624
Administrative expenses	179,680	10,493	- 2,736	187,437
Other operating result	8,860	2,485	- 1,282	10,063
Pre-tax profit	89,289	1,191	0	90,480
Segment investments	11,471	259	-	11,730
Segment depreciation	9,760	374	-	10,134
Other non-cash expenses	29,632	1,558	-	31,190
Cost/income ratio	66.3%	89.8%	-	67.0%
Segment income	464,623	26,163	- 2,782	488,004
of which external income	463,339	24,665	-	488,004
of which inter-segmental income	1,284	1,498	- 2,782	0
Segment expenses	375,334	24,972	- 2,782	397,524
Segment assets	8,180,822	3,556	48,433	8,232,811
Segment debt	7,697,857	0	56,765	7,754,622

Allocation to the segments is based on the business lines of the comdirect bank group. Determination of the business lines was carried out in compliance with IAS 14 and its principle of materiality.

The comdirect online segment comprises the brokerage and banking fields of competence. The comdirect offline segment comprises the advice field of competence.

The transfer prices between the segments are measured on a cost basis.

(67) Other liabilities

€ thousand	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	Up to one year	Up to one year	More than one year up to five years	More than one year up to five years	More than five years	More than five years
Rental payments	5,237	4,811	14,817	16,061	467	1,703
Lease payments	528	349	534	408	0	0
Total	5,765	5,160	15,351	16,469	467	1,703

The above table contains minimum lease payments under non-cancellable operating leases.

The previous year's results were adjusted due to the change in how future payments are calculated.

(68) Fees for auditors

The financial year saw overall expenses of €590 thousand (2007: €839 thousand) for the services rendered by auditors PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft.

€ thousand	31.12.2008	31.12.2007	Change in %
Annual audits	334	357	-6.4
Other certification and valuation services	87	47	85.1
Tax advisory services	142	238	-40.3
Other services	27	197	-86.3
Total	590	839	-29.7

(69) Corporate Governance Code

comdirect bank AG has submitted the Declaration of Compliance with the Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG) and has made it permanently available to shareholders on its website www.comdirect.de.

(70) The company's Boards**Supervisory Board****Dr Achim Kassow**

Chairman
Member of the Board of Managing Directors of
Commerzbank AG,
Frankfurt/Main

Klaus Müller-Gebel

Deputy Chairman
Lawyer,
Frankfurt/Main

Frank Annuscheit

Member of the Board of Managing Directors of
Commerzbank AG,
Frankfurt/Main

Angelika Kierstein

Department Support Finance,
Controlling & Risk Management at comdirect bank AG,
Quickborn

Mitja Sack

Employee in Process Management at comdirect bank AG,
Quickborn

Dr Eric Strutz

Member of the Board of Managing Directors of
Commerzbank AG,
Frankfurt/Main
(until 9 May 2008)

Martin Zielke

Head of Group Finance of Commerzbank AG,
Frankfurt/Main
(from 9 May 2008)

Board of Managing Directors**Michael Mandel**

CEO
(from 4 March 2008)

Dr Andre Carls

CEO
(until 3 March 2008)

Torsten Daenert

Member of the Board of Managing Directors

Karin Katerbau

Member of the Board of Managing Directors
(until 3 March 2008)

Carsten Strauß

Member of the Board of Managing Directors
(from 4 March 2008)

(71) Seats on Supervisory Boards and other executive bodies**Members of the Supervisory Board of comdirect bank AG****Dr Achim Kassow****Seats on statutory Supervisory Boards**

- AMB Generali Holding AG, Aachen
(from 6 May 2008)
- cominvest Asset Management GmbH, Frankfurt/Main
Chairman
- Commerzbank Auslandsbanken Holding AG, Frankfurt/
Main (from 18 March 2008)
- ThyssenKrupp Steel AG, Duisburg
- Volksfürsorge Deutsche Sachversicherung AG, Hamburg
(until 31 December 2008)

Seats on comparable supervisory bodies

- BRE Bank SA, Warsaw
- COMMERZ PARTNER Beratungsgesellschaft für
Vorsorge- und Finanzprodukte mbH, Frankfurt/Main
Chairman
- Commerzbank International S.A., Luxemburg
Chairman
(from 9 April 2008)
- Commerzbank (Schweiz) AG, Zurich
President

Klaus Müller-Gebel

Seats on statutory Supervisory Boards

- Commerzbank AG, Frankfurt/Main
- Deutsche Schiffsbank AG, Bremen/Hamburg
Deputy Chairman
- Eurohypo AG, Eschborn
Deputy Chairman

Frank Annuscheit

Seats on comparable supervisory bodies

- Eurohypo Systems GmbH, Eschborn
Chairman
(until 19 September 2008)

Dr Eric Strutz

Seats on statutory Supervisory Boards

- ABB AG, Mannheim
- BVV Versicherungsverein des Bankgewerbes a.G.,
Berlin
(from 20 June 2008)
- cominvest Asset Management GmbH, Frankfurt/Main
- Commerzbank Auslandsbanken Holding AG,
Frankfurt/Main
Deputy Chairman
- RWE Power AG, Cologne/Essen

Seats on comparable supervisory bodies

- Commerzbank Auslandsbanken Holding Nova GmbH,
Frankfurt/Main
Chairman
(from 18 March 2008)
- Commerzbank Inlandsbanken Holding GmbH,
Frankfurt/Main
Chairman
- Commerzbank International S.A., Luxembourg
- Erste Europäische Pfandbrief- und Kommunalkreditbank
AG, Luxembourg
- Mediobanca – Banca di Credito Finanziario S.p.A.,
Milan

Martin Zielke

Seats on comparable supervisory bodies

- BRE Bank SA, Warsaw
(from 14 March 2008)
- Commerzbank Auslandsbanken Holding Nova GmbH,
Frankfurt/Main
Deputy Chairman
(from 18 March 2008)
- Eurohypo Systems GmbH, Eschborn
Deputy Chairman
(until 19 September 2008)

Members of the Board of Managing Directors of comdirect bank AG

Michael Mandel

Seats on statutory Supervisory Boards

- comdirect private finance AG, Quickborn
Chairman
- cominvest Asset Management GmbH, Frankfurt/Main
(until 23 April 2008)
- Commerz Business Consulting GmbH, Frankfurt/Main
(until 16 April 2008)
- Commerz Real AG, Eschborn
(until 26 May 2008)
- Commerz Real Investmentgesellschaft mbH,
Wiesbaden
(until 26 May 2008)

Seats on comparable supervisory bodies

- COMMERZ PARTNER Beratungsgesellschaft für Vorsorge-
und Finanzprodukte mbH, Frankfurt/Main
(until 10 April 2008)
- Commerz Service Gesellschaft für Kundenbetreuung mbH,
Quickborn
(until 28 April 2008)
(from 16 December 2008)
- European Bank for Fund Services GmbH (ebase), Haar
Chairman
(from 19 November 2008)
- VISA Deutschland e.V./VISA Europe Services Inc., London
(until 8 April 2008)

Dr Andre Carls

Seats on statutory Supervisory Boards

- comdirect private finance AG, Quickborn

Torsten Daenert

Seats on statutory Supervisory Boards

- comdirect private finance AG, Quickborn
Deputy Chairman
(from 24 April 2008)

Seats on comparable supervisory bodies

- Commerz Service Gesellschaft für Kundenbetreuung mbH,
Quickborn
(from 28 April 2008)

Karin Katerbau

Seats on statutory Supervisory Boards

- comdirect private finance AG, Quickborn
Chairman
(until 24 April 2008)

Seats on comparable supervisory bodies

- Commerz Service Gesellschaft für Kundenbetreuung mbH,
Quickborn
Chairman
(until 17 March 2008)
- European Bank for Fund Services GmbH (ebase), Haar

Carsten Strauß

Seats on comparable supervisory bodies

- Commerz Service Gesellschaft für Kundenbetreuung mbH,
Quickborn
Chairman
- European Bank for Fund Services GmbH (ebase), Haar
(from 19 November 2008)

(72) Remuneration and loans to Board members

Remuneration for the Board of Managing Directors

The remuneration for the Board of Managing Directors of comdirect bank AG is set by the Supervisory Board. In addition to the non-performance-related fixed compensation comprising the annual fixed salary and fringe benefits, the compensation comprises a variable compensation component linked to the performance of the company and personal performance as well as a component with long-term incentive effect and risk elements. In addition, the members of the Board of Managing Directors also receive a company pension for their activities at comdirect bank AG.

Taking into account commercial law regulations, compensation for the members of the Board of Managing Directors of €1,604 thousand (2007: €1,886 thousand) was reported in financial year 2008. This includes payments due in the short term and the values for the performance shares granted in the financial year.

Short-term benefits

The members of the Board of Managing Directors of comdirect bank AG received the following remuneration for financial year 2008:

€ thousand	Non-variable components	Value of fringe benefits	Variable components ¹⁾	Total expenses
Michael Mandel (from 4 March 2008)				
2008	182	86	340	608
2007	0	0	0	0
Torsten Daenert				
2008	171	10	282	463
2007	145	11	240	396
Carsten Strauß (from 4 March 2008)				
2008	120	10	210	340
2007	0	0	0	0
Dr Andre Carls (until 3 March 2008)				
2008	46	8	8	62
2007	263	22	550	835
Karin Katerbau (until 3 March 2008)				
2008	34	3	6	43
2007	193	15	300	508
Full Board of Managing Directors				
2008	553	117	846	1,516
2007	601	48	1,090	1,739

1) Payable in the following year subject to adoption of the annual financial statements.

In financial year 2008, expenses were recorded in the income statement for the variable components as follows: Michael Mandel €463 thousand, Torsten Daenert €340 thousand, Carsten Strauß €240 thousand, Dr Andre Carls €8 thousand and Karin Katerbau €6 thousand.

Share-based payment

Long Term Incentive Programme

The components with long-term incentive effect and risk elements in financial year 2008 are based on the Long Term Incentive Programme (LTIP), the model replacing the stock option programme (see note (27)). As beneficiaries under the LTIP, members of the Board of Managing Directors began receiving a conditional allocation of virtual, non-tradeable shares (performance shares) in yearly tranches in 2005. These comprise the conditional right to a cash payment after a three year waiting period.

In light of the plans in place since December 2008 for Torsten Daenert's switch to Commerzbank AG and the associated uncertain effectiveness of a participation in the future success of comdirect bank AG, the Presiding Committee of the Supervisory Board decided not to take Torsten Daenert into account when granting the 2008 tranche of the LTIP. As compensation for the lost allocation of the 2008 tranche of the LTIP, the Presiding Committee of the Supervisory Board decided to grant Torsten Daenert a one-off extraordinary payment amounting to his LTIP target value of €42 thousand. This extraordinary payment is shown within short-term benefits under variable components.

As of the reporting date, the members of the Board of Managing Directors held the following number of performance shares:

	Value per share			Michael Mandel	Torsten Daenert	Carsten Strauß	Dr Andre Carls	Karin Katerbau	Total
Allocated performance shares									
Tranche 2006 in units				0	0	0	7,048	4,992	12,040
Tranche 2007 in units				0	4,983	0	9,129	6,676	20,788
Tranche 2008 in units				13,751	0	8,352	0	0	22,103
Total				13,751	4,983	8,352	16,177	11,668	54,931
Value when granted									
Tranche 2006	in €	7.84	in € thousand	0	0	0	55	39	94
Tranche 2007	in €	7.10	in € thousand	0	35	0	65	47	147
Tranche 2008	in €	4.00	in € thousand	55	0	33	0	0	88
Total				55	35	33	120	86	329
Value as of the reporting date									
Tranche 2006	in €	4.88	in € thousand	0	0	0	34	24	59
Tranche 2007	in €	4.78	in € thousand	0	24	0	44	32	100
Tranche 2008	in €	5.19	in € thousand	71	0	43	0	0	114
Total				71	24	43	78	56	273
Recorded as expense in the financial year 2007									
Tranche 2006			in € thousand	0	0	0	12	9	21
Tranche 2007			in € thousand	0	1	0	2	1	4
Tranche 2008			in € thousand	0	0	0	0	0	0
Total 2007				0	1	0	14	10	25
Recorded as expense in the financial year 2008									
Tranche 2006			in € thousand	0	0	0	10	7	17
Tranche 2007			in € thousand	0	8	0	14	10	32
Tranche 2008			in € thousand	2	0	1	0	0	3
Total 2008				2	8	1	24	17	52

The realisable compensation from participation in the LTIP may vary considerably from the figures in the table above and in particular may not apply at all as the final amounts for disbursement are not determined until the end of the term (blocking period) of the respective tranches.

The first tranche under the LTIP became due in 2008. The following amounts were paid out:

	Number Shares	Payment for LTIP in € thousand
Michael Mandel	-	-
Torsten Daenert	2,749	6
Carsten Strauß	2,204	5
Dr Andre Carls	7,428	17
Karin Katerbau	5,061	11
Total	17,442	39

The payments to Torsten Daenert and Carsten Strauß relate to payouts of performance shares they received in financial year 2005 in their capacity as divisional managers.

With regard to the switch to other positions within the group by Dr Carls and Karin Katerbau, claims under the LTIP remain in place. The performance shares granted do not lapse.

Further payments under the Long Term Incentive Plan could become due from the remaining tranches in 2009 and 2010.

Stock option programme

The members of the Board of Managing Directors of comdirect bank AG were eligible under the stock option programme described in note (26). As of the reporting date, Carsten Strauß still held 6,500 stock options allocated to him in his capacity as divisional manager in 2004. In addition, Dr Andre Carls and Karin Katerbau continue to hold 45,000 stock options. The stock options still held may still be exercised in 2009 subject to certain conditions.

No stock options were exercised in the financial year.

As of 31 December 2008, no exercise window existed for any tranches of the stock option programme in accordance with the option terms.

Post-employment benefits

The members of the Board of Managing Directors receive a pension obligations for their activities at comdirect bank AG. Michael Mandel will receive regular pension payments when he retires and Torsten Daenert and Carsten Strauß will be eligible for a claim to a capital payment. The company has formed pension provisions under IFRS for these future claims, the amount of which depends on the length of service, pensionable salary and current calculatory interest rate. The valuation is based on actuarial assessments using the projected unit-credit method, which are carried out by an independent actuary.

As of the reporting date, the breakdown in pension obligations towards active members of the Board of Managing Directors under IFRS is as follows:

€ thousand	Michael Mandel		Torsten Daenert		Carsten Strauß		Dr Andre Carls		Karin Katerbau	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Pension obligation under IFRS (DBO) as of 1 January	0	0	24	0	0	0	962	1,029	307	286
Change in financial year	132	0	11	0	7	0	-962	-67	-307	21
of which transfer due to intra-group change	119	0	0	0	0	0	-980	0	-317	0
of which service cost recognised in income statement	0	0	9	0	0	0	60	67	46	50
Pension obligation under IFRS (DBO) as of 31 December	132	0	35	24	7	0	0	962	0	307

Regulations governing termination of employment relationship

If comdirect bank prematurely terminates the appointment to the Board of a member of the Board of Managing Directors, the respective contract of employment is continued in principle until the end of the original period of appointment. The fixed remuneration of the member of the Board of Managing Directors released from his duties will continue to be paid for the remainder of the contract of employment. There is no entitlement to further remuneration where the termination takes place for good cause. There may be a settlement in the event of premature termination of employment resulting from an individually agreed rescission agreement. In the past financial year, no member of the Board of Managing Directors has received payments or corresponding commitments from a third party in relation to their activities as a member of the Board of Managing Directors.

Information relating to former members of the Board of Managing Directors

In financial year 2008, €193 thousand (2007: €159 thousand) was paid to former members of the Board of Managing Directors of comdirect bank AG.

No stock options were exercised by former members of the Board of Managing Directors in the financial year.

The bank provides old-age provision for former members of the Board of Managing Directors or their surviving dependents. As of the balance sheet date, pension obligations under IFRS (defined benefit obligations) for former members of the Board of Managing Directors amounted to €2,987 thousand (2007: €3,134 thousand).

Remuneration for the Supervisory Board

The remuneration of Supervisory Board members is regulated in Article 16 of our Articles of Association. In addition to the non-variable components, the remuneration comprises a separate component for committee activities and a variable component, which depends on the amount of the dividend to be distributed.

Provided that the financial statements of comdirect bank AG are adopted in their present form and that the annual general meeting approves the proposed appropriation of profit, the remuneration of members of the Supervisory Board will total €276 thousand (2007: €281 thousand). The remuneration breakdown by the Supervisory Board members is as follows:

€ thousand	Non-variable components		Variable components		Remuneration for committee activities		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Dr Achim Kassow	36	36	47	47	27	27	110	110
Klaus Müller-Gebel	18	18	23	23	9	9	50	50
Frank Annuscheit	10	12	13	16	0	0	23	28
Angelika Kierstein	12	12	16	16	3	3	31	31
Mitja Sack	12	12	16	16	0	0	28	28
Dr Eric Strutz (until 9 May 2008)	4	12	6	16	2	6	12	34
Martin Zielke (from 9 May 2008)	8	0	10	0	4	0	22	0

Neither advance payments nor loans were extended. comdirect bank AG did not take on any contingent liabilities.

(73) Holdings

Affiliated companies included in the consolidated financial statements:

Name	Domicile	Share of capital held in %	Equity in € thousand
comdirect private finance AG	Quickborn/Germany	100.0	5,041

SPEs (special funds) included in the consolidated financial statements as per IAS 27/SIC 12:

Name	Domicile/Registered office of the management company	Share of capital held in %	Funds volume in € thousand
CDBS-Cofonds	Frankfurt am Main/Germany	100.0	91,911
CDBS-Cofonds II	Frankfurt am Main/Germany	100.0	91,704
CDBS-Cofonds III	Frankfurt am Main/Germany	100.0	92,674
CDBS-Cofonds IV	Frankfurt am Main/Germany	100.0	90,844
OP-Fonds CDBS V	Cologne/Germany	100.0	81,756

Other affiliated companies not included in the consolidated financial statements:

Name	Domicile	Share of capital held in %	Equity in € thousand
WST-Broker GmbH	Frankfurt am Main/Germany	54.0	175

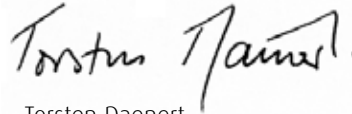
> Declaration of the Board of Managing Directors

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

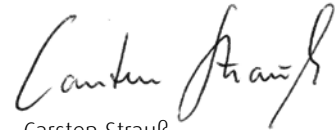
Quickborn, 20 February 2009
The Board of Managing Directors



Michael Mandel



Torsten Daenert



Carsten Strauß

> Auditor's report

We have audited the consolidated financial statements prepared by the comdirect bank Aktiengesellschaft, Quickborn, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 December 31, 2008. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a paragraph 1 German Commercial Code (HGB) is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW; Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities

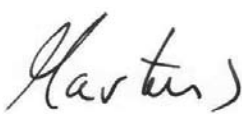
to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a paragraph 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hamburg, 20 February 2009

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft



Gero Martens
Wirtschaftsprüfer
(German Public Auditor)



ppa. Uwe Gollum
Wirtschaftsprüfer
(German Public Auditor)

Voluntary translation. It should be noted that only the German Auditor's report which is based on the audit of the German version of the company's annual financial statements, is authoritative.

> Glossary

Accruals

Sub-category of financial liabilities according to IFRS. They are distinguishable from provisions by a significantly higher degree of certainty in terms of amount or time of settlement obligation.

Advanced Internal Ratings Based Approach (AIRB)

Advanced approach to calculating the minimum capital requirement for credit risk.

Advanced Measurement Approach (AMA)

Advanced measurement approach for operational risk according to the equity regulations under Basel II.

Affluent segment

Comprises customers of above-average income or net worth but below the target group of private banks.

Available-for-sale

IAS 39 classification which describes financial instruments available to sell immediately.

Banking book

All balance sheet and off-balance sheet items of a bank that cannot be allocated to the trading book.

Basel II

Equity guidelines for financial institutions which stipulate how much equity banks require to cover risks, which methods should be used to assess risks and how risks are to be published. The guidelines also define standards to monitor risk management applied by the banking supervisory authority.

Bearer shares

No-par-value shares which are not registered to a particular owner (as opposed to registered shares). Easy transfer of ownership is possible.

BIS

Bank for International Settlements. The BIS is an international organisation which promotes cooperation in the monetary and financial sectors and acts as a bank for central banks.

Bond with warrant

Bond issued by a corporation, which contains warrants. These give the holder of the option the right to purchase shares in the company during a certain period at a predetermined price.

Brand awareness

Brand awareness corresponds to the proportion of people who know a certain brand. A distinction is made between aided brand awareness (respondents shown a prompt) and unaided awareness (no prompt).

Capital-protected funds

Also known as guarantee funds. Guarantees the investor the payout of a specific amount of capital at a predetermined date.

Certificate

Derivative whose performance depends on the price development of the underlying securities and financial products, in particular indices (index certificates) and specially structured stock baskets (basket certificates).

Closed-end investment model

Fund where the capital is raised through the sale of a limited number of units stipulated at the outset. When the planned volume is achieved, the fund is closed and no more units are issued.

Confidence level

The probability that a possible loss will not exceed the maximum level defined by the Value-at-risk (VaR).

Core capital

Sum of subscribed capital and general reserves, less intangible assets of comdirect bank AG in accordance with the German Commercial Code (HGB). At comdirect bank, own funds correspond to the core capital.

Cost/income ratio

Used to measure cost efficiency, i.e. the relationship between administrative expenses and earnings recorded in a financial year.

Counterparty risk

Risk that a counterparty, e.g. in securities trading, is unable to fulfill its contractual obligations.

Credit spread

Measure of the premium or discount on a reference interest rate whose level depends on the credit rating and market positioning of the respective debtor.

Credit value-at-risk (CVaR)

Risk indicator. Unexpected, maximum, anticipated loss from credit default risks, which is determined using the VaR concept (see Value-at-risk).

DAXSector Financial Services Price Index

One of 18 sector indices which make up Deutsche Börse's Prime Standard. Various financial service providers are listed in the index, including comdirect bank AG.

Deferred compensation

Deferred remuneration. Under an occupational old age pension, part of an employee's salary is invested to later be converted into pension payments.

Deferred taxes

Income taxes to be paid or received in the future, which mainly result from the different valuation bases used for the tax balance sheet and the commercial balance sheet. They do not constitute actual tax office claims or liabilities at the time the balance sheet is prepared.

Deposit business

Management of customer deposits, including in current and time deposit accounts. Earnings are generated by fees as well as, in particular, by the positive interest margin.

Deposit protection fund

The deposit protection fund of the Association of German Banks fully covers the deposits of every retail bank customer for up to 30% of the definitive liable equity of the respective bank as of the publication date of the last set of financial statements.

Deposit volume

Total volume of customer credit balances.

Dividend yield

Ratio of dividend paid per share to share price.

Economic capital (economic risk capital)

The amount that with a high level of certainty covers unexpected losses from risk-carrying positions. Not identical to balance sheet or regulatory capital.

ETF index funds

Exchange Traded Funds (ETF) are traded on the stock exchange and track an index (e.g. share, bond or commodities index).

Eurex

Eurex is one of the world's largest futures and options exchanges and at the same time the leading clearing house in Europe. It offers access to the European derivatives market for futures and options.

European Interbank Offered Rate (EURIBOR)

The interest rate that European banks demand from each other when trading deposits with a fixed term of one week or between one and 12 months. It is the most important reference interest rate for variable rate euro bonds.

Fair Value

Price at which assets and liabilities would normally be traded between business partners. The fair value is used in the event that market prices are not used for the assets.

Final withholding tax

Flat rate 25% tax levied on income from capital investments and private capital gains as of 1 January 2009. The final withholding tax applies to interest, dividends, capital gains, income from investment funds and certificates.

Forward Rate Agreement (FRA)

Contractual agreement between two business partners to hedge interest rate risks, whereby the buyer of the FRA invests a notional sum with the seller at a pre-agreed interest rate at the end of the term.

Free float

The freely tradable shares of a company. The free float includes all shares which are acquired and held by the investing public as opposed to major shareholders.

Front-end load

Premium on the nominal value, calculated, for example, when fund units are acquired.

Funds volume

Current price of units in investment funds held by customers.

Futures contract

Contractual agreement to buy or sell a set amount of a particular commodity at a specific price on a specific future date.

German Accounting Standards (GAS) – Deutscher Rechnungslegungs Standard (DRS) –

Recommendations (standards) on the application of accounting principles.

German Banking Act (KWG)

Act introduced to ensure the protection of creditors and the functioning of the banking industry, which contains regulations on banking practices and banking supervision.

Gross domestic product

Figure expressing the total goods and services produced within a certain period of time by a national economy in exchange for payment.

Hedge accounting

Creation of hedging relationships between underlying transactions (e.g. retail lending) and derivative financial instruments used for hedging purposes (e.g. interest rate swaps), in order to minimise the effects of changes in value in the income statement.

Home Banking Computer Interface (HBCI)

Online banking standard to standardise the interfaces between bank customers and one or more banks.

Interest rate swap

Contractual agreement between two parties relating to the exchange of differently-structured payment flows for a specific period of time. Interest rate swaps can be used to hedge against an increase or decrease in interest rates. This offsets fixed and variable payment flows.

International Accounting Standards (IAS)/ International Financial Reporting Standards (IFRS)

International accounting principles which facilitate international comparison of consolidated financial statements.

International Accounting Standards Board (IASB)/International Financial Reporting Interpretations Committee (IFRIC)

The IASB is responsible for approving accounting standards. It is supported by the IFRIC, formerly the Standard Interpretations Committee (SIC).

Investment grade

Upper ratings category, e.g. at Moody's ratings Aaa to Baa.

Minimum Requirements for Risk Management (MaRisk)

These include, in particular, setting up a proper business organisation (e.g. function separation of sales and back office) and implementing a system of appropriate internal controls for the trading and lending divisions.

Minimum reserve requirement

Obligation of an individual financial institution not to use a specific proportion of its short and medium-term deposits (current, fixed-term and savings account deposits) for lending, but to maintain them as non-interest bearing credit balances held at Deutsche Bundesbank.

Multi-tier server structure

Multi-layered software infrastructure in which the software components are shared between several systems.

No-fee campaign

Limited-period campaigns during which securities may be bought without paying a fee.

P/E ratio

Price to earnings ratio of a share.

Portfolio volume

Total number of securities held by customers multiplied by their respective stock exchange price on a reporting date.

Prime Standard

Sub-segment of the Regulated Market with additional admission requirements compared to the General Standard. Prime Standard companies must comply with high international transparency standards.

Principles of materiality

Basis for obligatory accounting principles: according to the IASB, an item of information is considered material if its non-representation or misrepresentation would impact on the recipient's financial decision.

Profit and loss transfer agreement

Often concluded between a group parent company and its subsidiaries. It obliges the subsidiary to transfer its profit to the parent company and conversely obliges the parent to balance out any losses of the subsidiary.

Projected unit credit method

Method used to determine pension obligation, which takes account of future rates of increase in salaries and pensions among other factors.

Rating

Assessment of the personal and material creditworthiness of a company or private customer.

Return on Equity (RoE)

Ratio of profit from ordinary activities to equity.

Revaluation reserve

The market value changes in securities and participations are shown in the revaluation reserve with an income-neutral effect.

Risk assets

Risk-weighted positions, which have to be backed by equity. At comdirect bank, risk assets are calculated taking account of Section 10c German Banking Act (KWG) (zero weighting of intragroup receivables).

Risk cover assets

These comprise the maximum available equity which can be used to hedge against unexpected losses.

Risk-taking capability

Corresponds to the risk cover assets.

Sales follow-up commission

Annual fee paid by an investment company to the brokers of its funds.

Scoring

See Rating.

Special funds

Investment funds which are only available to a limited number of institutional investors (in extreme cases one investor).

Special purpose entity (SPE)

Company established for a particular purpose.

Standard Interpretations Committee (SIC)

See International Accounting Standards Board (IASB)/International Financial Reporting Interpretations Committee (IFRIC).

Stock option programme

Issue of non-transferable subscription rights to selected employees, in particular management and executives, which entitle them to purchase the equivalent number of shares in the company within a specified exercise period once specific performance targets (exercise hurdles) have been achieved.

Stress test

Simulation of impact of crisis situations in the capital market on the risk and earnings position.

Total shareholder return (TSR)

Sum of share price increases and dividend payments of a company over a given period of time compared with the share price at the end of the period in the previous year.

Treasury

Head office division that manages liquidity and market price risks. Traditionally responsible for liquidity management, refinancing and carrying out transactions in foreign exchange, money market, precious metals as well as issuing notes.

Value-at-risk (VaR)

The maximum loss of value of a portfolio in line with a specific probability and within a specific holding period.

Warrant

The owner of a warrant is entitled (but not obliged) to buy (call option) or sell (put option) a certain number of shares or other securities at a stipulated price within a certain period of time.

Yield curve

Graphical representation of interest rates and yields which are applicable to the market at a given point in time for different maturities. The flatter the curve, the smaller the difference between long and short term maturities.

> Six-year overview of comdirect bank group

	2008	Change in %	2007	Change in %
Customer figures as of 31.12.				
Total customers	1,349,297	34.8	1,000,722	24.4
Customers in the comdirect online business line	1,342,690	34.7	996,599	24.2
Customers in the comdirect offline business line	46,585	43.5	32,469	62.2
comdirect online business line				
Placed orders	11,543,089	-8.3	12,581,115	14.2
Executed orders	9,231,378	-7.2	9,950,097	16.1
Average order activity per custody account	13.7	-13.8	15.9	8.2
Share of fund transactions in executed orders	in % 33.2	-	30.6	-
Order volume per executed order	in € 4,304	-18.4	5,273	-3.5
Total assets under custody as of 31.12.	in € million 20,342	-0.2	20,373	24.3
of which: portfolio volume (excluding funds)	in € million 6,756	-22.0	8,666	7.6
of which: funds volume	in € million 3,120	-22.4	4,022	8.6
of which: deposit volume	in € million 10,466	36.2	7,686	66.1
Credit volume as of 31.12.	in € million 202	-6.8	216	4.1
Number of custody accounts as of 31.12.	697,806	8.0	645,893	6.6
Number of securities savings plans as of 31.12.	118,128	-21.4	150,196	24.4
Number of current accounts as of 31.12.	425,149	25.9	337,578	29.7
Number of Tagesgeld PLUS ("call money plus") accounts as of 31.12.	814,516	103.4	400,414	499.1
comdirect offline business line				
Advisers as of 31.12.	199	-1.5	202	27.8
Offices as of 31.12.	32	18.5	27	42.1
Commission income	in € thousand 25,964	12.9	22,997	39.1
Earnings ratios				
Net commission income	in € thousand 138,441	-9.4	152,724	11.8
Net interest income before provisions	in € thousand 162,372	27.7	127,164	43.3
Administrative expenses	in € thousand 208,748	11.4	187,437	38.2
Pre-tax profit	in € thousand 77,760	-14.1	90,480	5.7
Net profit	in € thousand 57,692	0.0	57,697	1.2
Earnings per share	in € 0.41	0.0	0.41	2.5
Dividend per share	in € 0.41 ¹⁾	0.0	0.41	-70.7
Balance sheet key figures as of 31.12.				
Balance sheet total	in € million 11,070	34.5	8,233	55.3
Equity	in € million 476	-0.5	478	-22.9
Equity ratio ³⁾	in % 4.4	-	5.9	-
Own funds ratio ⁴⁾	in % 49.1	-	21.4	-
Relative ratios				
Return on equity before tax ⁵⁾	in % 16.0	-	16.3	-
Cost/Income ratio	in % 72.6	-	67.0	-
Earnings per customer	in € 243.8	-20.8	307.9	4.7
Employees' figures as of 31.12.				
Employees	906	10.0	824	12.6
of which: in the comdirect online business line	835	6.2	786	11.5
of which: in the comdirect offline business line	71	86.8	38	40.7
Employees full-time basis	806.4	11.8	721.5	11.3

1) Dividend proposal

2) Including special dividend

3) Equity ratio = equity (excluding revaluation reserve) / balance sheet total

4) Own funds ratio = own funds / (risk weighted assets + 12.5 x eligible amounts for operational risks); until 2007: BIS own funds ratio

5) Return on equity = pre-tax profit / average equity (excluding revaluation reserve) in the reporting period

2006	Change in %	2005	Change in %	2004	Change in %	2003
804,690	22.7	656,064	5.7	620,952	- 3.0	640,221
802,102	22.5	654,714	5.6	620,274	- 3.1	640,197
20,024	> 100	8,240	> 100	2,114	> 100	67
11,017,780	30.2	8,461,681	22.7	6,897,298	- 9.8	7,648,711
8,572,255	28.1	6,689,617	12.5	5,947,687	- 6.6	6,368,969
14.7	19.5	12.3	11.8	11.0	2.8	10.7
28.4	-	26.3	-	21.5	-	15.2
5,465	8.6	5,033	6.2	4,740	- 0.9	4,784
16,387	27.2	12,879	29.9	9,914	- 4.3	10,362
8,056	12.8	7,142	24.3	5,748	- 6.2	6,127
3,703	22.7	3,019	64.9	1,831	23.8	1,479
4,627	70.2	2,718	16.4	2,335	- 15.3	2,756
208	5.1	198	19.3	166	- 9.8	184
606,110	10.0	550,948	2.3	538,522	- 9.0	591,642
120,723	30.7	92,395	35.1	68,401	35.1	50,616
260,334	66.9	155,958	75.4	88,905	28.7	69,085
66,840	-	0	-	0	-	0
158	45.0	109	> 100	54	> 100	17
19	46.2	13	62.5	8	> 100	3
16,530	> 100	6,678	53.4	4,352	> 100	37
136,565	37.9	99,033	13.7	87,093	4.8	83,107
88,733	38.6	64,020	12.4	56,952	- 0.4	57,207
135,626	13.7	119,330	15.2	103,559	- 7.9	112,494
85,600	62.2	52,780	3.3	51,090	30.7	39,102
57,002	66.7	34,187	0.6	33,969	45.4	23,361
0.40	66.7	0.24	0.0	0.24	41.2	0.17
1.40 ²⁾	> 100	0.24	0.0	0.24	50.0	0.16
5,301	57.4	3,367	13.1	2,978	- 13.1	3,426
620	3.5	599	- 0.3	601	2.9	584
11.8	-	17.8	-	20.2	-	17.1
40.9	-	54.7	-	72.2	-	68.0
14.0	-	8.8	-	8.6	-	6.8
60.4	-	68.8	-	66.8	-	74.2
294.1	9.1	269.6	9.6	246.0	5.8	232.6
732	14.7	638	3.6	616	4.6	589
705	14.1	618	2.8	601	3.6	580
27	35.0	20	33.3	15	66.7	9
648.0	15.9	558.9	5.8	528.3	1.2	522.0

> Financial calendar 2009

17 February	Press-/Analysts' conference in Frankfurt/Main
20 March	Annual report 2008
24 April	Quarterly report 2009
6 May	Annual general meeting in Hamburg
23 July	Half-year report 2009
22 October	Nine-month report 2009

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