

comdirect

 Nine-month Report 2003

# ■ Informer Markt

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comdirect)

[www.comdirect.de](http://www.comdirect.de)

# Key figures of comdirect bank group

		30 September 2003	30 September 2002
<b>Customer figures</b>			
Total customers		629,653	626,658
Direct-brokerage customers		588,977	597,843
<b>Business unit figures</b>			
Total assets under custody	in € million	9,302	6,838
Assets under custody per customer	in €	14,773	10,912
<b>Direct Brokerage</b>			
Placed orders		5,666,638	5,142,047
Executed orders		4,695,588	4,234,568
Order activity per account (average)		7.9	7.1
Share of fund transactions in executed orders	in %	14.8	13.9
Order volume per executed order	in €	4,572	3,408
Securities turnover	in € million	21,467	14,433
Portfolio volume	in € million	6,726	4,816
of which – funds volume	in € million	1,354	1,017
Portfolio volume per direct-brokerage account	in €	11,420	8,056
Funds volume per direct-brokerage account	in €	2,299	1,701
<b>Deposit business</b>			
Deposit volume	in € million	2,576	2,022
Deposit volume per customer	in €	4,091	3,227
<b>Financial figures</b>			
Net commission income	in € thousand	61,196	58,910
Net interest income before provisions	in € thousand	45,823	48,452
Profit from ordinary activities	in € thousand	31,885	4,346
Pre-tax profit	in € thousand	31,885	-27,621
Net income/loss	in € thousand	19,353	-19,963
Earnings per share	in €	0.14	-0.14
Balance-sheet total	in € million	3,444	2,665
Equity	in € million	582	552
Equity ratio*	in %	16.9	20.7
Own funds ratio according to BIS	in %	74.7	81.2
Cost/income ratio	in %	71.4	96.7
<b>Employees' figures</b>			
Number of employees		667	1,043
Employees full-time basis		584	887
Direct-brokerage accounts per employee full-time basis		1,009	674

\* Equity ratio = (Subscribed capital + reserves + group profit/group loss)/balance-sheet total

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***"Another record result in third quarter – comdirect firmly on dividend course."***

***"Inclusion in MDAX, free float rises to 20%: institutional investors are focusing on comdirect."***

***"Expanding customer base, deposits hit three-year high – ZinsPLUS campaign was an all-out success."***

***"Higher commission income thanks to cheerful stock market, costs cut further: profit rises to almost €32m."***

***"New website, new current account, first comdirect private finance team – one-to-one bank for the modern investor is taking shape."***

# Letter to shareholders

**Dear shareholders,**

After a successful first half, business continued to develop really well at comdirect in the past three months, too. More orders, more customers, new products, several hundred million new customers' deposits, a new website, a new current account, inclusion in the MDAX index and, as a special highlight, a new record result – the usual summer lull failed to materialise at comdirect.

With a profit of €16.8m, we improved further on the already excellent second quarter, achieving the best quarterly result since the bank was founded. As of 30 September 2003, the pre-tax profit reached €31.9m.

On the earnings side, it was above all net commission income that expanded. This was due to the consistently cheerful stock-market environment. The number of trades was 11% higher than a year earlier, enabling us to increase our commission income by 18%. In the third quarter, the DAX was stable, second-rank shares continued to soar, once again rising at a double-digit rate. In the meantime, many of those customers who had adopted a wait-and-see attitude in previous months have returned to the market. Permanently active investors in any case availed themselves of this surge in prices.

At the same time, we cut our costs once again and further streamlined our procedures. Administrative expenses and personnel costs were reduced substantially. We are now working with a cost/income ratio of 71.4% (previous year 96.7%).

With a performance of 173%, our share outstripped all the other indices in the past nine months. One consequence of the higher market capitalisation was our inclusion in the MDAX, the share index of the 50 most important German companies below DAX level.

For our customers, we once again improved the range of products and services we offer in the past quarter. In all three fields of competence – Online Investment, Direct Banking and Financial Advisory – we made selective investments.

In our core business Online Investment, the new website has been widely accepted. Following technical start-up difficulties, traffic and use by customers are stable, while the number of users of our personalised service is rising steadily. Our customers recognise the added value offered them by our simply constructed and dialogue-oriented website. In addition, systematically pursuing our policy of offering services tailored to customers' needs, we have also introduced a special trading system for very active traders.

In the Direct Banking field of competence, our ZinsPLUS campaign, in which we paid interest of 4% on time deposits, was a special milestone. Through ZinsPLUS, comdirect bank also positioned itself as an attractive source of products for deposits. Within only two weeks, we had acquired roughly €600m of customers' deposits and in addition we had received commitments for more than €200m. Over two-thirds of the 43,000 ZinsPLUS applications came from investors who were not previously customers of comdirect bank. As of 30 September, we had gained about 18,500 new customers in this way.



Already roughly 10% of our customers in Germany use the newly introduced current account – for us, this marks an important step towards becoming the main bank of our customers. In the months ahead, our card programme will be improved further – also a milestone along this road.

Our new subsidiary comdirect private finance AG, with which we offer personal Financial Advisory, has now become operational. The range of products and services has been defined, and a first team of highly qualified advisers took up their duties in Munich on 1 October. By year-end, further teams will follow in Düsseldorf and Hamburg.

Implementation of the three-pillar strategy is making good progress, therefore, and is proceeding according to plan. We are increasing the benefit for our customers and are making the company permanently more valuable for its shareholders. The related investments will mainly be felt in the final quarter of this financial year. Nonetheless, we

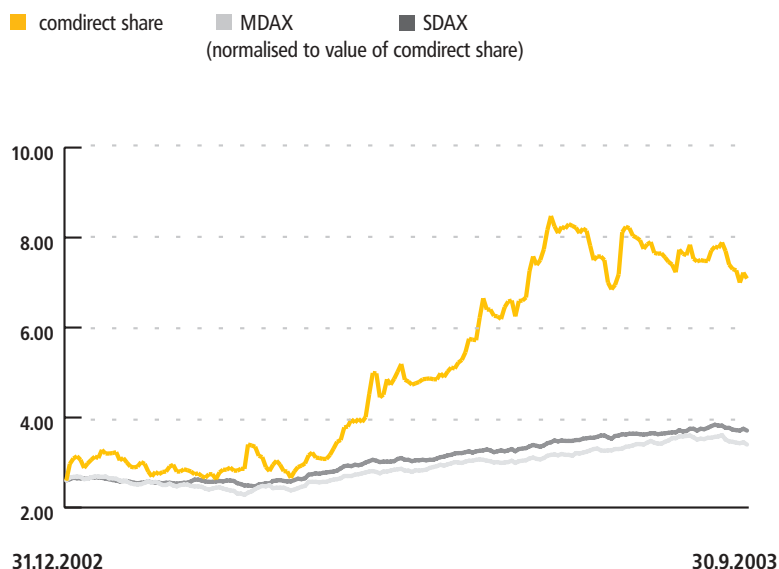
expect a positive result for the last three months as well. We have already attained our goal of being in a position to pay a dividend for the 2003 financial year. I should like to thank you for the trust which you have placed in us.

Sincerely yours,

Dr. Achim Kassow  
Chief Executive Officer

# Our share

Performance January - September 2003 of comdirect share (in €)



## Capital-market environment remains positive

The more stable Deutscher Aktienindex DAX in the third quarter, following its strong recovery in the spring, was the main feature on the stock market in the third quarter of 2003, together with further price gains by medium and small stocks. On 30 September, the DAX closed at 3,256.78 points, 1.1% higher than three months previously. The German reference index was 12.6% up on its end-2002 level. The mid-caps represented in the MDAX rose by 12.1% between July and September, and the second-line equities in the SDAX by 12.4%. Technology stocks also developed positively; in the third quarter, the TecDAX registered an increase of 14.1%.

## Inclusion in MDAX boosts turnover

After its outstanding performance in the second quarter (+148%), the comdirect share also continued to gain ground in the third. On 15 July, the share reached €8.48, its highest level in over a year. Subsequently, interim profit-taking pushed its price down to below €7.00. However, the announcement of the bank's record second-quarter result and the decision of Deutsche Börse to include comdirect bank in the MDAX with effect from 22 September, 2003,

generated fresh impetus. The end-of-quarter price of €7.09 (XETRA) represents a market capitalisation of almost €1bn. comdirect was thus valued 7.4% higher than on 30 June, 2003, and since the start of the year has registered performance of 173%. The relevant comparable indices were easily outstripped.

Trading in comdirect shares in the third quarter was spurred by price performance and the stock's inclusion in the MDAX. On a daily average, investors on the Frankfurt Stock Exchange and also on XETRA traded over 144,000 shares, roughly 36% more than in the second quarter.

## In the focus of institutional investors

The MDAX comprises 50 stocks from traditional industries within the Prime Standard, which in terms of market capitalisation follow immediately after the 30 DAX shares. In the mid-cap index, comdirect is the sole bank with an internet-based business model. As of 30 September, 2003, the index weighting of comdirect stood at 0.47% (with a free float of 15.55%); in terms of turnover, the comdirect share stood in the MDAX midfield in September 2003.

**Shareholders' structure of comdirect bank AG**  
(since 17 October, 2003)

- 58.65% Commerzbank AG\*
- 21.35% T-Online International AG
- 20.00% Free Float



\*indirectly

Inclusion in the MDAX automatically makes comdirect a member of the HDAX, which covers 110 Prime-Standard stocks from the DAX, MDAX and TecDAX. Numerous institutional investors build their German equity portfolios around these HDAX companies. This means that belonging to the upper league of the stock market gives comdirect the chance to attract new circles of international investors to its share.

In October, 6.25m shares – representing 4.45% of the share capital – were placed with international institutional investors from the portfolio of Commerzbank AG. As a result, precisely 20% of comdirect shares are in free float. Over the long term, this will have a favourable impact on index weighting and market turnover. Following this placement, which was made using the accelerated book-building method, Commerzbank AG holds 58.65% of comdirect bank's equity through a wholly-owned subsidiary.

**Investor relations**

The third quarter of the current year as well was characterised by active dialogue with institutional and private investors and also with research houses. In the days and

**Data and key figures on comdirect share**

German securities code no.	542 800
ISIN Code	DE0005428007
Stock-exchange code	COM
	Reuters: CDBG.DE
	Bloomberg: COM GR
Stock-exchange segment	MDAX (since 22.9.2003)
Number of shares issued	140,501,800
	no-par-value shares

**Key figures 9 months 2003**

Average daily turnover in units

XETRA	73,701
Frankfurt	30,391
	<hr/>
	104,092

Opening quotation XETRA (2.1.2003)	€2.79
Highest price XETRA (15.7.2003)	€8.48
Lowest price XETRA (28.2.2003)	€2.63
Closing quotation XETRA (30.9.2003)	€7.09
Market cap (30.9.2003)	€996.1m

weeks which followed the presentation of the half-year report in August, many one-on-one talks were held with analysts and portfolio managers.

The heightened interest in the comdirect share is also underlined by greater research activity. In the meantime, comdirect bank AG is regularly evaluated by ten research houses. And international institutions are also showing increasing interest in us. Yet, after the presentation of the encouraging half-year figures, the excellent development of the comdirect share and the price level that has been achieved prompted most analysts to publish sell recommendations.

Investors and analysts have responded positively to the greater amount of investor relations information available from our website [www.comdirect.de](http://www.comdirect.de). Investors are already making great use of the newly introduced e-mail newsletter.

# Business performance

## Market continues to become more stable

The DAX, Germany's reference index, recorded stable performance overall during the third quarter. Its temporary rise in July and August and the resulting high volatility – combined with persistent price gains for second-line stocks – fuelled trading in the third quarter. With 46.7m orders executed and a transaction volume von €866.1bn on all German stock markets, the trading volume of the second quarter (42.9m trades and €780.2bn) was easily exceeded, as were the comparable figures for the previous year (45.3m orders and €805.3bn). The sharp rise on the regional stock markets (+32.0%) also indicates that retail investors as well returned to the market on a larger scale.

## comdirect outstrips market growth

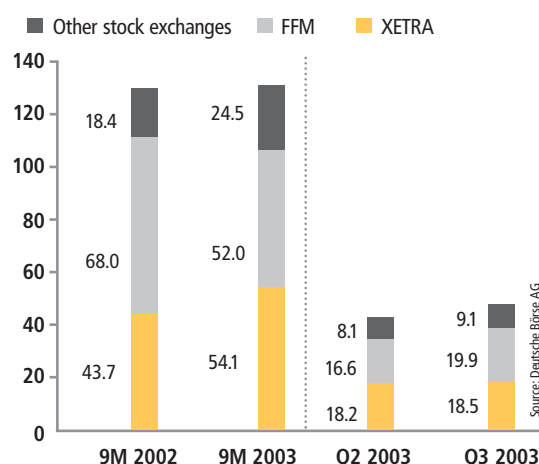
In the third quarter, too, comdirect once again outperformed the stock market as a whole. Securities turnover and portfolio volume registered above-average growth rates; in the Online Investment field of competence, we have further expanded our share of the market, confirming our leading position. Especially encouraging is the growth we have achieved in our customer base for the first time in over two years. The volume of deposits reached a three-year peak.

## Marked expansion of customer base

At the end of the third quarter of 2003, altogether 629,653 customers were using comdirect's range of products and services – some 2.8% more than three months previously (612,472). This represents a slight increase of 1.2% on end-2002, after the overall number of customers had declined in the first half of the year. Here it must also be borne in mind that 8,640 customers in all availed themselves of our offer to let their custody or normal accounts lie temporarily dormant free of charge; these no longer appear in the customer base.

The encouraging growth is attributable to the ZinsPLUS time-deposit campaign, offering a guaranteed interest rate of 4% p.a. over a period of six months. The campaign produced more than 28,000 applications from new customers; for roughly 18,500 of them, the legitimization procedure had been concluded by 30 September, which means that these

Number of orders on German stock exchanges (in million)



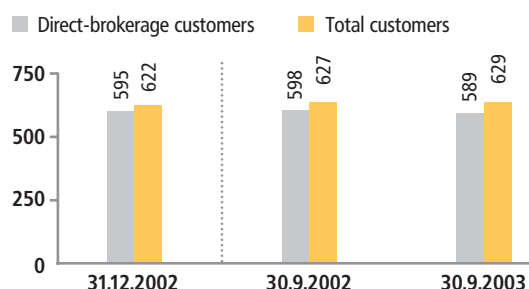
alone are counted as part of our customer base. At the same time, the number of direct-brokerage customers climbed to 588,977 (30.6.2003: 586,949) during the third quarter.

In the reporting period, the total volume of assets under custody expanded by 32.9%, from €7.0bn to €9.3bn. Due to the registration of further new customers in the final quarter, we expect another net increase in assets.

## Strong growth in both geographical markets

In the Online Investment field of competence, the positive trend of the first six months was maintained in the third quarter. Our direct-brokerage customers traded more actively and with higher volumes than they had a year earlier. Between January and September, the number of executed orders rose by 10.9% to 4.70m; of these, 14.8% (previous year: 13.9%) related to fund business. At 82.9% (previous year: 82.4%), the rate of order execution remained at a constantly high level.

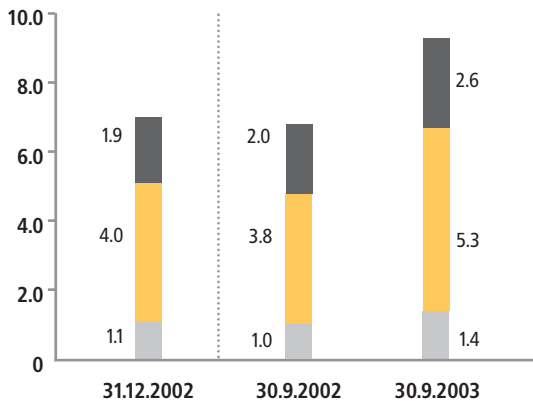
Number of customers (in thousand)





**Volume of total assets under custody (in € billion)**

■ Deposit volume ■ Portfolio volume ■ Funds volume



We registered rising order figures in both the German and the British markets. Within Germany, the number of trades handled by comdirect was 11.3% higher in the third quarter than in the second. Many customers who had adopted a wait-and-see approach in previous months have returned to the market. Our share of overall orders on German stock exchanges was 3.5% compared with 3.3% in the first half-year. In the third quarter, comdirect ltd dealt with 25.1% more trades overall than in the previous three months. Our London subsidiary, therefore, once again confirmed its position as the third-largest broker for online retail trades.

The trading volume handled by comdirect grew roughly twice as quickly (22.8%) in the third quarter as the order volume on Germany's stock exchanges (11.0%). In a nine-month comparison, our securities turnover expanded by 48.7% to €21.5bn (previous year: €14.4bn) as against a decline of 12.1% in the turnover on German bourses. This reflected the well above-average growth of trading in warrants and certificates. The average order volume amounted to €4,572 (previous year: €3,408).

Portfolio volume expanded in the third quarter by another 9.0% to €6.7bn to stand almost a third higher than at end-2002 (€5.1bn). Over the same period, the funds included in the portfolio volume rose 27.0% to €1.4bn (end-2002: €1.1bn). The increase in portfolio volume is attributable in roughly equal parts to price gains and to the inflow of new

investments. In the last week of September, we also included certificates in the savings plans we offer, which was very well received by our customers.

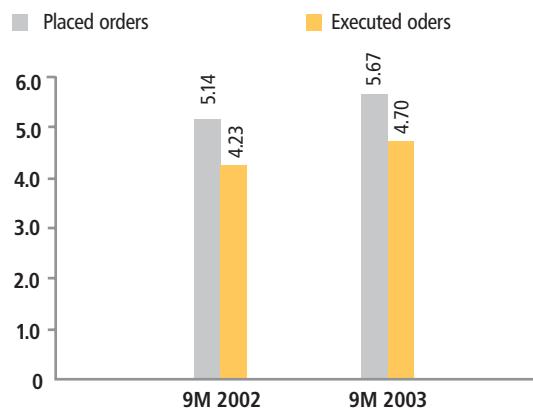
**New website: customers appreciate added value**

Our new website provides much improved stock-market and financial information. New tools such as the notepad or the derivatives matrix make analysis easier for online traders. By setting a large number of functions individually, each user is able to select for himself or herself the appropriate depth of information. In addition, time-consuming intermediate steps when ordering are eliminated. Technical problems immediately after the relaunch of the website on 26 July attracted criticism from customers; in the meantime, however, they have been overcome. Shortly after the relaunch, proposed improvements already led to many innovations. One of these was a special trading system for our very active customers. The new system, which was still being tested in the third quarter, offers this target group quicker trading, a greater density of information and unlimited session time.

**More customers' deposits thanks to ZinsPLUS**

In Direct Banking, we entered new dimensions thanks to the ZinsPLUS campaign. In this campaign, comdirect offered a guaranteed interest rate of 4% p.a. for time-deposit investments over six months; in addition to the higher-than-market interest rate, a special feature of ZinsPLUS is the constant availability of the time deposit for securities purchases through comdirect. Demand exceeded our expectations, causing us to terminate the campaign, which was originally

**Number of orders (in million)**



intended to run from 4 September to 22 October, after about two weeks. By the 30 September closing date, over 28,000 ZinsPLUS applications had been received from new customers, about 18,500 of which had been finally processed; in addition, some 14,000 existing customers made time-deposit investments on ZinsPLUS terms. In September, we took in €600m; as a result, the volume of deposits expanded to €2.6bn (end-2002: €1.9bn), the highest level in more than three years.

Our current account, introduced early in the third quarter, is proving to be very popular. The number of newly opened accounts is rising. As of 30 September, 2003, comdirect ran current accounts for around 66,000 customers.

#### comdirect private finance starts operations

At our new subsidiary, comdirect private finance AG, which was entered into the commercial register during the third quarter, we bundle our independent and individual Financial Advisory. It is planned that in three years' time about 180 advisers will be active for comdirect private finance in Germany's main conurbations. In the other two fields of competence, the internet-based business model will be completed in keeping with our claim to be the one-to-one bank for the modern investor. On 1 October 2003, the first team started their advisory activities in Munich. By year-end, further teams will follow in Düsseldorf and Hamburg. We are recruiting advisers according to plan.

#### Another record result

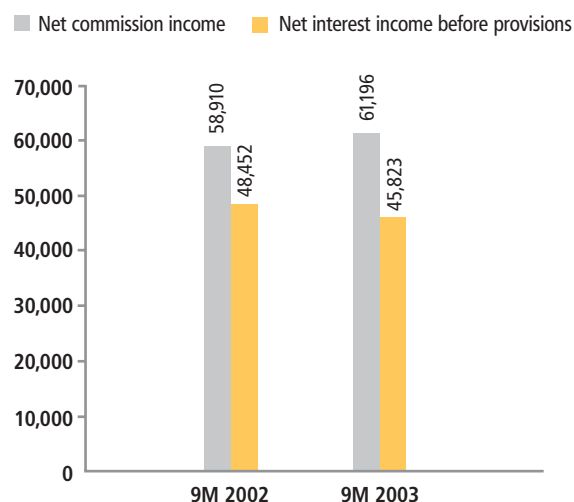
In the second quarter of this year, we achieved the highest profit since our company's IPO; in the third, we produced another record. Our pre-tax profit of €16.8m exceeded that for the entire first half of 2003 (€15.1m). As of 30 September, comdirect achieved a pre-tax profit of €31.9m. Compared with this year's positive result, we posted a pre-tax loss of €27.6m in the same period of 2002. The turnaround which occurred at the start of 2003 is a sustained one, therefore. The after-tax profit amounts to €19.4m (previous year: -€20.0m). On the earnings side, this development was mainly fuelled by commission-generating business. Thanks to higher orders and a pricing model that was adjusted in the

final quarter of 2002, the commissions received in the first nine months were 18.0% higher than a year previously. Net commission income rose 3.9% to €61.2m (previous year: €58.9m), even though an extraordinary effect is still operative, namely that third-party costs for handling orders were shown as other administrative expenses in 2002, whereas in the current year they appear under commissions paid.

While commission income was raised, money-market rates, which declined in the third quarter as well, continued to reduce our interest income. Over the nine-month period, interest income fell by 21.5% to €59.3m (previous year: €75.5m). As the interest paid on customers' credit balances was reduced in line with the development in the money market, a large part of the effect could be offset. Net interest income before provisions was €45.8m (previous year: €48.5m), representing a decline of no more than 5.4%. Moreover, comdirect made use of the low interest-rate level for profit-taking in the bond market. Over the January to September period, the result from financial investments tripled to €3.5m.

This already includes the write-down on our interest in Nasdaq Deutschland AG, which ceased trading operations on 29 August, 2003. In this connection, comdirect bank AG transferred its 7.5% stake to BWB Holding AG.

Net commission income and net interest income (in € thousand)



Despite lively trading and the expansion of both our customer base and assets under custody, we managed once again in the third quarter to lower our administrative expenses. Our cost/income ratio improved in the third quarter to 59.5% and stands at 71.4% (previous year: 96,7 %) for the entire nine months. This ratio shows the relationship between costs and earnings.

Due to staff reductions, personnel costs sank by 26.6% – from €31.1m to €22.8m. Economies in all areas of the bank limited other administrative expenses to €46.2m (previous year: €57.3m) – a decline of 19.3%. Depreciation was 30.6% down on the year-ago figure (€17.2m) and now came to no more than €11.9m – among other things, a consequence of the extraordinary depreciation in the previous year and a selective investment policy.

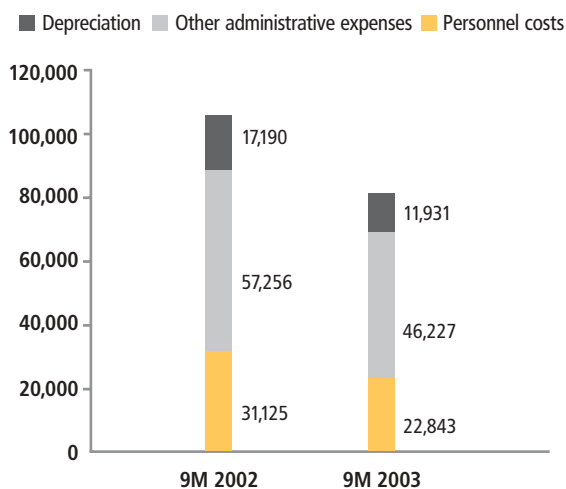
### Employees

The staff reductions initiated last year continued in the third quarter of 2003. At group level, the workforce totalled 667 – corresponding to 584 full-time staff – as of 30 September. At end-2002, 922 people (corresponding to 790 full-time staff) were on the payroll. At comdirect bank AG, the number of employees shrank from 859 (727 full-time personnel) to 596 (513 full-time personnel) over the nine-month period.

### Outlook

For the remainder of the business year, we expect a stable capital-market environment which should enable us to end the fourth quarter as well with a positive result. However, we will not attain the record level of the third quarter because investments to extend our business model will have to be shouldered in the final quarter. The interest at well above market level due on the additional time deposits acquired under the ZinsPLUS campaign will increase our interest paid. Investments in the start-up of comdirect private finance AG and investments at comdirect ltd will also be felt.

Administrative expenses (in € thousand)



Implementation of the three-pillar strategy is making good progress and is proceeding according to plan. In this way, we are increasing the benefit for our customers, reducing dependence on market volatilities and boost earnings for our shareholders. After nine months, we had already achieved our goal of being in a position to pay a dividend for the 2003 business year. For the year as a whole, we expect the best result since the bank was founded in 1994.

Number of employees



# Income statement

## Income statement of comdirect bank group according to IFRS/IAS\*

Income statement					
€ thousand	1 January - 30 September		1 July - 30 September		
	2003	2002	2003	2002	
Interest income	59,303	75,523	18,883	24,821	
Interest expenses	13,480	27,071	4,071	9,698	
Net interest income before provisions	45,823	48,452	14,812	15,123	
Provision for possible loan losses	-617	-463	0	-296	
Net interest income after provisions	45,206	47,989	14,812	14,827	
Commission income	71,013	60,177	28,085	19,621	
Commission expenses	9,817	1,267	3,817	557	
Net commission income	61,196	58,910	24,268	19,064	
Trading profit/loss	0	-285	0	0	
Result from financial investments	3,491	1,156	492	308	
Administrative expenses	81,001	105,571	24,689	33,201	
Personnel costs	22,843	31,125	6,808	10,343	
Other administrative expenses	46,227	57,256	13,667	17,102	
Marketing costs	8,131	10,662	2,661	3,475	
Communication costs	3,333	7,956	778	1,968	
Consulting costs	4,890	7,340	880	3,226	
External services	13,072	17,507	3,820	5,244	
Sundry operating expenses	16,801	13,791	5,528	3,189	
Depreciation on and value adjustments to intangible and fixed assets	11,931	17,190	4,214	5,756	
Other operating result	2,993	2,147	1,938	812	
<b>Profit from ordinary activities</b>	<b>31,885</b>	<b>4,346</b>	<b>16,821</b>	<b>1,810</b>	
Extraordinary result and restructuring costs	0	-31,967	0	-31,967	
<b>Pre-tax profit/loss</b>	<b>31,885</b>	<b>-27,621</b>	<b>16,821</b>	<b>-30,157</b>	
Taxes on income	12,532	-7,658	6,093	-9,910	
<b>After-tax profit/loss</b>	<b>19,353</b>	<b>-19,963</b>	<b>10,728</b>	<b>-20,247</b>	
<b>Net profit/loss</b>	<b>19,353</b>	<b>-19,963</b>	<b>10,728</b>	<b>-20,247</b>	
<b>Earnings per share</b>					
Net profit/loss	€ thousand	19,353	-19,963	10,728	-20,247
Average number of ordinary shares	Shares	140,500,200	140,500,000	140,500,600	140,500,000
<b>Basic earnings per share</b>	€	<b>0.14</b>	<b>-0.14</b>	<b>0.08</b>	<b>-0.14</b>
<b>Diluted earnings per share</b>					
Net profit/loss	€ thousand	19,353	-19,963	10,728	-20,247
Adjustment to the number of ordinary shares issued due to outstanding option rights	Shares	336,169	150,915	336,169	150,915
Weighted average shares outstanding (diluted)	Shares	140,836,369	140,650,915	140,836,769	140,650,915
<b>Diluted earnings per share</b>	€	<b>0.14</b>	<b>-0.14</b>	<b>0.08</b>	<b>-0.14</b>

\* unaudited

# Balance sheet

## Balance sheet of comdirect bank group according to IFRS/IAS\*

<b>Assets</b>		
<b>€ thousand</b>	<b>as of 30 September 2003</b>	<b>as of 31 December 2002</b>
Cash reserve	49,437	5,181
Claims on banks	1,506,027	1,294,419
Claims on customers	541,537	175,421
Provision for possible loan losses	-6,487	-6,355
Financial investments	1,303,546	1,057,701
Intangible assets	13,619	14,094
Fixed assets	21,282	28,175
Tax assets	0	11,701
Other assets	14,679	8,936
<b>Total assets</b>	<b>3,443,640</b>	<b>2,589,273</b>

<b>Liabilities and Equity</b>		
<b>€ thousand</b>	<b>as of 30 September 2003</b>	<b>as of 31 December 2002</b>
Liabilities to banks	213,094	14,913
Liabilities to customers	2,580,633	1,948,680
Provisions	14,890	21,108
Tax Liabilities	5,831	0
Other liabilities	30,862	24,247
Subordinated capital	16,617	16,617
<b>Equity</b>	<b>581,713</b>	<b>563,708</b>
Subscribed capital	140,502	140,500
Capital reserve	367,231	367,221
Retained earnings		
Other revenue reserves	54,603	55,658
Revaluation reserve	24	329
Consolidated profit/loss	19,353	0
<b>Total liabilities and equity</b>	<b>3,443,640</b>	<b>2,589,273</b>

\* unaudited

# Segment Reporting

Segment reporting by geographical market				
1 January – 30 September 2003				
€ thousand	comdirect Germany	comdirect Europe without Germany	Group- management/ others/ consolidation	comdirect bank group total
Net interest income before provisions	43,690	2,133	0	45,823
Provision for possible loan losses	-617	0	0	-617
Net interest income after provisions	43,073	2,133	0	45,206
Net commission income	56,628	4,568	0	61,196
Trading profit/loss	0	0	0	0
Result from financial investments	3,491	0	0	3,491
Administrative expenses	70,814	10,187	0	81,001
Other operating result	2,993	0	0	2,993
<b>Profit from ordinary activities</b>	<b>35,371</b>	<b>-3,486</b>	<b>0</b>	<b>31,885</b>
Extraordinary result and restructuring costs	0	0	0	0
<b>Pre-tax profit/loss</b>	<b>35,371</b>	<b>-3,486</b>	<b>0</b>	<b>31,885</b>
Taxes on income	12,532	0	0	12,532
<b>After-tax profit/loss</b>	<b>22,839</b>	<b>-3,486</b>	<b>0</b>	<b>19,353</b>
<b>Net profit/loss</b>	<b>22,839</b>	<b>-3,486</b>	<b>0</b>	<b>19,353</b>
Acquisition costs of segment assets	4,894	187		5,081
Depreciation on segment assets	10,315	1,616		11,931
Cost/income ratio	66.3%	152.0%		71.4%
Segment income	130,642	7,710		138,352
Segment expenses	95,271	11,196		106,467
Segment assets	3,256,496	144,051		3,400,547
Segment debts	2,657,384	136,343		2,793,727

Allocation to the various segments is based on where the legal seat of the subsidiary or group company is situated.

## Segment reporting by geographical market

1 January – 30 September 2002

€ thousand	comdirect Germany	comdirect Europe without Germany	Group management/ others/ consolidation	comdirect bank group total
Net interest income before provisions	47,216	1,236	0	48,452
Provision for possible loan losses	-463	0	0	-463
Net interest income after provisions	46,753	1,236	0	47,989
Net commission income	56,505	2,405	0	58,910
Trading profit/loss	-285	0	0	-285
Result from financial investments	1,156	0	0	1,156
Administrative expenses	94,122	11,449	0	105,571
Other operating result	2,147	0	0	2,147
<b>Profit from ordinary activities</b>	<b>12,154</b>	<b>-7,808</b>	<b>0</b>	<b>4,346</b>
Extraordinary result and restructuring costs	-31,967	0	0	-31,967
<b>Pre-tax profit/loss</b>	<b>-19,813</b>	<b>-7,808</b>	<b>0</b>	<b>-27,621</b>
Taxes on income	-7,658	0	0	-7,658
<b>After-tax profit/loss</b>	<b>-12,155</b>	<b>-7,808</b>	<b>0</b>	<b>-19,963</b>
<b>Net profit/loss</b>	<b>-12,155</b>	<b>-7,808</b>	<b>0</b>	<b>-19,963</b>
Acquisition costs of segment assets	4,753	884		5,637
Depreciation on segment assets	15,416	1,774		17,190
Cost/income ratio	89.1%	314.4%		96.7%
Segment income	135,121	4,209		139,330
Segment expenses	122,967	12,017		134,984
Segment assets	2,495,426	94,222		2,589,648
Segment debts	1,955,314	81,361		2,036,675

Allocation to the various segments is based on where the legal seat of the subsidiary or group company is situated.

# Quarter-on-quarter comparison of comdirect bank group

## Income statement according to IFRS/IAS \*

Income Statement						
	Quarter II	Quarter III	Quarter IV	Quarter I	Quarter II	Quarter III
€ thousand	2002	2002	2002	2003	2003	2003
Interest income	25,592	24,821	23,697	20,854	19,566	18,883
Interest expenses	8,916	9,698	8,253	5,484	3,925	4,071
Net interest income before provisions	16,676	15,123	15,444	15,370	15,641	14,812
Provision for possible loan losses	-37	-296	-1,574	-370	-247	0
Net interest income after provisions	16,639	14,827	13,870	15,000	15,394	14,812
Commission income	17,964	19,621	18,847	18,720	24,208	28,085
Commission expenses	62	557	615	2,793	3,207	3,817
Net commission income	17,902	19,064	18,232	15,927	21,001	24,268
Trading profit/loss	-116	0	0	0	0	0
Result from financial investments	530	308	44	775	2,224	492
Administrative expenses	33,459	33,201	32,567	27,961	28,351	24,689
Personnel costs	9,533	10,343	7,596	8,101	7,934	6,808
Other administrative expenses	18,025	17,102	18,901	16,126	16,434	13,667
Marketing costs	3,319	3,475	3,868	3,031	2,439	2,661
Communication costs	2,385	1,968	2,836	1,697	858	778
Consulting costs	2,130	3,226	1,616	2,038	1,972	880
External services	6,030	5,244	5,970	4,832	4,420	3,820
Sundry operating expenses	4,161	3,189	4,611	4,528	6,745	5,528
Depreciation on and value adjustments to intangible and fixed assets	5,901	5,756	6,070	3,734	3,983	4,214
Other operating result	742	812	770	957	98	1,938
<b>Profit from ordinary activities</b>	<b>2,238</b>	<b>1,810</b>	<b>349</b>	<b>4,698</b>	<b>10,366</b>	<b>16,821</b>
Extraordinary result and restructuring costs	0	-31,967	8,672	0	0	0
<b>Pre-tax profit/loss</b>	<b>2,238</b>	<b>-30,157</b>	<b>9,021</b>	<b>4,698</b>	<b>10,366</b>	<b>16,821</b>
Taxes on income	134	-9,910	-1,178	2,275	4,164	6,093
<b>After-tax profit/loss</b>	<b>2,104</b>	<b>-20,247</b>	<b>10,199</b>	<b>2,423</b>	<b>6,202</b>	<b>10,728</b>
Profit/loss attributable to minority interests	0	0	0	0	0	0
<b>Net profit/loss</b>	<b>2,104</b>	<b>-20,247</b>	<b>10,199</b>	<b>2,423</b>	<b>6,202</b>	<b>10,728</b>

\* unaudited



# Statement of changes in equity

The changes in the group's equity were as follows in the period under review:

<b>Statement of changes in equity</b>		
<b>€ thousand</b>	<b>2003</b>	<b>2002</b>
<b>Equity as of 1 January</b>	<b>563,708</b>	<b>578,110</b>
Changes in the financial year		
a) Subscribed capital	2	0
b) Capital reserve	10	0
c) Retained earnings	-1,055	-3,033
Differences arising from currency translation and other changes	-1,055	-3,033
d) Revaluation reserve	-305	-2,984
e) Consolidated profit/loss	19,353	-19,963
<b>Equity as of 30 September</b>	<b>581,713</b>	<b>552,130</b>

Within the framework our stock option programme, a total of 1,800 new no-par-value bearer shares of comdirect bank AG were issued on the basis of exercised option rights, each representing a share of 1 euro in the bank's share capital.

The additional payment established under the stock option programme was allocated to the capital reserve, pursuant to Art. 270, German Commercial Code – HGB.

# Cash flow statement

<b>Cash flow statement</b>		
<b>€ thousand</b>	<b>2003</b>	<b>2002</b>
<b>Cash and cash equivalents as of 1 January</b>	<b>5,181</b>	<b>72,005</b>
Cash flow from operating activities	49,956	-33,823
Cash flow from investing activities	-4,657	-31,538
Cash flow from financing activities	12	-5,353
Effects of changes in exchange rates	-1,055	-785
<b>Cash and cash equivalents as of 30 September</b>	<b>49,437</b>	<b>506</b>

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

Apart from the net profit/loss, changes in assets and liabilities from operating activities after correction for cash items – e.g. depreciation and write-downs –, cash flow from operating activities also includes interest and dividends paid and received as well as taxes on income paid.

# Accounting standard and consolidated companies

The report of comdirect as of 30 September, 2003, conforms to the rules of the International Financial Reporting Standards (IFRS) and the rules of the International Accounting Standards (IAS).

The same accounting, measurement and calculation methods were applied as for the 2002 consolidated financial statements of comdirect.

comdirect private finance AG was additionally included in the list of consolidated companies in the third quarter of 2003. In this company, we conduct our financial advisory business.

Segment reporting by geographical market appears on pages 12 and 13.

Within the framework of our stock option programme, launched in accordance with the resolution of the Annual General Meeting of 11 May, 2000, we have issued altogether 1,739,270 subscription rights to comdirect members of staff. Per 30 September 2003, 433,598 of these subscription rights had expired and 1,800 subscription rights had been exercised. For these exercised subscription rights, the equivalent number of new no-par-value bearer shares of comdirect bank AG were issued.

## The company's boards

### **Supervisory board**

**Martin Blessing**

Chairman of the Supervisory Board

**Klaus Müller-Gebel**

Deputy Chairman of the Supervisory Board

**Rainer Beaujean**

**Angelika Kierstein**

**Dr. Eric Strutz**

**Maria Xiromeriti**

### **Board of Managing Directors**

**Dr. Achim Kassow**

Chief Executive Officer

**Dr. Andre Carls**

**Hans-Joachim Nitschke**

# Financial Calendar

26 November 2003	German Mid Cap Conference in Frankfurt/Main
19 January 2004	German Corporate Conference in Kronberg/Ts.
12 February 2004	Press/Analysts' conference in Frankfurt/Main
12 March 2004	Annual Report 2003
29 March 2004	German Corporate Conference 2004 in Frankfurt/Main
28 April 2004	Annual General Meeting in Hamburg
5 May 2004	Quarterly Report 2004
2 August 2004	Half-year Report 2004
1 November 2004	Nine-month Report 2004

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You can find our published press releases in German or in English at our website [www.comdirect.de](http://www.comdirect.de), under "Über uns/Presse"

### comdirect bank AG

Investor Relations

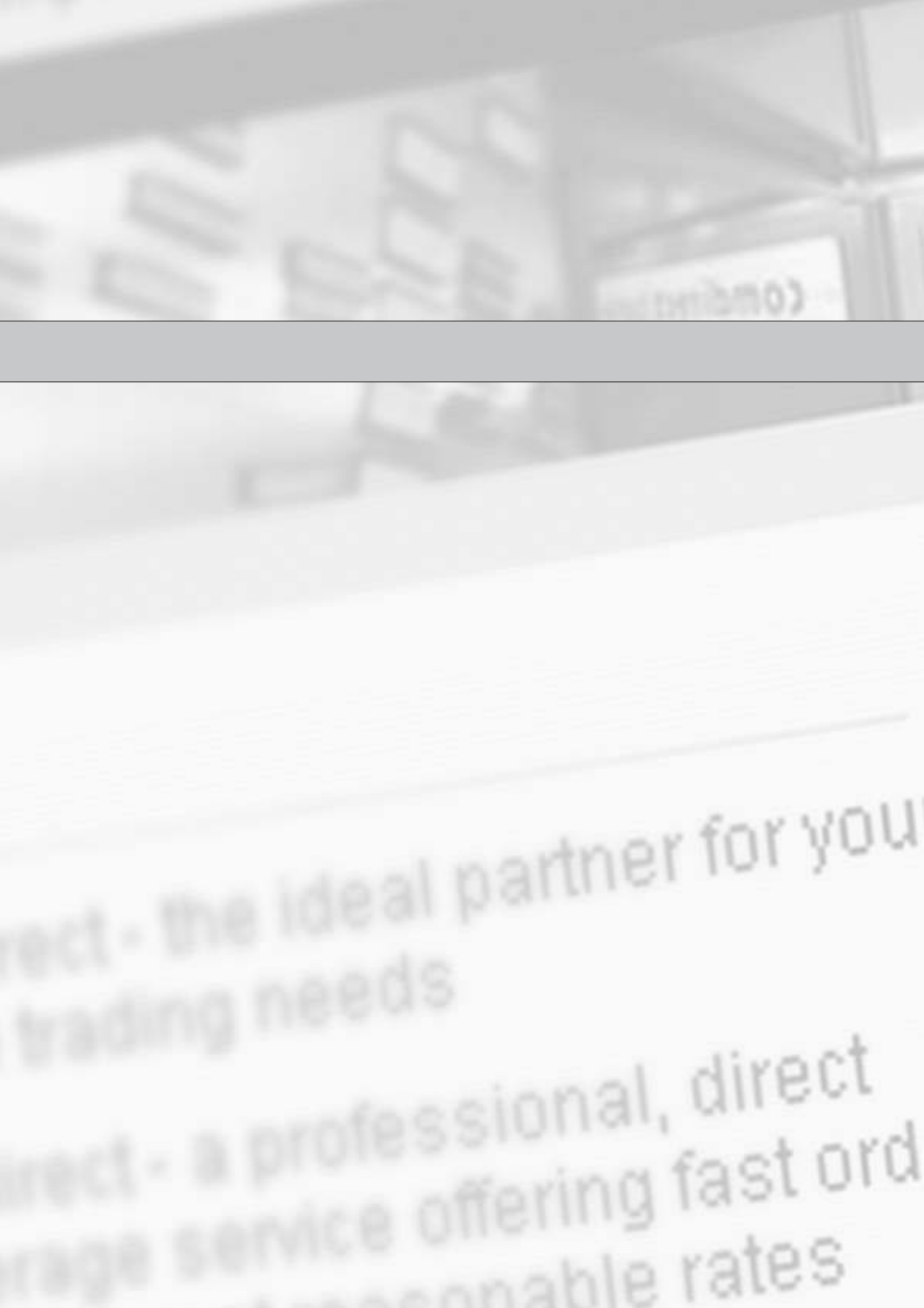
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### Concept and layout

ergo Unternehmenskommunikation, Cologne/Frankfurt am Main



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