

comdirect

 Half-year Report 2003

■ Informer Markt

2380

2370

2360

08

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comdirect

www.comdirect.de

Key figures of comdirect bank group

		30 June 2003	30 June 2002
Customer figures			
Total customers		612,472	630,067
Direct brokerage customers		586,949	600,542
Business unit figures			
Total assets under custody	in € million	8,108	7,826
Assets under custody per customer	in €	13,238	12,421
Direct Brokerage			
Placed orders		3,507,021	3,324,087
Executed orders		2,901,133	2,657,558
Order activity per account (average)		4.9	4.4
Share of fund transactions in executed orders	in %	15	14
Order volume per executed order	in €	4,573	3,350
Securities turnover	in € million	13,268	8,904
Portfolio volume	in € million	6,171	5,763
of which – funds volume	in € million	1,272	1,099
Portfolio volume per direct brokerage account	in €	10,514	9,596
Funds volume per direct brokerage account	in €	2,167	1,830
Deposit business			
Deposit volume	in € million	1,937	2,063
Deposit volume per customer	in €	3,163	3,274
Financial figures			
Net commission income	in € thousand	36,928	39,846
Net interest income before provisions	in € thousand	31,011	33,329
Profit from ordinary activities	in € thousand	15,064	2,536
Pre-tax profit	in € thousand	15,064	2,536
Net income/loss	in € thousand	8,625	284
Earnings per share	in €	0.06	0.00
Balance-sheet total	in € million	2,626	2,704
Equity	in € million	573	572
Equity ratio*	in %	22	21
Own funds ratio according to BIS	in %	93.4	76.8
Cost/income ratio	in %	78.2	97.5
Employees' figures			
Number of employees		711	1,095
Employees full-time basis		622	927
Direct brokerage accounts per employee full-time basis		944	648

* Equity ratio = (Subscribed capital + Reserves + Group profit/Group loss)/Balance-sheet total

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"The first half-year went well – with the support of the equity markets, producing the best quarterly result since the IPO."

"154% performance, market capitalisation over €900m – comdirect is a SDAX heavyweight."

"More orders, more securities turnover, more portfolio volume – comdirect has outstripped the market."

"Cost/income ratio below 80% in the first half of 2003; pre-tax profit up sixfold to €15m."

"Even more individual, more transparent, more professional – comdirect sets standards with its new website."

Letter to shareholders

Dear shareholders,

The first half of the year went well for your bank. With customer figures virtually constant, orders were 9.2% higher than a year earlier. The assets of our customers which we have under custody were 15.7% up on end-2002, and portfolio volume expanded by even 22%. On balance, we achieved a pre-tax profit at group level of €15.1m, a sixfold increase on the previous year (€2.5m). Above all in the second quarter, we managed to improve our results considerably; between April and June, we produced a €10.4m pre-tax profit, more than doubling the figure for the previous quarter. That is the best quarterly result since our IPO.

For one thing, this is due to the equity markets. For the first time in many months, they provided us with support throughout the entire quarter. This spurred trading in securities – even though this remained on a fairly low level. The DAX, for example, rose by almost 33% in the second quarter and has gained more than 11% since the start of the year. In this environment, we expanded more rapidly than the market, boosting our share of bourse turnover in Germany perceptibly, from 2.9% to 3.3%. The encouraging outcome is that in the past quarter we registered rising commission income again. In a comparison of half-year figures, we managed an increase of almost 6%.

For another thing, despite important investments in our business model, we continued to pursue a disciplined approach to costs. This is underlined by our cost/income ratio, the relationship between expenses and earnings. In the first six months, it stood at 78.2%. A year previously, it was 97.5%. We cut personnel costs by almost 23% from their level in the first half of 2002; other administrative expenses were brought down by 19%, and depreciation was almost 33% lower.

This overall development is reflected in our share price. On 30 June, our share stood at €6.60, higher than it had been for a long time; with performance of 154% in the first half of 2003, it clearly outperformed the market. In terms of market capitalisation, comdirect bank has joined the largest SDAX companies; at end-June, we occupied ninth place and have since climbed further.

The first half-year provides impressive evidence that we are benefiting to an above-average degree from the recovery of the securities markets. As a result, we have distinct upward potential in the future as well. On the other hand, it is also clear that we are dependent to a large extent on the development of the securities markets. The months ahead will reveal how stable the upward trend is.

Against this background, we are systematically implementing our three-pillar strategy. We are expanding our leading position in online investment, using our online proficiency in order to extend our efficiency to direct banking as well. At the same time, we are building up a prime-quality financial advisory. In this way, we are creating for our bank the basis for stable earnings over the long term and are becoming more independent of capital-market fluctuations.

In all three fields of competence, we have made targeted investments in the past half-year. This is most obvious in the Online Investment. After extensive tests, our new website went online in July. Clear instructions for users, increased functionalities, improved user-friendliness, more selective information, and as a consequence greater value for each individual customer and visitor – our new website illustrates what we are trying to achieve in our dialogue with customers.



After preliminary work in the first and second quarters, we introduced our current account in Direct Banking in July, thereby taking an important step towards becoming the main bank of our customers.

Our personal Financial Advisory, presented in concept form at the start of the year, continues to take shape. We are recruiting advisers who meet our high standards, we are also in the process of selecting products and, by forming a public limited company within the group, we have created the organisational framework for this field of competence. With all these activities, we are running fully according to plan.

We are systematically and swiftly realising this restructuring and expansion of comdirect into a one-to-one bank for the modern investor. At the same time, strict cost discipline and the continual improvement of all processes and procedures remain the order of the day. We are working towards developing these as core competencies of our company.

At our AGM, I presented to you the top goals of the management of your bank for this year: raising customer value, increasing the value of the company for its shareholders, and paying a dividend for 2003. We are confident of being able to achieve these goals. For us, your trust is an incentive and an obligation at the same time.

Sincerely yours,

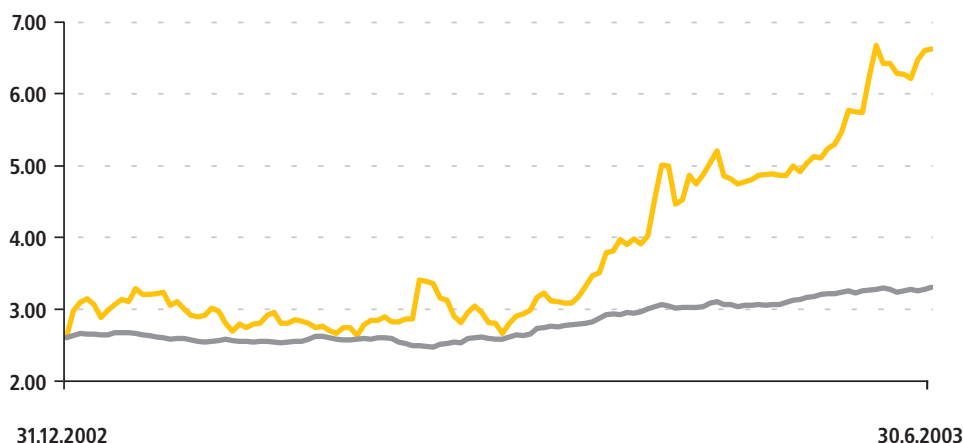
Dr. Achim Kassow
Chief Executive Officer

Our share

Performance first half-year 2003 of comdirect share (in €)

■ comdirect share

■ SDAX (normalised to value of comdirect share)



Positive capital-market environment

In the second quarter of the year, equity markets were decidedly more cheerful than in the first. Over the entire period, the DAX followed a steady upward path, closing at 3,220.58 points on 30 June, 2003, 32.9% higher than at the end of the first quarter. The index was up 11.3% on its end-2002 level. In addition, generally more optimistic economic expectations and mounting consumer confidence once the global crises had been contained had a positive impact on the mid and small caps. During the second quarter, the MDAX rose 27.5%, and the SDAX 28.1%; the MDAX was thus 16.8% above its end-2002 level, and the SDAX 27.0% higher.

Distinct surge in comdirect share

The improvement in the earnings situation and the strategic perspectives of comdirect bank provided a boost for our share price in the second quarter. The favourable situation on the stock market had a similarly positive effect. With the rise in its price to €6.60 per 30 June, 2003 – the highest level in more than a year – performance of 148% was registered during the second quarter. An increase of 154% was achieved on the closing price for 2002. The response of investors to the quarterly figures published in mid-May was just as positive as that for the distinct profit targeted

for 2003 and the envisaged first dividend payment. Thanks to the price rise, comdirect became one of the top shares in the indices of selected stocks. Even the Prime Financial Services price index, which surged 37.3% to 250.05 points in the second quarter, was easily outperformed.

Trading volume expanded as the share price climbed. Between April and June, a total of 6.57m comdirect shares were traded in Frankfurt and on XETRA, 73.8% more than in the first quarter.

More weight in the index of selected shares

Within the SDAX, comdirect bank improved its position in terms of its market capitalisation, weighted for the proportion of its shares that are in free float (15.55%), from 27th (31.3.2003) to 9th place. Over the same period, its index weighting increased from 2.03% to 3.30%. In the monthly index ranking of Deutsche Börse on 30 June, 2003, the comdirect share was again the SDAX stock with the highest turnover.

Changes in stock option plan

As part of the new segmentation of the stock market on the Frankfurt Stock Exchange, comdirect bank was allocated within the Prime Standard to the Financial Services

Shareholders' structure of comdirect bank AG

- 63.10 % Commerzbank AG *
- 21.35 % T-Online International AG
- 15.55 % Free Float



* directly or indirectly

section, and consequently to the classic equities. In accordance with the AGM resolution of 7 May, 2003, the Prime Financial Services price index therefore replaces, with retroactive effect from 21 March, 2003, the NEMAX 50 index previously used for working out performance targets in our stock option programme. The new price index was also used in calculating the diluted earnings per share (see page 16).

Corporate governance

comdirect bank was one of a handful of small and mid caps to implement without exception all the recommendations of the German Corporate Governance Code in the version of 7 November, 2002. The changes in the articles of association necessary for this purpose were approved by the AGM on 7 May, 2003.

With effect from 4 July, 2003, an updated version of the Code entered into force. Currently, comdirect is examining ways of implementing the recommendations which it contains.

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	SDAX
Number of shares issued	140,500,000
	no-par-value shares

Key figures 1st half 2003

Average daily turnover in units

	XETRA	54,857
	Frankfurt	27,942
		82,799
Opening quotation XETRA	€2.79	
Highest price XETRA (19.6.03)	€6.78	
Lowest price XETRA (28.2.03)	€2.63	
Closing quotation XETRA	€6.60	
Market Cap (30.6.03)	€927.3m	

Investor relations

The dialogue with institutional investors and also analysts was further stepped up in the second quarter. The focus was on presenting the report on business progress in the first quarter. Following its publication, numerous one-to-one discussions were held with research units and investment companies. With the relaunch of the comdirect website, we have improved the flow of information for private investors as well. Under Investor Relations, new features can now be found on the website, such as the ordering service for shareholders or a newsletter for investors.

Given the very good performance of the comdirect share, the price targets established by analysts were all exceeded without exception. Analysts' assessments were changed as a result. Of the six analyses which appeared after the quarterly figures had been published, there were three sell, two hold and one buy recommendation.

Business performance

Low-level market revival

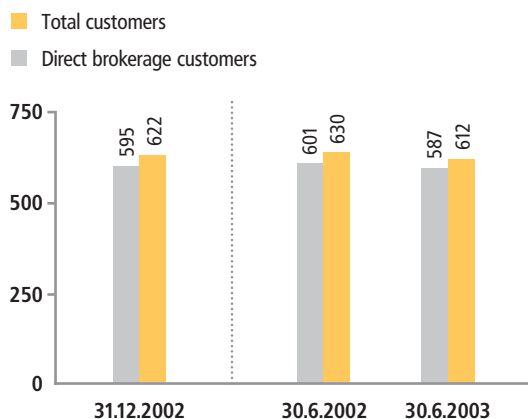
The recovery of equity prices, which following the protracted fall of the relevant indices began at a correspondingly low level, went hand in hand with a perceptible rise in stock-market trading. In the second quarter, 42.9m orders were executed by German securities markets, roughly 6.9% more than in the first. All the same, at 83.0m, the overall number of transactions handled in the first half of 2003 was still 2.1% lower than a year previously. Due to the depressed price level, trading volume in the first six months was no higher than €1,535bn. Despite recent encouraging positive signs, this represented only 79.7% of the volume a year earlier (€1,926bn).

Stable customer base – marked pick-up in trading

comdirect bank performed well in the first half of 2003. Key operating figures improved more strongly than the market average; these include executed orders, securities turnover and portfolio volume.

During the period under review, there was virtually no change in the customer base. It contracted by 1.6% to 612,472 from its level as of 31 December, 2002. The number of direct-brokerage customers declined by 1.3%

Number of customers (in thousand)



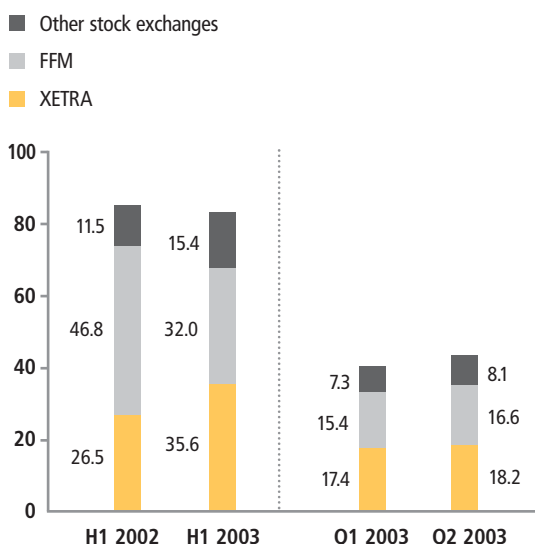
to 586,949. As in the past, most of the closures related to permanently inactive accounts. It should also be remembered that in the first half of 2003 roughly 7,000 customers opted to let their custody accounts lie dormant free of charge; these no longer appear in the customer base as of 30 June, 2003.

With 2.90m orders executed, we achieved a 9.2% increase on the first half of 2002 (2.66m orders). 15% (previous year 14%) of the transactions related to investment funds. The growth is due to the encouraging revival of business in the second quarter of this year; the number of orders exceeded that of the first quarter by 22.6%. In a quarter-on-quarter comparison, however, the rate of order execution was down slightly to 80.9% from 85.1% in the first three months. The reason for this was that the pick-up in equity trading marginally reduced the proportion of investment-fund savings plans and OTC trading – two areas with a very high level of execution – in the overall number of orders in the second quarter. All told, the rate of execution rose to 82.7% in the first half of 2003 (previous year 79.9%).

Substantial increase in market share of bourse turnover

The rise in the number of our orders was registered in both markets in which comdirect is present. In the United Kingdom, 87% more orders were executed in a half-year comparison, in Germany 6% more. On German stock

Number of orders on German stock exchanges (in million)



Source: Deutsche Börse AG

exchanges, our market share rose from 2.9% to 3.3%. At the same time, comdirect ltd in London confirmed its position as third-largest service provider in the area of online retail trades. The growth in the British market is partly attributable to the co-operation with Lloyds TSB Registrars, who provide administration services to over 700 companies and their 20 million employees and shareholders.

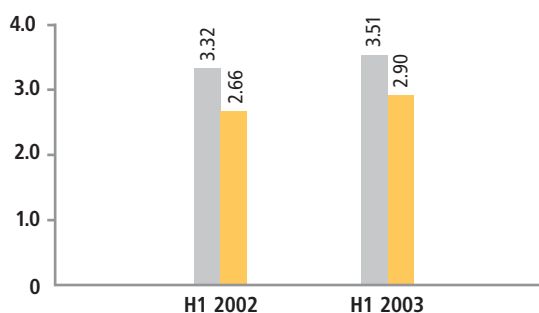
The rising trend noted over a period of time for the securities turnover handled by comdirect bank, even though the market as a whole was falling, persisted in the first half of the year. One of the reasons for this was the above-average growth in warrants and certificates trading. The 49.0% increase in securities turnover to €13.3bn (previous year €8.9bn) represents an average order volume of €4,573 (previous year €3,351).

In connection with the rise in equity and fund prices, the value of the portfolios managed by comdirect bank went up by 27.3% in the second quarter to reach €6.2bn; this marked an increase of 22.0% on their value at end-2002 (€5.1bn). The funds included in the portfolio volume expanded 16.6% in the second quarter to €1.3bn.

Apart from the price gains achieved by our customers, net inflows of funds and shifts from deposits into equities and funds were responsible for the increase in portfolio volume.

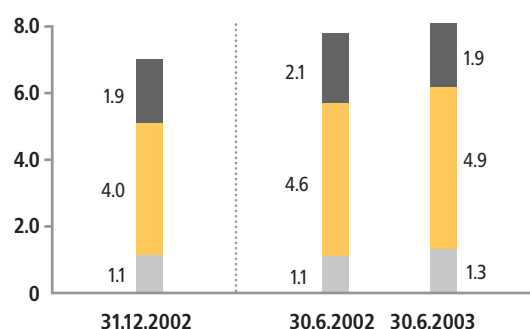
Number of orders (in million)

■ Placed orders
■ Executed orders



Volume of total assets under custody (in € billion)

■ Portfolio volume
■ Deposit volume
■ Funds volume



At €1.9bn, though, the volume of deposits was virtually unchanged on end-2002, rising slightly in the second quarter. The reason for this was the positive response of our customers to the time deposit bearing an attractive interest rate given the current market environment, which was introduced by comdirect bank early in April.

Overall deposits and portfolio volume (equities, funds, deposits) expanded 15.7% to €8.1bn in the first half of the year.

Substantial improvement in earnings

In the first half of 2003, the earnings performance of comdirect bank was much better than a year earlier. On the one hand, due not least to the more positive market development, net interest and commission income could be held more stable; on the other, it proved possible to handle the growing trading and portfolio volume with far lower administrative costs.

The group's profit from ordinary activities was €15.1m (previous year €2.5m), representing a sixfold increase. We achieved over two-thirds of the pre-tax profit, €10.4m in all, within the second quarter. After taxes, a semi-annual profit of €8.6m is left (previous year €0.3m) and diluted earnings per share of €0.06.

Commission earnings were 5.8% stronger than a year earlier in the first half of 2003. At €36.9m, net commission income was 7.3% down on its year-ago level (€39.8m). However, it has to be borne in mind here that third-party costs for settling orders were still booked as other administrative expenses last year, whereas in the current year they now appear for the first time under commissions paid. If a comparable basis is used, net commission income was higher than a year previously in the first half of 2003.

Net interest income before provisioning was reduced by 7.0% to €31.0m (previous year €33.3m). Due to the lower level of interest rates, interest income was down 20.3% to €40.4m (previous year €50.7m). Some of the decline was offset by adjusting the terms and conditions for customers to the capital-market level. In addition, comdirect bank made use of historically low interest rates and the corresponding rise in bond prices to take profits on financial investments. This caused the result from financial investments to increase from €0.8m a year earlier to €3.0m.

The cost/income ratio – the relationship between expenses and earnings – improved to 78.2% in the first half of 2003. In the 2002 financial year, it was 96.2%. Systematic cost management occurred at three levels:

- Personnel costs were down 22.8% on the first half of 2002 (€20.8m) to €16.0m. The workforce declined by 384 to 711 as of 30 June, 2003.
- Over the same period, other administrative expenses fell by 18.9% to €32.6m (previous year €40.2m). Apart from continuing tight cost management, the already-mentioned extraordinary effect in connection with commission expenses was felt.
- Depreciation on and value adjustments to intangible and fixed assets, which had amounted to €11.4m in the first half of 2002, were down 32.5% to €7.7m. This was attributable to non-recurring depreciation in the 2002 business year and selective investments.

Innovation and product development

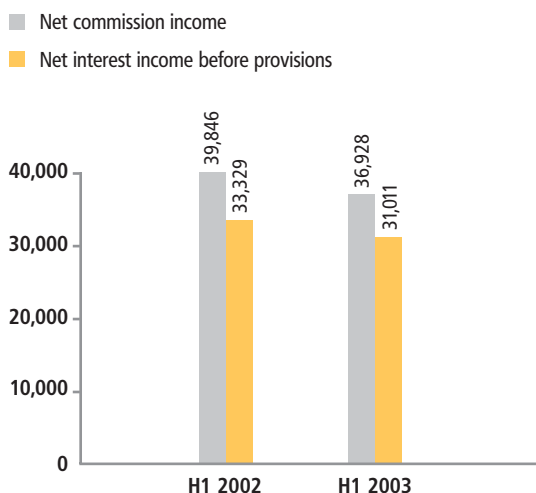
comdirect bank's path to becoming the one-to-one bank for the modern investor is characterised by a variety of new products and services.

In the second quarter too, the emphasis was on the preparations for the relaunch of the bank's website which took place on 26 July, 2003. The more individual and better organised homepage breaks down the extensive range of information into just five core sections. The innovative functionalities of www.comdirect.de include the new multi-page search function, a digital notepad providing the central navigation aid, a professional chart comparison and a single login for all the functions of the site. We have created enlarged exclusive areas for our customers.

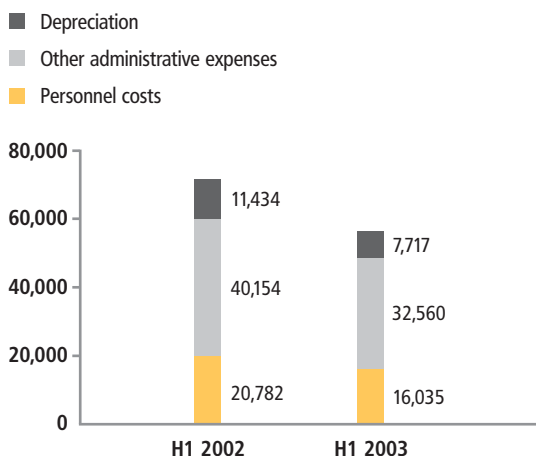
Even before the relaunch, new tools had been made available on the internet for **Online Investment** – such as the single transaction number for an entire session or the preparation of orders in advance for execution.

After intensive preparation in the second quarter, **Direct Banking** was distinctly upgraded in July through the introduction of a current account. Since then, customers

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



Administrative expenses (in € thousand)



can use comdirect bank as their full-service main bank on the internet.

comdirect bank has created the organisational framework for its **Financial Advisory**. One important milestone here was the complete acquisition of a shell public limited company. Complementing the bank's online business model, independent and individual advice will be offered via this company; the market launch is planned for the first quarter of 2004.

Employees

The staff reductions begun in 2002 continued in the second quarter of 2003. Per 30.6.2003, the comdirect group had 711 employees, corresponding to 622 full-time staff. In Germany, the number of full-time jobs was reduced from 660 (31.3.03) to 556, and was therefore slightly lower than the planning established last autumn.

Financial situation and assets

As of 30 June, 2003, the liquidity situation was again sound. All the consolidated companies meet the relevant capital adequacy provisions.

In order to broaden comdirect bank's funding opportunities, the Board of Managing Directors was authorised by the AGM

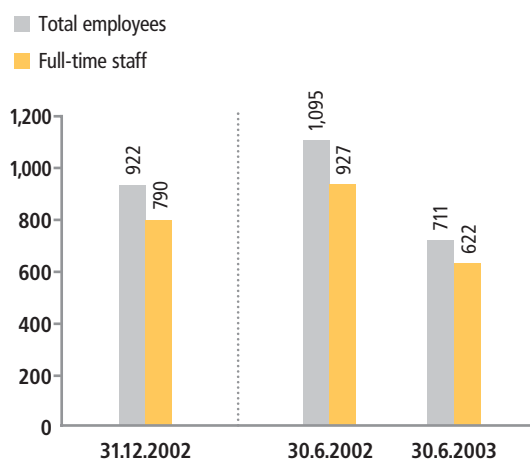
on 7 May, 2003 to issue, with the approval of the Supervisory Board, bonds with warrants or convertible bonds by 6 May, 2008, in an overall amount of up to €300m and with a maturity of at most 20 years. In order to serve the option or conversion rights, conditional capital II of €30m was created.

Outlook

Up to now, the 2003 business year has produced a very good second quarter and encouraging growth in order figures, securities turnover and customers' assets in a more positive market setting. However, the future must decide whether the upward trend on stock markets is stable and lasting. That is why comdirect bank is further systematically developing its business model against the background of its good semi-annual result. Our goal remains to reduce the bank's exposure to market volatilities and to tap new earnings potential within and beyond our existing clientele. For this purpose, comdirect bank will expand its range of products and services in the future as well – on the way to becoming the leading one-to-one bank for the modern investor. At the same time, it will maintain its efforts to keep a tight hold on costs.

The target for 2003 has been set: a distinctly positive operating result – and the first dividend payment to our shareholders.

Number of employees



Income statement

Income statement of comdirect bank group according to IAS*

Income statement					
€ thousand	1 January – 30 June		1 April – 30 June		
	2003	2002	2003	2002	
Interest income	40,420	50,702	19,566	25,592	
Interest expenses	9,409	17,373	3,925	8,916	
Net interest income before provisions	31,011	33,329	15,641	16,676	
Provision for possible loan losses	-617	-167	-247	-37	
Net interest income after provisions	30,394	33,162	15,394	16,639	
Commission income	42,928	40,556	24,208	17,964	
Commission expenses	6,000	710	3,207	62	
Net commission income	36,928	39,846	21,001	17,902	
Trading profit/loss	0	-285	0	-116	
Result from financial investments	2,999	848	2,224	530	
Administrative expenses	56,312	72,370	28,351	33,459	
Personnel costs	16,035	20,782	7,934	9,533	
Other administrative expenses	32,560	40,154	16,434	18,025	
Marketing costs	5,470	7,187	2,439	3,319	
Communication costs	2,555	5,988	858	2,385	
Consulting costs	4,010	4,114	1,972	2,130	
External services	9,252	12,263	4,420	6,030	
Sundry operating expenses	11,273	10,602	6,745	4,161	
Depreciation on and value adjustments to intangible and fixed assets	7,717	11,434	3,983	5,901	
Other operating result	1,055	1,335	98	742	
Profit from ordinary activities	15,064	2,536	10,366	2,238	
Pre-tax profit/loss	15,064	2,536	10,366	2,238	
Taxes on income	6,439	2,252	4,164	134	
After-tax profit/loss	8,625	284	6,202	2,104	
Net profit/loss	8,625	284	6,202	2,104	
Earnings per Share					
Net profit/loss	€ thousand	8,625	284	6,202	2,104
Average number of ordinary shares	Shares	140,500,000	140,500,000	140,500,000	140,500,000
Basic earnings per share	€	0.06	0.00	0.04	0.01
Diluted earnings per share					
Net profit/loss	€ thousand	8,625	284	6,202	2,104
Adjustment to the number of ordinary shares issued due to outstanding option rights	Shares	366,949	145,549	366,949	145,549
Weighted average shares outstanding (diluted)	Shares	140,866,949	140,645,549	140,866,949	140,645,549
Diluted earnings per share	€	0.06	0.00	0.04	0.01

* unaudited

Balance sheet

Balance sheet of comdirect bank group according to IAS*

Assets		
€ thousand	as of 30 June 2003	as of 31 December 2002
Cash reserve	4,579	5,181
Claims on banks	1,172,208	1,294,419
Claims on customers	420,313	175,421
Provision for possible loan losses	-6,560	-6,355
Financial investments	991,045	1,057,701
Intangible assets	13,138	14,094
Fixed assets	23,542	28,175
Tax assets	0	11,701
Other assets	7,289	8,936
Total assets	2,625,554	2,589,273

Liabilities and Equity		
€ thousand	as of 30 June 2003	as of 31 December 2002
Liabilities to banks	46,325	14,913
Liabilities to customers	1,946,270	1,948,680
Provisions	15,879	21,108
Tax Liabilities	2,115	0
Other liabilities	25,354	24,247
Subordinated capital	16,617	16,617
Equity	572,994	563,708
Subscribed capital	140,500	140,500
Capital reserve	367,221	367,221
Retained earnings		
Other revenue reserves	54,713	55,658
Revaluation reserve	1,935	329
Consolidated profit	8,625	0
Total liabilities and equity	2,625,554	2,589,273

* unaudited

Segment Reporting

Segment reporting by geographical market:

1 January – 30 June 2003

€ thousand	comdirect Germany	comdirect Europe without Germany	Group management/ others/ consolidation	comdirect bank group total
Net interest income before provisions	29,667	1,344	0	31,011
Provision for possible loan losses	-617	0	0	-617
Net interest income after provisions	29,050	1,344	0	30,394
Net commission income	34,354	2,574	0	36,928
Trading profit/loss	0	0	0	0
Result from financial investments	2,999	0	0	2,999
Administrative expenses	49,338	6,974	0	56,312
Other operating result	1,055	0	0	1,055
Profit from ordinary activities	18,120	-3,056	0	15,064
Pre-tax profit/loss	18,120	-3,056	0	15,064
Taxes on income	6,439	0	0	6,439
After-tax profit/loss	11,681	-3,056	0	8,625
Net profit/loss	11,681	-3,056	0	8,625
Acquisition costs of segment assets	2,443	51		2,494
Depreciation on segment assets	6,630	1,087		7,717
Cost/income ratio	72.5 %	178.0 %		78.2 %
Segment income	84,185	4,508		88,693
Segment expenses	66,065	7,564		73,629
Segment assets	2,458,940	129,205		2,588,145
Segment debt	1,870,986	121,609		1,992,595

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 June 2002

€ thousand	comdirect Germany	comdirect Europe without Germany	Group management/ others/ consolidation	comdirect bank group total
Net interest income before provisions	32,622	707	0	33,329
Provision for possible loan losses	-167	0	0	-167
Net interest income after provisions	32,455	707	0	33,162
Net commission income	38,346	1,500	0	39,846
Trading profit/loss	-285	0	0	-285
Result from financial investments	848	0	0	848
Administrative expenses	64,943	7,427	0	72,370
Other operating result	1,335	0	0	1,335
Profit from ordinary activities	7,756	-5,220	0	2,536
Pre-tax profit/loss	7,756	-5,220	0	2,536
Taxes on income	2,252	0	0	2,252
After-tax profit/loss	5,504	-5,220	0	284
Net profit/loss	5,504	-5,220	0	284
Acquisition costs of segment assets	3,478	505		3,983
Depreciation on segment assets	10,320	1,114		11,434
Cost/income ratio	90.2 %	336.5 %		97.5 %
Segment income	90,225	2,516		92,741
Segment expenses	83,317	7,736		91,053
Segment assets	1,811,349	75,975		1,887,324
Segment debt	1,998,386	64,409		2,062,795

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 IAS*

Income Statement						
	Quarter I	Quarter II	Quarter III	Quarter IV	Quarter I	Quarter II
€ thousand	2002	2002	2002	2002	2003	2003
Interest income	25,110	25,592	24,821	23,697	20,854	19,566
Interest expenses	8,457	8,916	9,698	8,253	5,484	3,925
Net interest income before provisions	16,653	16,676	15,123	15,444	15,370	15,641
Provision for possible loan losses	-130	-37	-296	-1,574	-370	-247
Net interest income after provisions	16,523	16,639	14,827	13,870	15,000	15,394
Commission income	22,592	17,964	19,621	18,847	18,720	24,208
Commission expenses	648	62	557	615	2,793	3,207
Net commission income	21,944	17,902	19,064	18,232	15,927	21,001
Trading profit/loss	-169	-116	0	0	0	0
Result from financial investments	318	530	308	44	775	2,224
Administrative expenses	38,911	33,459	33,201	32,567	27,961	28,351
Personnel costs	11,249	9,533	10,343	7,596	8,101	7,934
Other administrative expenses	22,129	18,025	17,102	18,901	16,126	16,434
Marketing costs	3,868	3,319	3,475	3,868	3,031	2,439
Communication costs	3,603	2,385	1,968	2,836	1,697	858
Consulting costs	1,984	2,130	3,226	1,616	2,038	1,972
External services	6,233	6,030	5,244	5,970	4,832	4,420
Sundry operating expenses	6,441	4,161	3,189	4,611	4,528	6,745
Depreciation on and value adjustments to intangible and fixed assets	5,533	5,901	5,756	6,070	3,734	3,983
Other operating result	593	742	812	770	957	98
Profit from ordinary activities	298	2,238	1,810	349	4,698	10,366
Extraordinary result and restructuring costs	0	0	-31,967	8,672	0	0
Pre-tax profit/loss	298	2,238	-30,157	9,021	4,698	10,366
Taxes on income	2,118	134	-9,910	-1,178	2,275	4,164
After-tax profit/loss	-1,820	2,104	-20,247	10,199	2,423	6,202
Profit/loss attributable to minority interests	0	0	0	0	0	0
Net profit/loss	-1,820	2,104	-20,247	10,199	2,423	6,202

* unaudited

Statement of changes in equity

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

Statement of changes in equity		
€ thousand	2003	2002
Equity as of 1 January	563,708	578,110
Changes in the financial year		
a) Subscribed capital	0	0
b) Capital reserve	0	0
c) Retained earnings	-945	-3,800
Differences arising from currency translation and other changes	-945	-3,800
d) Revaluation reserve	1,606	-3,020
e) Consolidated profit/loss	8,625	284
Equity as of 30 June	572,994	571,574

Cash flow statement

Cash flow statement		
€ thousand	2003	2002
Cash and cash equivalents as of 1 January	5,181	72,005
Cash flow from operating activities	1,687	-64,229
Cash flow from investing activities	-1,344	-2,867
Cash flow from financing activities	0	-2,248
Effects of changes in exchange rates	-945	-1,552
Cash and cash equivalents as of 30 June	4,579	1,109

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

This report on the first half of 2003 conforms to 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 bank.

As previously, all assets have been shown on a risk-optimised basis.

The model for calculating the ordinary shares included in the diluted earnings per share on the basis of outstanding subscription rights was adjusted to the Prime Financial

Services price index in accordance with the AGM resolution of 7 May, 2003.

In the second quarter of 2003, comdirect bank AG wholly acquired the corporate shell of a public limited company, which in future will handle the Financial Advisory business.

Compared with 31 December, 2002, there was no change in the list of consolidated companies.

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

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

7 November, 2003

Nine-month Report 2003

24 – 26 November, 2003

GMCC 2003 German Mid Cap Conference in Frankfurt/Main

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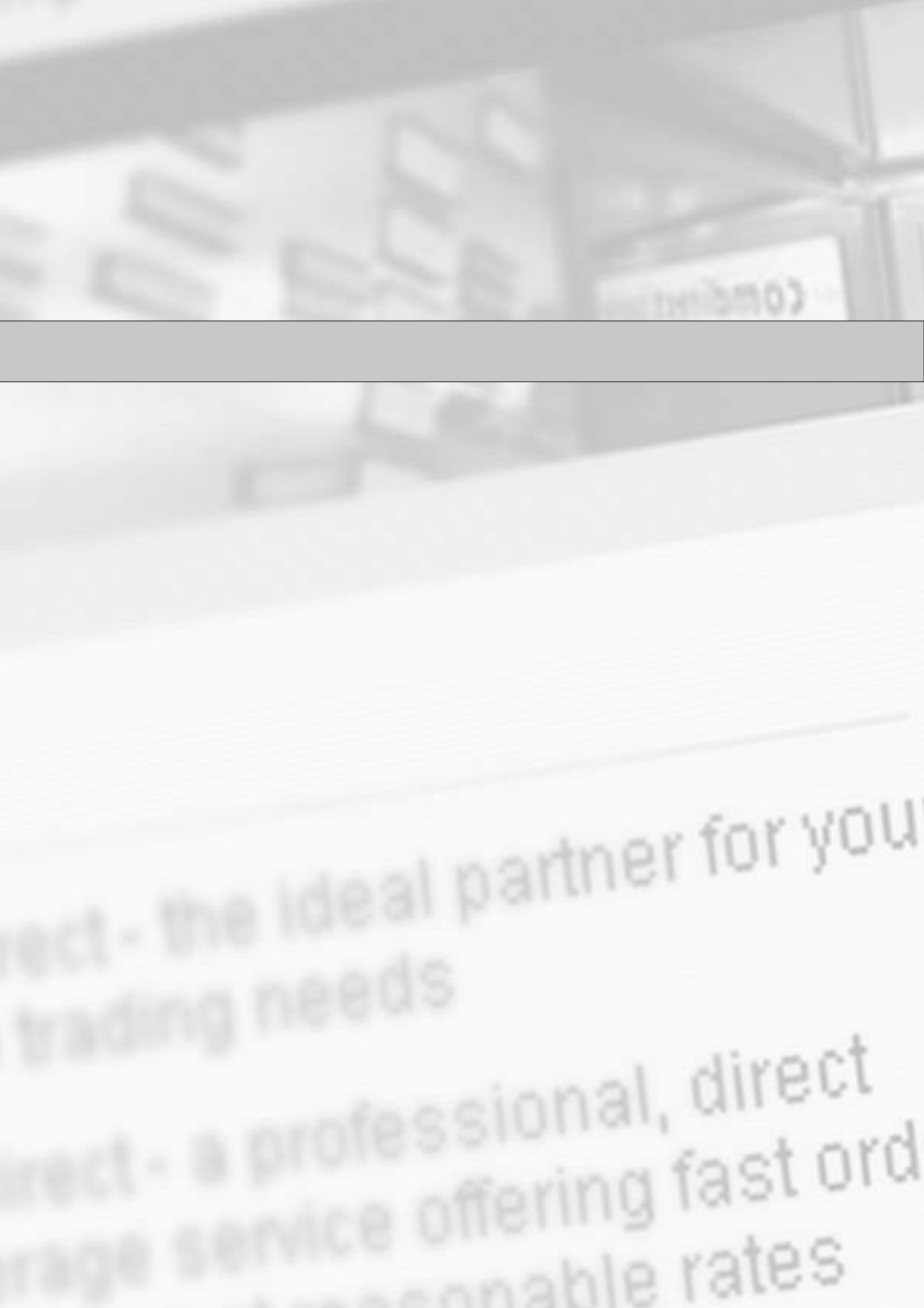
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Concept and layout

ergo Unternehmenskommunikation, Cologne/Frankfurt am Main



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