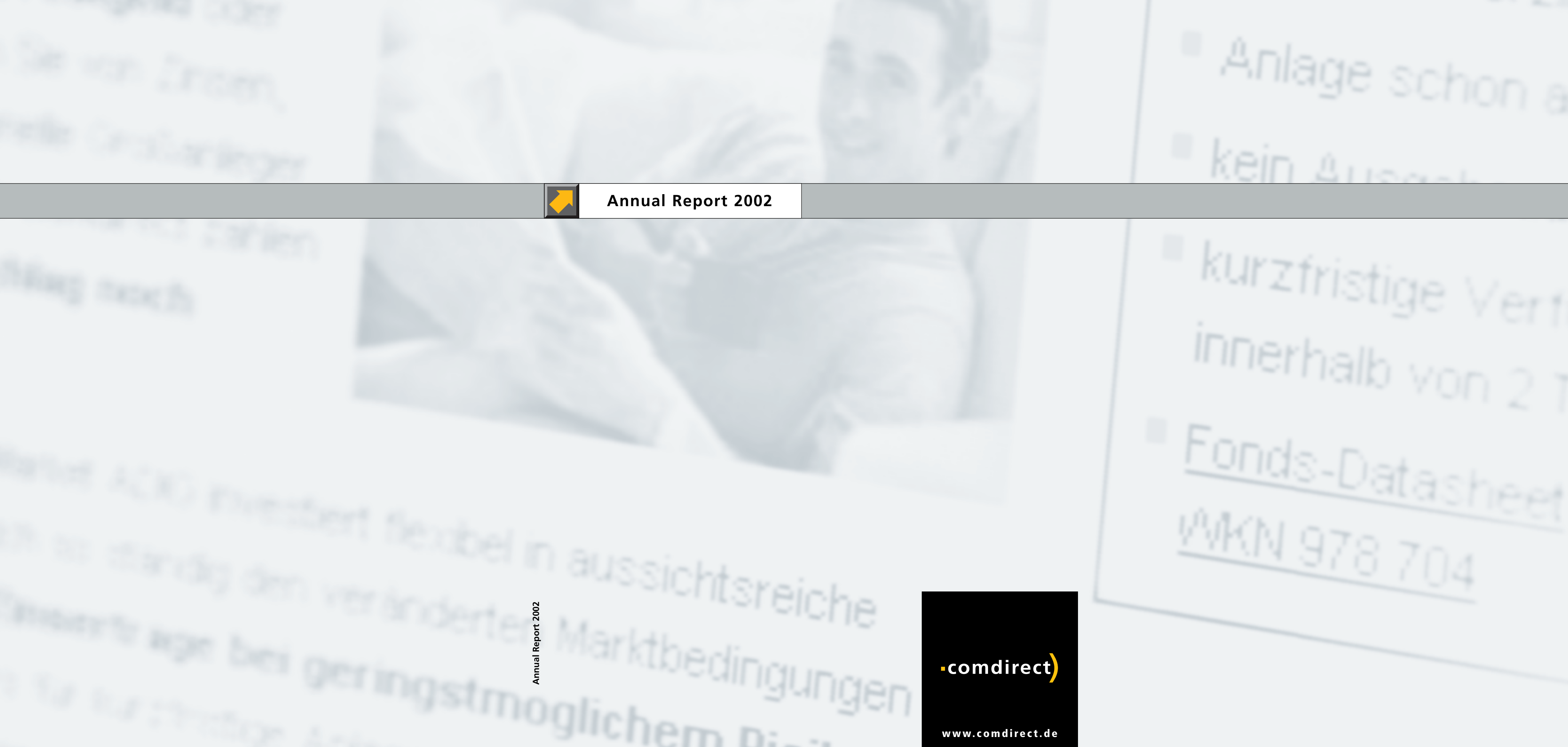




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Key Figures

		Group 2002	Group 2001
Customer figures			
Total customers		622,242	648,611
Direct brokerage customers		594,701	615,211
Business unit figures			
Total assets under custody	€ million	7,005	9,001
Assets under custody per customer	€	11,258	13,877
Direct Brokerage			
Placed orders		6,910,359	8,692,108
Executed orders		5,699,299	6,565,206
Order activity per account (average)		9.5	11.4
Ratio of funds per executed order	%	14.2	6.1
Order volume per executed order	€	3,790	3,053
Securities turnover	€ million	21,603	20,045
Portfolio volume	€ million	5,057	6,699
of which – funds volume	€ million	1,066	1,093
Portfolio volume per direct brokerage account	€	8,503	10,889
Funds volume per direct brokerage account	€	1,792	1,777
Deposit business			
Deposit volume	€ million	1,948	2,302
Deposit volume per customer	€	3,131	3,551
Financial figures			
Net commission income	€ thousand	77,142	93,018
Net interest income before provisions	€ thousand	63,896	74,083
Profit from ordinary activities	€ thousand	4,695	-52,316
Pre-tax profit	€ thousand	-18,600	-150,580
After-tax profit	€ thousand	-9,764	-160,657
Net income/loss	€ thousand	-9,764	-160,657
Earnings per share	€	-0.07	-1.14
Balance-sheet total	€ thousand	2,589,273	2,974,011
Equity	€ thousand	563,708	578,110
Equity ratio	%	21.8	19.4
Own funds ratio according to BIS	%	84.4	70.9
Cost-income-ratio*	%	96.2	129.1
Pre-tax return on revenues*	%	4.6	-30.1
Employees' figures			
Number of employees		922	1,291
Employees full-time basis		790	1,110
Direct brokerage accounts per employee full-time basis		753	554

(*excluding extraordinary results and restructuring costs)

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Our annual report is
available in German and English.

2002 at a Glance

Difficult year, positive outlook

Operating business: comdirect with a profit comdirect bank is the only large online broker in Germany that is operating in the black. In 2002 we recorded a profit from ordinary activities of €4.7m despite budgeted start-up costs in London.

Overall result: weighed down by restructuring Non recurring charges for the com one programme for the future lead to a negative Group pre-tax result -€18.6m. The restructuring costs that still accrue in 2003 have already been taken into account in the past year.

Long term trends: intact and promising The number of internet users as well as the number of online banking customers continues to grow further at double-digit rates. The equity culture in Germany has shown its resilience, and private pension provision in the form of stocks and funds is gaining momentum.

Market position: comdirect is the undisputed number one With approximately 590,000 customers in Germany (-4.4 percent) and more than 32,000 customers in the United Kingdom (+111.5 percent), comdirect bank remains the number one online broker in Germany. We gained market share and significantly increased the awareness of our brand.

Strategy: setting our sights on the next development stage comdirect bank is on its way from a leading online broker to a preferred address for the modern investor. Via targeted customer contacts and product offerings for all aspects of wealth accumulation and investing that are increasingly tailor-made to meet individual requirements, we are steadily moving towards becoming a one-to-one bank.

The programme for the future: com one is working Lower costs, leaner structures, more stable earnings – these are the dimensions of our com one programme that commenced in September 2002. Distinct success in all three areas is already apparent at year-end.

Client satisfaction: up again Compared to the previous year, the satisfaction of our customers again increased across all client segments and portfolio categories – starting from a level that is already very high.

Stock market valuation: comdirect included in the prime standard index SDAX Despite a declining share price, comdirect is the largest listed company among online brokers in Europe – and one of the most liquid stocks in the new prime index SDAX. Comprehensive communication assures that our potential is made transparent, and this increasingly leads to positive responses.

Products and services: increasingly individualised Professional valuation and management of investments plus cost-efficient trading – with sophisticated tools for analysis and information gathering in professional quality and our further expanded product range for all customer segments, we are setting standards for the industry.

Introduction

“Sustained profitability – that is our goal. The fact that we made money at the operating level in 2002 despite an unusually bad market environment is a big step in that direction. In 2004 we want to earn €50m before taxes.”

Dear shareholders,

Financial year 2002 was both a good and a bad year. Bad because the weak stock markets hit our business as well as our share price. Good, because we used the market weakness to deal with problems, lower costs and increase the quality of our services. In 2002 we thus not only increased our result but also our outlook: we build on the strong brand comdirect and our satisfied group of customers – and progress further from the best online broker to the best provider of comprehensive private wealth management. Strong in service, leading in technology and profitable for our shareholders.

We are convinced that the current price of our shares does not yet reflect this potential. In 2002 it went down – in parallel with the market. That other direct brokers are in worse shape, that the entire Neuer Markt was mixed up and is now being abolished, that the major share price indices all over the world declined significantly, and that equities overall are viewed with a deal of justified scepticism puts our slide into perspective – but it doesn't offer real comfort.

In the operating business, comdirect bank also had first hand experience with the bout of weakness in the securities markets. And still: in many respects we were better than the market. Trading activities went down – but not nearly as much as the number of orders on the exchanges. For the first time, we lost more customers than we gained and still we increased our market share. Assets under custody declined – but the accounts at comdirect have clearly beaten DAX, NEMAX & Co. when it comes to performance.

Interest and commission income decreased by double digits – still the bottom line was improved.

This success is closely intertwined with our com one programme for the future. It targets cost reductions, stabilisation of earnings and lean structures, also in management. But com one is even more: the correct strategic positioning in a difficult year. comdirect represents a systematic and self-determined approach to investing, tailor-made analysis tools and individualised data provision. After the unwinding of the French and Italian activities, we are now focused exclusively on the two most promising markets in Europe: Germany and the United Kingdom.

com one also meant the separation from numerous employees – and will continue to mean the same in financial year 2003. Measures such as the closing of our business centre in Kiel, which became effective at the turn of the year, are painful but necessary in order to assure comdirect bank's return to a sustainable and successful path.

For me, there is no doubt: online centralised asset management has a great future. And this future is closely tied to the name comdirect. A sizeable degree of optimism is justified for three reasons.

First: the mega trends continue to be entirely intact. The internet is spreading steadily. The establishment of e-banking as a modern way of becoming independent of bank opening hours and service representatives is unstoppable. Self-directed investing is still a new trend; more and more people are looking for a bank that offers the information and tools they truly need for the implementation of their



individual financial goals. The business model of the future is an online-based business model.

Second: comdirect has so far emerged stronger from the consolidation in the financial industry. We were able to cement our position as market leader in Germany, and in the United Kingdom we grew even faster than planned. Today we have the largest customer base among European direct brokers. From this position, we can develop step by step to become the leading address for modern investors.

And finally, third: even in an unusually bad stock market environment, comdirect was making money at an operating level – by the way, the only online broker far and wide.

Our business model works, regardless of the climate.

To achieve sustainable profitability and at the same time to increase the value of the enterprise – that is our goal. In 2004 we plan to make a profit of approximately €50m. A yardstick to measure us by.

A rocky road leads to this ambitious goal, but we are well on our way. With our com one programme for the future, we are currently focusing on being profitable under given market conditions, but at the same time remain prepared for growth. May I ask and invite you to accompany comdirect on this journey – and thank you for your trust.

Sincerely yours,

A handwritten signature in black ink, which appears to read 'Achim Kassow'. The signature is written in a cursive, somewhat stylized font.

Dr. Achim Kassow
Chairman of the Board of Managing Directors

The Board of Managing Directors



Dr. Achim Kassow, Chairman

Born in 1966, he joined comdirect bank AG in June 2002.

After an apprenticeship in banking, university studies and dissertation, he held several positions at Deutsche Bank Group between 1992 and 2002.

In 1999 he joined the executive management of Deutsche Bank 24 where he was responsible for the discount broker "Brokerage 24."

In 2000 he was named general manager of Deutsche Bank 24 AG. In 2001 he moved into the Board of Managing Directors of Deutsche Bank 24 AG with responsibility for distribution management in Europe.

As chairman of the Board of Managing Directors of comdirect, he is, in addition to the strategic development of the company, directly responsible for company communications, marketing and web management.

Dr. Andre Carls

He joined Commerzbank through an international trainee programme following his studies and dissertation at the University of Cologne.

In the following years, he held various positions in the areas of corporate finance and global securities.

Carls, born in 1963, made a substantial contribution from 1998 until 2000 to the establishment of the investment banking division of Commerzbank in London. He has been a member of the Board of Managing Directors of comdirect bank AG since December 2000.

He is responsible for finance & controlling, risk management, auditing and institutional business. In addition, Andre Carls is chairman and non-executive director of the subsidiary comdirect ltd, London.



Hans-Joachim Nitschke

He has been a member of the Board of Managing Directors of comdirect bank since 1994 and thus one of the founding fathers. Nitschke, born in 1949, started his career as a trainee at Commerzbank following an apprenticeship in banking and university studies in economics and business.

Afterwards he was branch head from 1981 until 1984 and, since 1985, head of the department for organisation at the regional branch in Bremen. During this time, he participated in several central projects at Commerzbank as member or head.

At comdirect, Nitschke holds the responsibility as board member for the areas of service, information technology, personnel, organisational development and treasury.





Value

Value enhancing approach

Sustainable profitability and a consistent increase in the value of comdirect bank – these are our goals.

Although the past year was difficult, conditions remain favourable: the market for online brokerage is still young, and the long-term growth trends are promising.

Our leading market position is undisputed, and we emerge strengthened from consolidation.

What is more: with com one, we have prepared the ground. We made an operating profit already in 2002.

In 2003 we strive for pronounced earnings in the Group.



Our market

Currently difficult, fundamentally promising

The future belongs to online brokers and online banking – despite the recent disappointments in the securities markets. That’s because the important market trends are still fully intact. comdirect bank is on the offensive.

For companies like comdirect which derive a large part of revenues from securities transactions, the market environment in 2002 could have scarcely been worse: trading was down and the trading that took place was worth less on average. Stock prices declined further from an already low level. At the end of the year, the DAX reached lows last seen six years ago, and the NEMAX 50 was reduced to a residual value and mutated from a success story to a discontinued model. Unpredictable price swings made for difficult terrain on the stock exchanges, especially for private investors. IPOs of German firms can be counted on one hand, and the volume placed was not even one percent of the value two years previously.

To see the light at the end of the tunnel, a telescope is needed. For the time being, zero growth, insolvencies and unemployment, fear of recession and consumers on strike determine the outlook for the economy and financial markets. That is not the climate for a comparably young

industry such as online brokerage to soar – an industry that not long ago was carried by the stock market euphoria. And still: the fundamental trends that favour online banking and online brokers are not only intact. They are even extremely promising.

The internet continues its victory run

At the end of 2002, more than every second adult in Germany regularly used the world wide web – that is a total of 33.2 million people. Already in the first half of this year, another 5.4 million people will go online. With this growth, the structure of internet users will more and more resemble that of the population at large – as is already apparent in other countries with an even higher percentage of internet users. The internet is no longer the exclusive domain of a few technology buffs or primarily young people; the so-called second wave of internet users is already surfing.

The outlook remains extremely favourable. In the United States, almost 60 percent of all citizens are online, thanks to the larger spread of personal computers – a development that is foreseeable here as well. The mobile use of the internet also promises to be booming. Thanks to its outstanding infrastructure, Germany is well positioned for the fast spread of sophisticated mobile commerce services such as for instance online banking via UMTS mobile phones.

Market potential not nearly reached

Almost half of German internet users are conducting financial transactions online already today. The number of online accounts has increased more than fivefold between 1997 and 2002, from 3.5 million to 20 million. And: half of those that already have access to the internet, but still prefer to bank traditionally, are thinking of becoming part of the internet banking community according to the German banking association Bundesverband deutscher Banken. Against this background, the number of modern, self-directed banking customers will continuously expand.

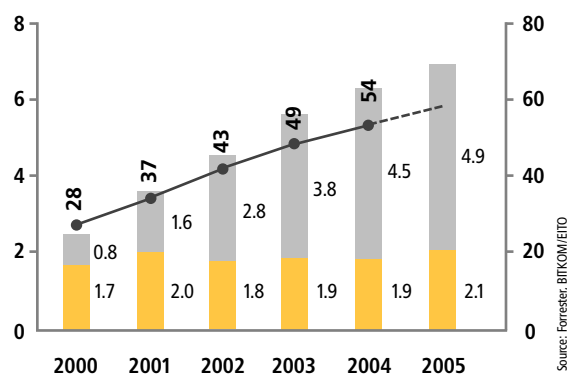
For online brokers, the dynamics were similar in the past. While there were a mere 2.5 million customers of online brokers in Germany in 2000, the reputable market research firm Forrester Research expects this figure to exceed 6 million in Germany in 2004 – hence the market potential has not nearly been exploited yet.

Equity culture: expanding despite a breather

Despite three years of continued weakness by the major exchanges, securities have not lost their basic importance for private investors. On the contrary: over the longer term, the German equity culture is exceptionally healthy. Within five years, the number of Germans that either directly or indirectly hold equities has doubled to 11.5 million.

Online brokerage

- Online brokerage customers (in million)
- Multi-channel brokerage customers (in million)
- Internet users in Germany (per 100 inhabitants)



Source: Forrester, BITKOM/IEITO

Private pension provision plays a decisive role in this trend. When asked why they save, most Germans list making provision for retirement as their number one priority; government incentives have played only a minor role in this so far. By the way, the savings rate of people under age 30 is not much lower than that of older citizens, but the younger generation is considerably more inclined to invest in equities and funds. Even those households with lower incomes have discovered investing in securities. An additional factor: in the coming two years, 15.1 million German households will inherit assets in the total amount of €2bn. In two thirds of the cases, significant amounts of cash will be transferred to the next generation. Of this, a large part will also be invested in securities.

More security investments, more self-directed investors, and more internet users: comdirect bank will fully profit from these trends as a prominent player in the world wide web.



Our market position

Stronger than ever

Our customer base is stable in Germany and grew quickly in the United Kingdom. The comdirect brand is better known than ever before. In a challenging year, we have strengthened our leading position among European online brokers.

The valuation of a company, especially in highly competitive markets, depends decisively on its market position. This is particularly true for online brokers. Only sufficient size guarantees scale effects, allows for cost-effective operations and provides better stability during difficult times. At the same time, it signals the confidence that bank customers demand. And new customers only see those banks that are sufficiently well known as attractive partners in the area of finance and investing. For this reason, Forrester Research estimates that three-quarters of the currently 160 European online brokers will disappear from the market by 2007. They are too small, not well enough known, too weak financially or too narrowly focused – and frequently all of the above.

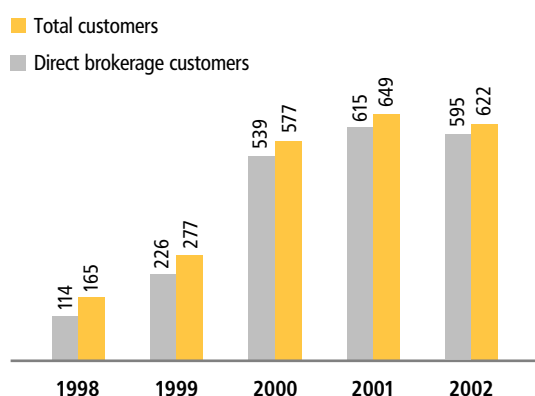
Stable customer base in the core market

comdirect bank will profit from this selection process. With close to 590,000 customers in Germany, among them 562,000 brokerage customers, we remain the number one in the largest European market. For the first time, we lost somewhat more customers than we gained in the past year. However, these were predominantly accounts that had been inactive for a long time, thus only generating service costs

but no revenues. Overall, we were therefore able to increase the average value per customer with this portfolio consolidation. As regards the number of orders per account, we witnessed a slight upward trend towards the end of the year.

The British comdirect grew faster than the overall market and increased its market position from number eight to number three. At year-end, it provided services to over 32,000 customers, more than twice the number from a year ago. In addition, we agreed on a strategic partnership with Lloyds TSB Bank plc in October. We cooperate closely with the fourth largest bank in the United Kingdom in the area of wealthy premium customers and expect this to provide a further boost to growth. In the past year, we took a big step towards our goal of reaching the break-even point already in 2004. As previously reported, we have terminated our activities in Italy and France. Due to the fragmentation of the supply side in these countries and the overall market situation, our ambitious goals would have remained out of reach for the foreseeable future.

Number of customers as of 31 Dec (in thousand)



Our customers: savvy and focused on the long-term

Customer assets under custody amounted to €7.0bn at the end of the year. That is a reduction of 22.2 percent compared to the previous year (€9.0bn). The portfolio volume fell from €6.7bn by 24.5 percent to €5.1bn. The funds volume, which is included in this amount, declined by only 2.5 percent from €1.09bn to €1.07bn. Of course these are not stellar figures. Compared to the development of the overall market, however, our customers are doing relatively well. They increasingly relied on derivatives, reallocated assets from equities primarily to funds and also demanded other products for risk diversification. They thus proved their ability to hold their own in a difficult stock market environment.

The number of securities orders executed declined by 13 percent to 5.7 million at the Group level. At the same time, the relative importance clearly changed. We witnessed an increase in trading of derivative financial products on the one hand, and in funds and fund-based savings plans, on the other hand. The number of executed orders for funds more than doubled, and the number of orders in the context of funds-based saving plans even more than tripled. This development very clearly shows that comdirect is seen by a growing number of its customers as a partner for the long-term accumulation of wealth. It is thus a good fit that we

entered into so-called business-to-business relations with certified financial managers. With an exemplary service range, we were able to win over the first clients who will maintain the accounts of their retail customers with us in the future – an important connection with those consumers who make the conscious decision to put their financial affairs in the hands of professional asset managers.

The comdirect brand: better known than ever

Despite a sizeable reduction in our marketing efforts, the degree of comdirect’s brand recognition significantly increased in the previous year. Today, nearly 60 out of 100 persons interviewed know today about comdirect. With this reading, we are the number one across Germany among direct brokers. It is also remarkable that we are meanwhile reaching, and even surpassing, the brand recognition values recorded at the time of going-public. Our web page www.comdirect.de remains one of the most frequently visited internet pages for financial information – and thus our most prominent brand label. In the past year, we recorded a monthly average of 30 million visits and over 140 million page hits.

All this shows: comdirect has already become a recognised force – on the market and in the minds of our existing and prospective customers. Online brokerage has matured, and we have made a major contribution. Even though the market environment can be expected to remain difficult, comdirect enters the next stage of corporate development from a position of strength.

Donnerstag, 13.02.2003

Warum comdirect?

- günstige Konditionen
- Kompetenz und Sicherheit
- schnelle Auftragsabwicklung
- mehr als nur Aktien

Our strategy

From broker to one-to-one bank

With the com one programme for the future, we are lowering costs, tightening structures and stabilising earnings. And we are already on our way to reaching the next milestone: the transformation to become the leading one-to-one bank for the modern investor.

We have clear goals. In 2004 we want to achieve earnings of €50m. And: from the position of the recognised leading direct broker, we want to continually transform to become the premier address for private asset accumulation and private asset management – in short, the preferred bank for the modern investor.

The past year was mainly characterised by concentration. With com one, we have launched a programme that assures long-term profitability even during the current difficult market conditions. The figures illustrate that there were no alternatives: net interest income after provisions declined by 14 percent compared to the previous year to €61.9m, and net commission income by 17 percent to €77.1m. Instead of waiting for the markets to recover in the foreseeable future, we took action.

com one: more than a cost-cutting exercise

First, we have again reduced costs considerably compared to the previous year. Administrative expenses were reduced

by 38 percent, and savings were obtained in costs of materials and personnel expenses. We eliminated excess capacities from the boom years, re-weighted IT projects, and closed down our call centre in Kiel. Even though the implementation of individual measures will continue well into the current year, for the most part we have aligned our cost structures and capacities with the market requirements already at year-end. By 2004 our goal is to realise continued savings of between 20 and 30 percent compared to 2001 in all areas.

Second, we have streamlined our structures. Since September 2002 we have been working in 13 instead of 19 departments under the leadership of three instead of four members of the Board of Managing Directors. A newly introduced management information system helps to efficiently steer the company. All important management information and operative key variables are generated from a centralised database and are made available in a timely and tailor-made fashion. The system is based on a balanced

scorecard: success is measured simultaneously by financial ratios, data about the value added for our customers, about our staff and the efficiency of processes. With this investment, we not only set standards in our industry, but most of all prepared ourselves to consistently control the accomplishments of our company strategy.

Third, we have stabilised our earnings. The introduction of a new pricing model in the direct brokerage business as of 1 September, 2002 as well as the alignment of interest rates charged on loans with the market environment has already led to a significant short-term improvement of the earnings situation. In the medium term, we will continue to put particular emphasis on those products which have led to good results for our customers already in the previous difficult year, in particular investments in funds and fund-based savings plans. Even with conservative assumptions about the market development, this will also improve the earnings situation. Despite a moderate adjustment of commissions, comdirect remains a particularly cost-efficient provider, especially for brokerage services.

Towards a one-to-one model

Even if the cost side was given greatest consideration in the past year: com one is much more than a strict cost-cutting programme. com one helps to speed up, support and secure the transformation of comdirect bank. The bundle of measures is our most important investment for the future. Of this future we have a clear vision. We will remain the first choice for experienced investors who want to directly, safely and cost-efficiently trade all possible financial instruments – from shares to warrants and other complex products – on an efficient transaction platform and who want to use professional analysis tools for this. We will become the first choice for investors of the next generation who want to access all major services through the internet and not through a branch office – from time deposit to fund-based

savings plans. The self-directed investors of the next generation are looking for a bank that helps them maintain an overview and step-by-step move into products that match their risk tolerance.

This leads to a clear qualification profile. We will provide every customer, whether seasoned trader, well informed investor or unsteady beginner, with exactly the information, tools, services and products needed to achieve their goals. comdirect bank does not simply provide everyone with all conceivable information but rather targets what is relevant for the individual investment. The comdirect bank of the future will be a one-to-one bank that, with the help of modern tools, personally addresses its customers via the internet – with comprehensive services that are in no way inferior to those provided by a traditional high quality house bank, individualised investment advice included.

In the past year, we already took perceptible steps in this direction. Just to give a few examples: the new account management enables our customers to perform a professional analysis of their portfolios. Our new information services – for example, concerning bonds, warrants, certificates and funds – extend the range of our decision-making tools to products that are particularly in demand in a challenging capital market environment.

In the current year, we will continue in this direction: we are systematically expanding our product range. We are adapting our distribution channels to the needs of our customers and will approach them in an even more focused way. We are redesigning our web appearance, in order to bring information content and individual usefulness in line. And not least, we are sharpening the profile of our brand, in order to clearly and distinctly communicate the advantages of comdirect bank.



Our share

Potential in the prime segment

Despite a declining stock price, comdirect bank is the largest listed online broker in Europe – and one of the most liquid stocks in the new Prime Index SDAX.

Analysts' views have again become increasingly positive.

After the dramatic decline of share prices in 2001, numerous market participants – comdirect bank among them – had still anticipated a levelling out, followed by a recovery of global equities in the second half of 2002. These expectations were disappointed in 2002. The German stock market index DAX went down 44 percent to 2,892.63 points. The NEMAX 50, reduced to a residual value already in 2001, lost another 69 percent of its value and ended the year 2002 at 358.79 points.

The stock market valuation of comdirect was hit twice by this development: on the one hand, the general decline of equity prices put pressure on the share price and, on the other, the capital market environment negatively affected the operating business of comdirect bank and its competitors. With this background, investor interest in listed direct brokers weakened as well.

Share price development in line with the market

The unsatisfactory price development of the comdirect shares by and large parallels the industry performance. Compared to the close at the end of the year 2001 of €10.65 in

XETRA trading at the Frankfurt stock exchange, the quotation weakened by 76 percent to €2.60. The comdirect bank shares thus moved almost exactly in tandem with the sector index NEMAX Financial Services, which lost 74 percent to finish at 8.42 points. The corresponding CDAX industry index lost 49 percent and closed at 270.2 points.

After significant price advances in the first days of trading in financial year 2002, which led to the yearly high at €13.10, the shares of comdirect went on a long slide, which was only briefly interrupted in the second half of February – after the closing of the Italian subsidiary was announced. Even the trend of a significantly improved operating result, which was confirmed several times during the course of the year, as well as the cost savings identified in the com one programme for the future, were unable to stem the market-induced downtrend.

Market capitalisation and index-weighting: comdirect is number 12

A market capitalisation of €365.3m follows from the closing value of the comdirect bank share on 30 December,

2002 of €2.60 – only barely above the low for the year of €2.15 reached in October 2002. Despite the heavy losses, comdirect bank is thus still the heavyweight among listed direct brokers in Europe. The market capitalisation of the free float, which is relevant for the weighting in the NEMAX 50 index, amounted to €56.8m based on the XETRA quotation. Deutsche Börse assumed a free float of 15.55 per cent from this calculation. Among the shares in the index, comdirect bank ranked 34th concerning the weighted market capitalisation, while the 12th position was achieved with a trading volume of €246.3m in the year 2002.

The formation of new stock market segments by the Deutsche Börse AG is in our opinion a necessary step to re-establish confidence in the German capital market. The standards of comdirect regarding publications and transparency in the year 2002 consistently satisfied or even surpassed the requirements of today's Prime Standard. The information content of the annual report and quarterly reports was judged to be above average by a panel of Manager Magazin; here comdirect bank ranks 8th within the NEMAX 50.

The request to participate in the newly created segment was granted by the Deutsche Börse AG on 15 January, 2003. The grouping of financial services within traditional branches leads to the switch of comdirect bank from the previous NEMAX 50 index to the SDAX. This index represents the companies of the Prime Segment, which follow directly after the 80 stocks in the DAX and the MDAX with regard to the market capitalisation of the free float and market turnover. Based on a scenario analysis by the Deutsche Börse AG, comdirect bank will be among the 30 largest stocks in the SDAX.

Performance 2002 of comdirect share (in €)



Intensified investor relations in the second half of the year

In financial year 2002, comdirect bank again maintained close contacts with institutional investors, private investors and analysts. After the start of the com one programme for the future, investor relations were once again significantly intensified. An analysts' conference at the beginning of September was followed by numerous road shows as well as one-on-ones with funds managers and analysts. The essence of these discussions: com one is on the right way forward in the eyes of analysts and institutional investors. The positive operating result is honoured as the decisive plus in comparison to the peer group. A total of 14 research institutions rated the shares of comdirect in the year under review; eight studies are from the past two months of the year. The interest in comdirect bank has thus again increased notably.

Corporate governance at comdirect

Qualified and responsible management and control of the company has always been a high priority at comdirect. Therefore no major adjustments were necessary to satisfy the German Corporate Governance Code. comdirect complies with all recommendations of the code and to a large degree also follows the suggestions made in the code.

Our employees

Clear goals, new beginnings

The process of change has demanded a great deal from the employees of comdirect. As much as possible, the personnel reductions have been conducted in a socially acceptable manner. With com one, a commitment to success is taking hold.

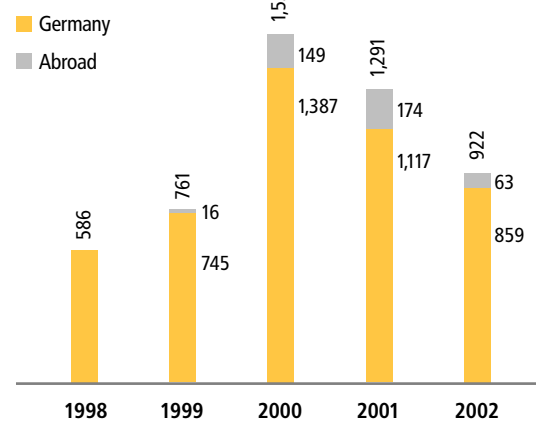
Among the painful, but at the same time necessary measures in the context of com one is the staff reduction that commenced in financial year 2002 and will continue in the first quarter of 2003. 258 employees – equivalent to 211 full-time positions – left the company, by far the majority through the closing of the business centre in Kiel. In Italy and France, an additional 120 (103) employees were let go or were taken over by the purchaser. By the end of the first quarter 2003, we will eliminate an additional 95 full-time positions.

The focus of our personnel activities is and has been on the earliest possible clarification of the situation for all involved and on the professional support of the reductions. As examples, we have offered job-hunting seminars, supplied employees with additional qualifications and actively placed them in new positions. The move of a service-providing subsidiary of Commerzbank AG to Quickborn has facilitated the process. Based on a social compensation plan that was negotiated with the works council, we were successful in conducting the personnel reductions in the most socially acceptable manner possible and in fully implementing them. With the exception of two cases, operational layoffs could be avoided.

Integrated system of target setting

But again it must be kept in mind: com one is more than a cost-cutting programme. We have given better structures to internal processes and intensified communication among management at all levels. In addition, we have introduced a target setting and bonus system in the fourth quarter. It harmonises personal perspectives with the strategic goals of comdirect and seamlessly fits with the Group-wide manage-

Number of employees



ment system. Personal accomplishments and the quest for operational excellence will more strongly than before be at the centre of employee evaluation and development. The system of target setting is thus an important leadership and development instrument for the implementation of our company strategy – also above and beyond com one.

Overall we have been successful in accomplishing the personnel reductions without friction and at the same time to provide clear goals that set important impulses for the future. The sense of new beginnings is tangible: the markets once again expect a lot from comdirect bank – that provides self confidence and motivation for both management and employees to tackle new challenges and to pro-actively develop comdirect bank with the market. The best indication for the intact company culture and the readiness to perform: our customers were never affected by our restructuring, as several measures concerning service quality and satisfaction show. For this, particular thanks are due to our employees.



Performance

Operating excellence in day-to-day business

To be in first place, to remain in first place, even in a challenging environment – this was our aspiration for daily operations in the previous year.

We have reacted to the increasingly differentiated demands of our customers with an intelligent product mix. This includes derivative financial products and professional analysis as well as bonds and fund-based savings plans.

Thanks to a dual product strategy, outstanding technological innovations and further improvements in service, we received the highest marks with regard to customer satisfaction.

■ Top-Performer

■ Optionsscheine mit der besten Performance

1 Tag | 1 Woche | 1 Monat | 3 Monate

alle Kategorien

10000 Stk
+4.000,00%

OS auf Indizes
Sal Oppo

Our products

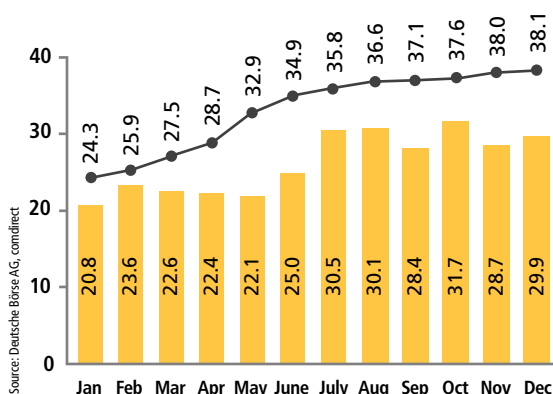
Clever through the crisis

Demand is moving in two directions: here derivative financial products are in demand and there the complete toolbox for asset accumulation. With numerous innovations in the product mix, we picked up these trends.

How do we support our customers to recognise and capture opportunities even in a difficult stock market environment? How do we help them to master the crisis in securities markets? And: what is it that our customers demand from us if we want to be more for them than an online broker – namely, the preferred partner for comprehensive personal asset management?

Derivate financial instruments and fund-based savings plans 2002

- Warrants and certificates, comdirect's market share in percent
- Fund-based savings plans (in thousand)



We were guided by these questions when we further developed our service range and product portfolios. With this, we did not merely put the current unclear market development at centre stage but rather anticipated recognisable longer-term trends: so-called modern sophisticated investors are increasingly searching for derivative financial products and alternative investments as well as for professional navigation tools and trading opportunities for these products. Given the recent turbulences in financial markets, it is no surprise that investors and savers alike are showing an increased appetite for convenient investment opportunities with low risk that are suitable for the steady accumulation of assets – for example, to provide for retirement.

With these requirements in mind, we have introduced new navigation aids and analysis tools and once again significantly enlarged the information offering as well as the product portfolio (see also, "Everybody gets more", page 17). That we were pursuing absolutely the right approach with this product strategy is borne out by the analysis of customer activities.

- Our clients who have been approved to deal in futures contracts, and are thus highly experienced traders, were consistently active during the entire year. Towards the end of the year, they even placed significantly more orders than on average during the year. Particularly striking: they traded derivative financial instruments ten times more often than just two years ago. Because of our outstanding offers, our market share in trading with warrants and certificates has by now reached up to 25 percent.
- Our clients without approval to deal in futures contracts have noticeably restrained their overall trading activities. The importance of share trading, in particular, has lost considerable importance. At the same time, however, the subscription of funds was up substantially; the number of contracts signed for fund-based savings plans even increased by almost 76 percent to 38,000.

Dual product strategy

The shifts in the product mix will continue to demand a dual product strategy in order to meet the specific requirements

of both groups of customers. With this we fortify our position on both sides of the market: as the leading partner for the professional implementation of complex trading strategies in difficult market environments, but also as preferred partner for the long-term creation of assets.

As part of this strategy, we have acquired an interest in Nasdaq Germany and are thus securing our customers' access to a promising new stock exchange platform. On the other hand, we will also put more emphasis in the future on traditional banking products such as our money market accounts and time deposits or also checking accounts. The message is that our customers are in good hands with us even when they are only trading infrequently. Step by step, we are therefore developing into a bank where modern investors get everything they need both for their current financial affairs as well as for their investment strategies – a bank with the potential to be the first and only choice of their customers.

Everybody gets more: the most important innovations in 2002

- **Professional analysis:** With the informers for warrants, certificates and fixed-income, we have developed specialised information platforms. The new account manager allows for a professional analysis of the entire securities portfolio. The improved StrategyPlanner systematically points to the right products.
- **Simplified trading:** Via the Live Trading system, customers can trade outside exchange hours with the most important issuers of warrants and certificates. The expanded TraderMatrix has been integrated into Direct Brokerage.
- **Fixed-income securities for everyone:** With the fixed-income informer, we have created broad based information and navigation capabilities for the trading in fixed-income securities. Commerzbank continuously offers personal investors 15 bonds in small denominations – at fixed fees.
- **More saving plans, more funds:** Instead of 50, now 100 funds can be purchased in the form of fund-based savings plans. Our offer of funds was expanded to cover more than 4,200 funds. For 3,200 of these funds, the issuing premium has been significantly reduced or even eliminated.
- **Earlier start:** With the Junior Account, the financial future of your children can be secured comfortably – with limited risk.

Vermögensplanung



Unsere Angebote für Ihr Vermögen
StrategiePlaner, mit dem Sie einfache
persönliche zielorientierte Anlage
können. Passend zu Ihrer Anlage
Sie eigene Fonds aufteilen

Service, marketing and distribution

Focus on client benefits

Outstanding service quality, satisfied customers, effective marketing and distribution activities – in this respect the past year was a success. No reason to rest on our laurels. The concrete customer benefit must continuously be made clear.

Saving at the expense of customer satisfaction would mean saving in the wrong place – this guiding principle remained unreservedly true in the past year as well. Despite the reductions in staff and significant additional cuts in nearly all segments of comdirect bank, we were even able to once again increase our outstanding level of services. This is confirmed by two facts. First, the satisfaction of our clients has increased further from an already high level. An appropriate study shows that this is true for all customer segments and account volumes. Second, by far the largest number of new customers were gained through referrals from existing clients – in the context of our new “customers recruit customers” awards programme.

Among the many improvements in service is the possibility to obtain current information via an electronic postbox, to change personal information online and to sign up directly and online for fund-based savings plans. Without exception, these were very well received and furthermore have notably reduced internal efforts for the processing of customer data

and forms. Increased efficiency and quality went hand in hand.

With special distribution campaigns that were similar to typical retail campaigns and thus once again sharply distinguished themselves from customary bank marketing, we were able to keep current and potential clients informed about new products and the advantages of comdirect bank. Among others, the fixed&fund offer, where customers keep half of their assets in funds and half in time deposits, was met with strong interest. Also well received were the activities “A heart for traders”, along with our offers for the trading in warrants issues of the major issuers. This helped us to win over several new customers, of which a large number immediately placed orders.

Overall, we generated approximately 4.6 million net contacts with 40 campaigns in the past year. As part of this, we specifically targeted individual focus groups with 28 distribution campaigns among our customers. Despite signifi-

cantly reduced marketing expenses in some cases, on balance we were able to strongly increase the efficiency of our marketing. The proof is the ratio of marketing effort to measurable supported advertising recall. In particular, our TV campaign with international star Michael Douglas has left a lasting impression – not only because we dared to run TV ads in the middle of a stock market crisis at all, but also because the message was convincing: With the right financial partner, success is possible for self-confident and well-informed investors even during difficult market periods.

Tapping into the potential for improvement

Although our products and services were marketed successfully in the past year, there is still a sizeable potential for improvement. Only one out of three of our customers states that the banking relation with comdirect provides him with a large or very large specific benefit. A lot of our customers continue to have an above average number of banking relations and for new business often use other providers for their respective products. A phenomenon known to all online brokers: In the public's perception, the brand profiles are not yet very clear; correspondingly low is the customers' willingness to make a firm decision for one provider.

That is what we are working on – not only in marketing. In the past year, we therefore launched a bundle of measures. Our goal for 2003 is to make the service quality more tangible and thus to sharpen our brand profile and to firmly anchor the gradual transformation of our positioning – away from being a pure online broker and towards becoming a modern asset management bank – with the general public.

To reach this goal, we are pursuing an integrated approach. Our web appearance – study centre, news ticker, product supply, trading system and marketing tool all at once and thus our most important brand label – will in the future be

aligned even further with the differentiated demands of individual customers. Everybody should access quickly and conveniently individually relevant information and products. Dialogue marketing, communication, and the further development of our product range will be more strongly inter-linked than before and will thus condense the value added of comdirect to a convincing overall profile.

Currently we are also developing new distribution concepts, which are to strengthen our appearance as early as the autumn of this year. These steps are to be supported by an improved client data analysis and new methods that allow us to measure the success factors of individual campaigns as well as the accomplishments of the overall appearance. Even though the requirements of the demand side are becoming more differentiated, with the help of these investments we will shortly know even better what our customers want and how we can best reach them.

All in all, we have thus not only conducted current business in the established way, but also put into place the prerequisites to fully deliver the service quality in the future that we expect from ourselves despite leaner overall structures. This ambition can be summarised in one sentence: we are setting the standards in our industry.

Our technology

Best practice as guiding principle

Becoming leaner, developing products and making them adaptable for the net, assuring current operations – 24 hours a day, seven days a week. Our IT department mastered these challenging demands brilliantly.

Our IT department faced particularly demanding tasks in the past year. The foremost challenge was to adjust the capacities that were necessarily built up during the boom years in the online brokerage business to the changed market situation. This had to be achieved without compromising security standards or reducing access in any way. A benchmark analysis was one of the guiding principles. It had come to the conclusion that comdirect bank supports an excellent, but in parts oversized infrastructure. Savings in these areas were possible without compromising service quality or abandoning necessary reserves.

The individual cost reductions were already partially completed in financial year 2002. Newly organised departments and the bundling of responsibilities led to a reduction in head count, and at the same time a number of external workers were no longer needed. The contracts with our most important suppliers for systems technology, database software, and telecommunications were revised and renegotiated at more favourable conditions. Low priority IT projects were cut. Our supply of market data was transferred to only one provider.

This last step also generated the preconditions for the introduction of the new account manager – the outstanding innovation of the past year from a technological point of view. Real-time and near-time quotes are used directly for the analysis of a securities portfolio by this navigation tool. Up to now, sophisticated tools such as this were available to professionals only – with us everybody can make use of it.

Numerous additional projects were on the agenda. The IT architecture that had proven itself in Germany was transferred to comdirect Ltd in the United Kingdom; all the developments necessary for this were provided in-house and thus significant savings were generated. The electronic post-box, the entry of customer data via the web, the preparation for the introduction of the alphanumeric ISIN numbers, which will in the future become the European standard and replace the securities identification codes – all these are examples for targeted investments into our systems and our technological base.

At the end of the year, we can thus conclude that quality and safety in no way contradict efficiency. We remain what we were: leaders in technology.



Group Management Report

usland sind wir mit einer Tochterge
don) vertreten. Wir vertreiben stand
kprodukte über alle modernen Online
atungslose Wertpapiergeschäft den
dukte besonders günstig anbieten, d
dernster Informationstechnologie, die
herheitsstandards entspricht, weiter

Major development

Even though the long-term growth trend is still intact, the direct brokerage industry suffered a setback in 2002. The unexpectedly steep weakening of the stock exchanges adversely affected the trading business as well as the IPO market, which shrank once again. comdirect bank fared comparably well in this unfavourable market environment. The number of customers – also on the strength of a gratifying development at the London business centre – only declined marginally, the order volume developed much better than the market, and against the trend securities turnover was up strongly, thanks to a strong increase in trading with derivative financial instruments and funds products. Concerning brand awareness, customer satisfaction and functionality of our websites – www.comdirect.de and www.comdirect.co.uk – comdirect bank advanced notably during the financial year.

As regards earnings, comdirect bank made significant progress after the heavy losses in the previous year. Declining interest and commission income were more than compensated for by consistent cost reductions. After the cessation of the French and Italian activities, the turnaround at the Group operating level was accomplished. Only because of non-recurring charges relating to the com one programme for the future, which was started during the financial year, does comdirect bank show a moderate loss for the year. The financial situation of the Group continues to be solid, and the asset position is stable.

The financial year 2003 is marked by com one. According to expectations, further reductions in personnel costs and other administrative expenses as well as the expansion of our service range with a focus on the customer will lead to a return to profitability even if the weak market environment continues. The ambitious goal for the year 2004 is a profit before taxes of €50m.

Economic climate

The development of financial markets in 2002 was below even pessimistic expectations. The major indices for the global financial markets went on a long lasting downward slide after a brief recovery in the spring and hit lows not seen for many years in the autumn. Hopes for a year-end rally were crushed by the unfavourable development of economic indicators as well as by the threat of a military conflict in Iraq.

In the course of the year, the underlying economic situation turned into an increasing burden for European capital markets. While the gross domestic product of the OECD member countries advanced by an average of 1.5 % in 2002 according to preliminary figures, the European Union was unable to exceed 0.9 %; Germany with GDP growth of merely 0.2 % was among the slowest growing economies of the Western world.

Despite relatively strong expansion of the money supply – within the Euro zone the money supply M3 was up by 6.8 % compared to the previous year, thus greatly exceeding the reference value of 4.5 % – the European Central Bank decided to lower its key interest rates in November 2002 by 50 basis points to 2.75 % in order to support the weak economy.

As a result of the growing uncertainty and the corresponding rediscovery of real assets, the price of gold also increased; the London quotation increased by 24 % in the course of the year to reach 342.75 dollars per ounce.

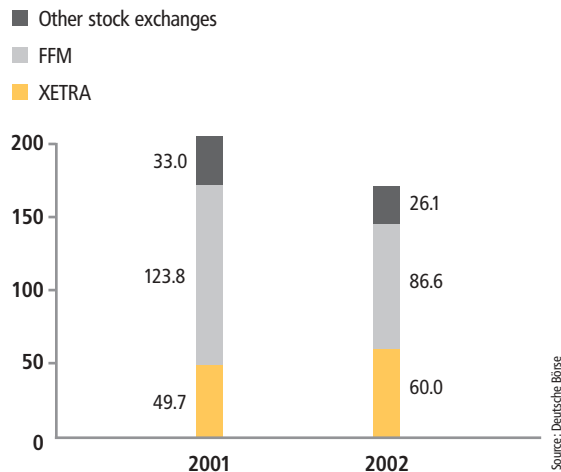
Private households reduced their spending plans as a consequence of the increasing political and economic uncertainty. Private consumption fell by 0.5 % in real terms compared to 2001. A further consequence was a more cautious approach of investors to the capital markets; in private accounts the share of equities and funds declined in favour of fixed-income investments. Based on a study of the German share

institute Deutsches Aktieninstitut (DAI), the number of shareholders and owners of equity funds decreased from 12.9 to 11.5 million, even though the low valuation level in the second half of the year tempted 600,000 investors to re-enter or newly enter the equity market.

With institutional investors, as well, a trend away from equities was discernible. Domestic investment funds (public funds and specialised funds) held only 34.7 % of their assets in the form of equities at the end of November 2002 (December 2001: 44.4 %); 54.7 % (December 2001: 47.6 %) were held in the form of bonds. Thanks to this development, the German bond index (Rex Performance Index) gained 9.0 % compared to the previous year while bond yields declined across the board.

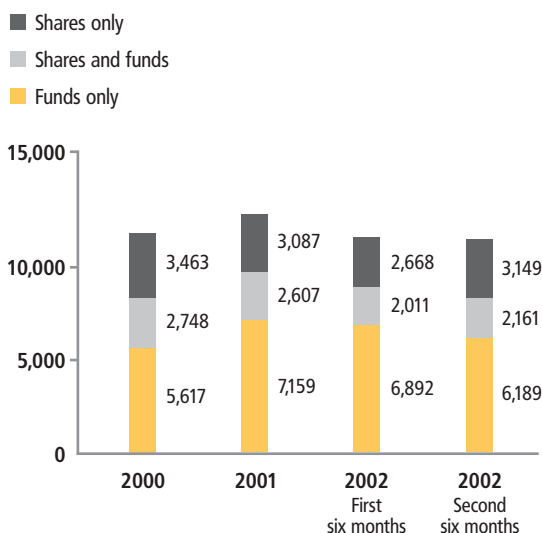
The revival of fixed-income investing had grave repercussions for stock market activity. On German stock exchanges, only 172.7 million orders were executed in 2002, approximately 16 % fewer than in the previous year. Trading volume fell by more than one fifth to €3,501bn. In the technology segment NEMAX and in the small cap segment

Number of orders on German stock exchanges



SMAX, order volume shrank by even more than 60 %. Domestic sales and purchases of shares according to preliminary figures (November) only reached 54 % of previous year's value. This figure corresponds to an only marginally higher nominal value of shares of domestic companies in circulation of €168,910bn (previous year: €166,187bn). The value-adding effect of capital increases was compensated to a large degree by delistings, capital reductions and dissolutions.

Number of shareholders (in thousand)



In international comparison, German stock exchanges were hit particularly hard by the share price drops. While the New York stock exchange (Dow Jones Industrial Average Index) fell by 17 % in the course of the year and the London stock exchange (FTSE 100) by 27 %, the German stock market index DAX sank by 44 % to close at 2,892.63 points. The MDAX was 30 % lower at year-end. The NEMAX 50 lost another 69 % after the dramatic decline of the previous year and ended trading at 358.79 points. With this, the NEMAX 50 has lost more than 96 % since it hit an all time high in March 2000. The discovery of balance-sheet manipulations at some of the companies listed at the Neuer Markt further served to undermine investor confidence.

The primary market did not provide any notable impulses in the year 2002. A mere six (previous year: 21) companies dared to go public, four of them in the Geregelter Markt. The total amount of funds raised of €214m is equivalent to 7.4 % of previous year's value and 0.8 % of the value in the year 2000.

Despite the decline in the overall market in 2002, the market trends for online brokers such as comdirect bank Aktiengesellschaft continue to be intact. The internet has again grown in importance as a distribution channel for banking services in the year 2002. According to market studies, more than 60 % of people living in Germany will possess a personal computer by the year 2005.

The prevalence of the internet has accelerated structural changes in the German banking industry. Due to greater market transparency the traditional customer-bank relationship has become more open. Ever more powerful IT structures allow for a large degree of standardisation of the private customer business, which puts even more into question the concept of bank branches in their current form. This development enhances the chances of internet-based business models; powerful platforms such as the www.comdirect.de website have the potential to substitute a large part of the branch office business by capitalising on its internet savvy customers and thus develop from an online broker to a one-to-one bank.

The direct brokerage market, just as the entire financial industry, was characterised by consolidation in 2002. Smaller competitors exited the industry due to the unfavourable market environment; others were taken over by larger banks. Continued speculation about co-operations and mergers are features of the currently nervous market sentiment.

com one programme for the future

comdirect bank Aktiengesellschaft has reacted to the weak market development with the comprehensive com one programme for the future. The package of measures that was inaugurated at the beginning of September 2002 comprises the structural lowering of costs, the establishment of tighter structures as well as the stabilisation of earnings. com one weighed down the Group result in the year under review with non-recurring charges in the amount of approximately €32m. A large part of the costs arises from the setting up of provisions for the implementation of the already agreed upon social compensation plan including a balance of interest in the first quarter of 2003 and the closing of the Kiel business centre.

Already in financial year 2002 substantive measures were implemented as part of com one:

- The consolidation of administrative and sales functions with the aim of a drastic reduction in personnel costs and other administrative expenses has led to the closure of the Kiel business centre at the turn of the year 2002/03 and the winding-up of the call centre activities that were located there. Call centre and back office activities were concentrated at the business centre in Quickborn.
- A new pricing model was introduced on 1 September, 2002. It moderately adjusts the compensation for orders to market prices and serves to stabilise earnings as well as the market introduction of innovative products, in particular in the area of investment funds and fund-based savings plans of securities fund.

International activities

In the first half of 2002, comdirect bank terminated its operations in the Italian and French market. This led to a significant cost reduction in the current year. The activities of comdirect bank S.p.A. in Milan were discontinued on 31 March,

2002. comdirect S.A. in Paris was sold to ProCapital S.A., also located in Paris, effective 8 April, 2002. Costs associated with the closing and sale of the international activities already affected the current result in financial year 2001. No additional charges accrued in the year under review.

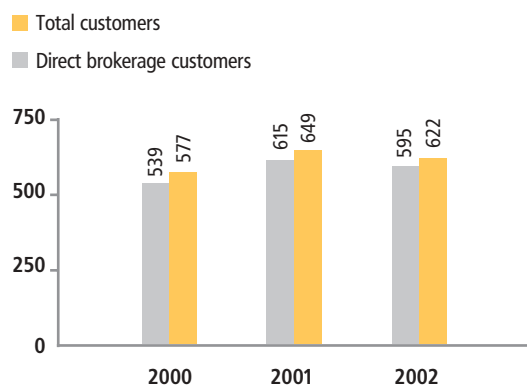
The activities of the wholly owned subsidiary comdirect ltd in London were expanded as planned; the move to profitability is expected for 2004.

In 2002 comdirect bank acquired a 7.5 % stake in Bremer Wertpapierbörse AG, which was renamed Nasdaq Deutschland AG in January 2003. Additional shareholders are The Nasdaq Stock Market via its subsidiary Nasdaq Europe and the stock exchanges Berlin and Bremen, as well as Commerzbank and Dresdner Bank. The goal is the establishment of a new stock market for approximately 3,000 German and international stocks, which offers price and transparency advantages to investors. Nasdaq Germany will combine the competition for price quotes between market makers with the advantages of an open order book and also act as an attractive stock exchange for initial public offerings and secondary listings.

Customer structure and order volume

Thanks to the early introduction of the programme for the future and the basic redesign of the service range, comdirect bank Aktiengesellschaft was able to defend its position in the strongly declining direct brokerage market. In the year under review, this led to a gain in market share despite an overall slowing of business. The number of customers remained relatively stable, especially in the second half of the year; domestic losses were partly compensated by gratifying increases at the London business centre. At the end of the year, the number of customers at the Group level amounted to 622,242; this corresponds to a decline of 4.1 % compared to the level at the end of 2001 (648,611 customers). In this comparison it must be considered that previous

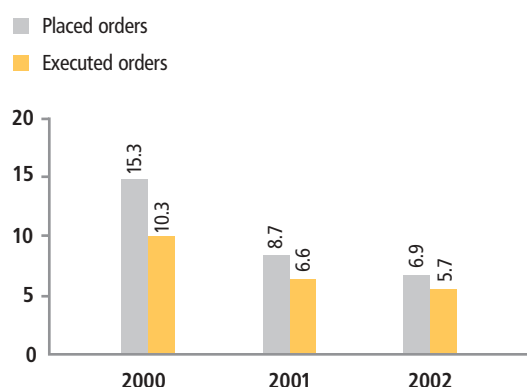
Number of customers as of 31 Dec (in thousand)



year's figures include more than 16,000 customers at the Italian and French business centres. Given the current scope of consolidation, the total number of customers decreased by only 1.6 %. Compared to the level on 30 June, 2002, the total number of customers fell by a mere 8,000 – mostly because of the termination of inactive customer relationships. The number of direct brokerage customers amounted to 594,701 at year-end 2002 (previous year: 615,211).

The number of orders was also stabilised in the second half of the year. Group-wide, 5.70 million orders (previous year 6.57 million orders) were executed, of these 3.04 million or 53.4 % took place between July and December 2002. As an annual average, each comdirect customer traded 9.5 times

Number of orders (in million)



(previous year: 11.4 times). At home, the share of comdirect bank in overall German stock market orders increased from 3.0 % in the year 2001 to 3.2 % at present. The number of placed orders indeed declined from 8.7 million to 6.9 million, but the execution rate, which stood at 75.5 % in the previous year, reached the high value of 82.5 % in the year under review.

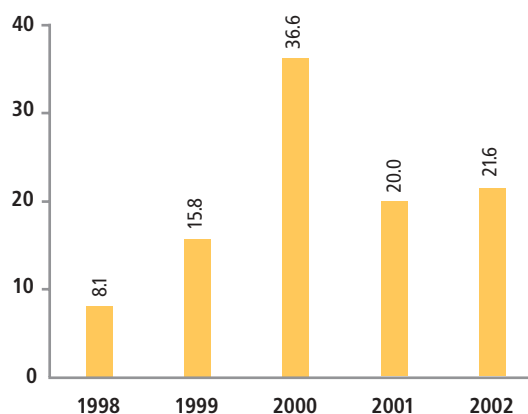
The volume of trading in terms of value also developed significantly better than the market environment. The securities turnover reached a magnitude of €21.6bn and surpassed previous year's figure (€20.0bn) by 7.8 %, while the German securities exchanges witnessed a decline of more than 20 %. The major contribution to this positive development came from trading with derivative financial instruments on the one hand and from the sale of funds – in particular fund-based savings plans on the other. Orders related to these categories tripled in the year under review to reach a number of 584,285 (previous year: 189,470).

Customer assets under custody

Portfolio volume of direct brokerage customers was adversely affected by the price decline on German and international securities exchanges. The total value of stocks and funds decreased from €6.7bn to €5.1bn. The losses of 24.5 % can be considered moderate compared to the performance of DAX and NEMAX 50.

The outperformance of the indices can be attributed to individual risk management. The customers of comdirect bank reacted to the uncertain capital market situation in particular with a switching of the invested assets from equities to funds. The funds volume remained at previous year's level with €1.1bn, while the share in the portfolio volume increased significantly: from 16.3 % to 21.1 %. Customer deposits decreased from €2.3bn to €1.9bn. The most important reason was the switch into securities – an indication that our customers' willingness to invest is intact. The sum of

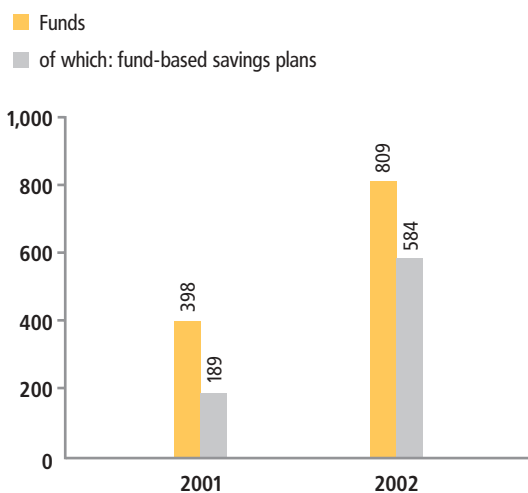
Securities turnover in the comdirect bank Group (in € billion)



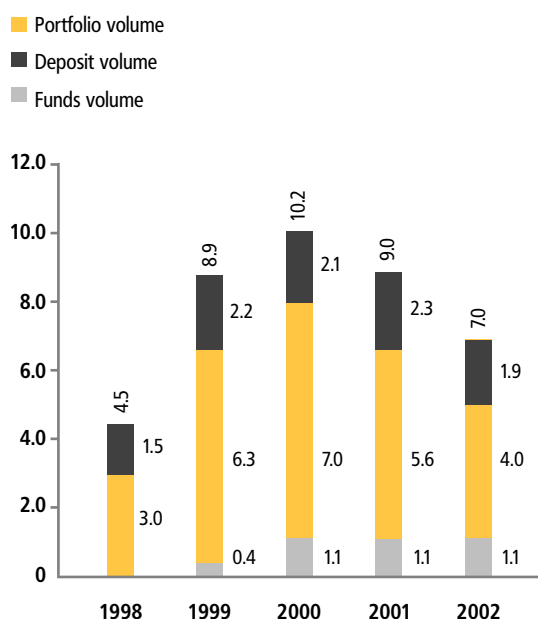
deposit and portfolio volume amounted to €7.0bn as at 31 December, 2002, or a decline of 22.2 % compared to the previous year (€9.0bn). It needs to be stressed that this negative development is due exclusively to lower stock market prices. Excluding this effect, comdirect bank recorded net new money flows.

The securities credit business weakened further in the year under review. As of the 2002 balance-sheet date, comdirect bank held 59,501 securities credit accounts. That is 3,602

Executed orders – funds and fund-based savings plans (in thousand)



Volume of total assets under custody as of 31 Dec
(in € billion)



fewer than in the previous year (63,103 accounts). The claims on private customers from the securities credit business amounted to €163.2m after €250.6m in the previous year.

Earnings situation

The earnings situation of comdirect bank has fundamentally improved in financial year 2002. After a successful turnaround, the Group returned to an operating profit. Merely the non-recurring charges for the com one programme for the future caused another loss for the year to be shown, which, however, at €9.8m is significantly below that of last year.

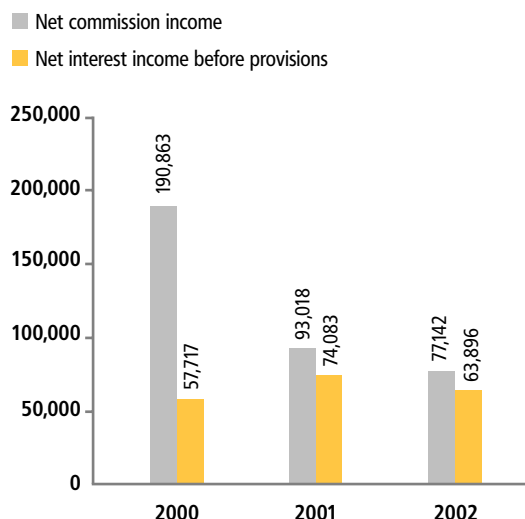
The positive development of profits was achieved despite lower interest earnings and market driven falls in commission income. It is attributable to the consistent implementation of cost reduction measures in the context of com one as well as the deconsolidation of loss-making activities in Italy and France, which had an extraordinarily adverse effect on the previous year's result.

Net interest income before provisions declined primarily as a result of lower money market yields from €74.1m in the previous year by 13.8 % to €63.9m. Provision for possible loan losses was reduced marginally from €2.1m to €2.0m. Net commission income for the Group decreased from €93.0m to €77.1m. This corresponds to a decrease of 17.1 %.

The main key to the improvement in earnings was the lowering of administrative expenses at the Group level by €86.2m or 38.4 % to €138.1m. In addition to the discontinuation of significant non-personnel costs for the business centres Italy and France, the achieved cost reductions at home are already playing a role. One component responsible for the volume of savings was the limitation of other administrative expenses, in particular in marketing and communications. Additional cost savings were achieved through the renegotiation of contracts with suppliers in the area of IT infrastructure.

Even though a large part of the unavoidable personnel reductions will only occur in financial year 2003, personnel

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



costs were already reduced from €51.4m to €38.7m during the year under review.

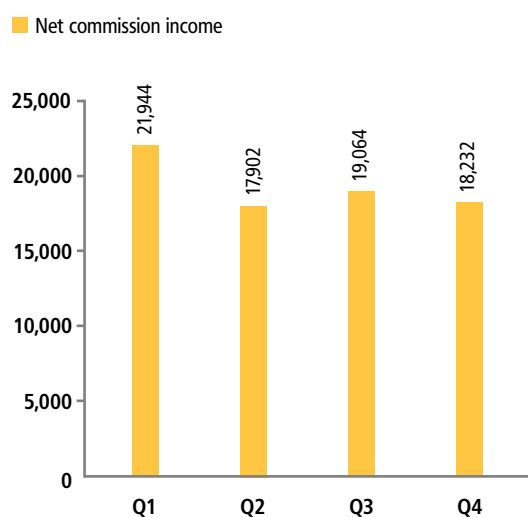
The Group result from ordinary activities amounted to €4.7m compared to a loss of -€52.3m in the previous year. Due to the non-recurring charges for the restructuring, the Group pre-tax result was negative at -€18.6m. This figure significantly improved compared to previous year's figure of -€150.6m, which was marked, among other things, by the costs for the restructuring of the Italian and French business centres. After the allocation of deferred taxes on the credit side and the release of deferred taxes on the liabilities side, a loss for the year of €9.8m remains.

The relative ratios for financial year 2002 confirm the operative upward trend of comdirect bank. While average earnings per customer at home fell to €227 and were 22.7 % below last year's value (€293), costs per customer were reduced by 25.0 % to €205 (previous year: €273). At the Group level, the average operating loss per customer in the amount of -€85.3 in 2001 compares with a profit of €7.4 at present. The cost-income ratio – the relationship between costs and revenues excluding extraordinary results and restructuring costs – improved at the Group level from 129.1 % to 96.2 %. The operating return on equity, which was still at -9.0 % in financial year 2001, increased to 0.8 %.

Segment comdirect Germany

The segment comdirect Germany comprises the operations of comdirect bank Aktiengesellschaft as well as the result of the special purpose entity (CDBS Cofonds). Profit from ordinary activities amounted to €17.2m and surpassed the previous year's figure of €12.0m by 43.3 %. The most important cause for the improvement in profit was the reduction of domestic administrative expenses by €37.7m or 23.6 % to €122.1m (previous year: €159.8m). On the earnings side, the new pricing model in the brokerage business made a positive contribution as well as the interest rates on

Net commission income in a quarter-on-quarter comparison (in € thousand)

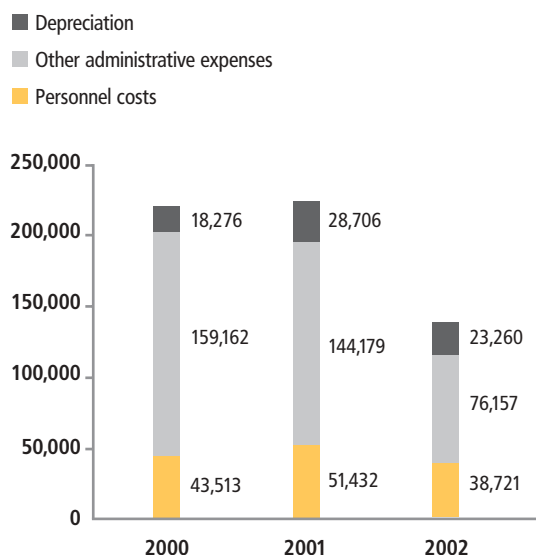


credits that were moderately adjusted to the market conditions.

Since the largest part of Group earnings by far comes domestically, the development of Group and AG was largely identical. The number of placed orders declined at comdirect bank AG from 7.9 million in the previous year to 6.6 million in the year under review. Of these, 5.5 million orders were executed (previous year: 6.3 million orders). This translates to a ratio of 83 % (previous year: 79 %). The total number of customers decreased slightly from 616,891 to 589,748. This included 562,207 direct brokerage customers.

comdirect bank AG reacted to the increasing importance of equity derivatives and certificates with an expansion of the service range in this segment. During the second half of the year, no fewer than three information areas for structured investments were integrated into the comdirect web page: warrants, bonds and the certificates informer. As a consequence, trading in warrants and certificates was clearly invigorated and also grew faster than the overall market. With a

Administrative expenses (in € thousand)



portfolio management tool, comdirect customers furthermore gained access to professional technical analysis and risk assessment previously limited to institutional investors.

The expansion of the comdirect homepage from a pure brokerage platform to a comprehensive asset management platform was reflected in a high degree of customer satisfaction. A study commissioned by comdirect that was based on interviews with approximately 4,000 customers found increasing appreciation across all customer groups and portfolio segments. An improvement was also achieved by comdirect concerning the supported brand awareness among the population at large: for August 2002, the survey – which was conducted by an independent market research institute – determined an awareness level of 58 % compared to 42 % at the beginning of the year.

Segment comdirect Europe without Germany

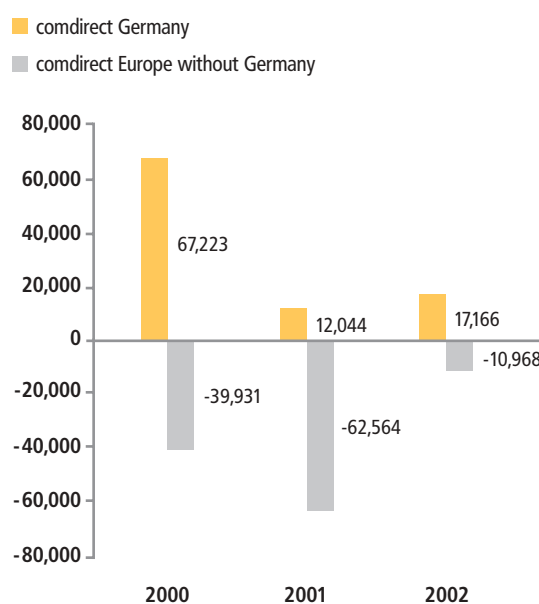
The business development at comdirect ltd in London, which after the deconsolidation of France and Italy represents the segment comdirect Europe, surpassed the ambi-

tious expectations. Nonetheless a loss was still recorded as planned for the set-up stage. The profit from ordinary activities during the year under review amounted to -€11.0m (previous year: -€62.6m including Italy and France, resp. -€15.4m in the United Kingdom). Net commission income reached a figure of €3.3m, and net interest income before provisions amounted to €1.8m.

The increase in commission income is due to the winning of numerous new customers. Against the market trend, the number of customers managed in London doubled to 32,494 (previous year: 15,361); within a year, the market position of the online brokerage business improved from number 8 to number 4, measured by the number of online retail trades conducted through the London Stock Exchange. The basis for the success in the hotly contested British market is the competitive pricing model: regardless of order size and method of placing the order, a flat fee is charged.

In addition to British and international shares, the customers of comdirect ltd in London are also able to trade in shares of

Profit/loss from ordinary activities (in € thousand)



investment trusts, exchange traded funds and unit trusts via the online platform. One of the extensions of the service in 2002 was the implementation of a Self Invested Personal Pension (SIPP) account for the provision of old age benefits. On 28 October, 2002 – simultaneously with the start of the Covered Warrants Market at the London Stock Exchange – comdirect was the first broker in the United Kingdom to introduce online trading in these financial instruments.

An additional measure to increase the customer base and to strengthen the market position was the cooperation, agreed in early October 2002, of comdirect ltd with Lloyds TSB Bank plc, which is among the four largest banks in the United Kingdom with about 2,200 branches and 16 million customers. Against stiff competition, comdirect ltd secured a contract to provide online brokerage services for the Premier Banking Service of Lloyds TSB.

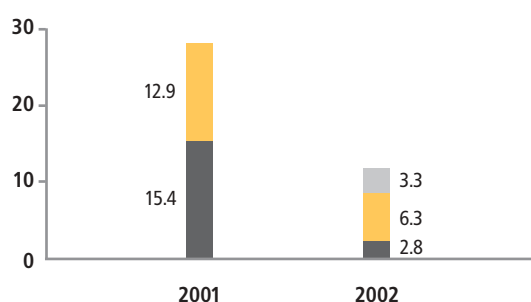
This service targets affluent private customers of the major British bank. The brokerage services of comdirect ltd for Lloyds TSB Bank plc comprise order taking via the internet or the call centre as well as the custody and administration of securities. In addition, the comprehensive web based information services of comdirect ltd are made available.

Investments

Balance-sheet additions to fixed assets amounted to €12.4m (previous year: €28.3m); of this €2.8m (previous year: €15.4m) related to the installation of office furniture and equipment, €6.3m (previous year: €12.9m) to intangible assets and an additional €3.3m to land and buildings. With the lower investment volume compared to the financial year 2001, comdirect bank took account of the general market environment and decline in business volume. The largest investment projects related to the further enhancement of the website and the purchase of a plot of land. The investments correspond with depreciation charges in the amount of €14.7m (previous year: €45.2m) for office fur-

Investments (in € million)

■ Land and buildings
 ■ Intangible assets
 ■ Office furniture and equipment



niture and equipment, as well as €14.1m (previous year: €4.7m) for intangible assets. The book value of fixed assets thus fell within one year by €25.6m to €42.3m. The reason for this development is a leaner IT infrastructure, which was accomplished without a loss in efficiency.

Innovation and product development

In the year under review, products and services of comdirect bank were consistently enhanced for the benefit of the customer; the technological edge over the competition has increased. The innovations that were already initiated on the market – in addition to an IT architecture that has become even more powerful – furthermore assure that the quality of all comdirect services is in no way affected by the cost-cutting measures introduced. A milestone in product development was the integration of the professional real-time quote service “TraderMatrix” into the comdirect direct brokerage. It allows customers to access the open order book at any time in all stock exchange locations with market depth and traded volume, provides securities lists in a personalised form, illustrates price developments via automatically updated real-time chart modules and informs the investor when limits are reached.

Further improvements concern customer access via the platform. Personal account information can now be changed online, and fund-based savings plans can be purchased online. Documents about capital measures are automatically placed into the customer's personal mailbox.

The proven multi-tier architecture of the software – introduced domestically in the previous year – was transferred to the London business centre in the year 2002 using internally available development capacities. The architecture enables the cost efficient adaptation of the software to new requirements, for example the integration of new systems for end users.

Employees

The number of employees decreased both domestically and abroad in financial year 2002 – at home mostly because of normal fluctuation and the implementation of com one, abroad because of the separation from the subsidiaries in Italy and France. As of the balance-sheet date, a staff of 922 (including part-time employees and apprentices) was employed at the Group level: 369 fewer than one year ago. This is the equivalent of 790 (previous year 1,110) full-time positions.

Due to the concentration of our activities outside Germany at the business centre in London, the number of those employed abroad dropped from 174 to 63 in the course of the year.

Domestically, staff was reduced from 1,117 to 859 employees – the equivalent of 727 full-time positions. Considering the targeted staff number in the context of com one – 565 full-time positions domestically in 2003 – a social compensation plan and a balancing of interests was agreed upon with the works council. The goal of this agreement was to phase in the personnel reductions in a socially acceptable way and in two steps: 65 % of the targeted reductions

were to be reached by 31 December, 2002, the remaining 35 % by 31 March, 2003.

By means of this agreement and supporting measures such as internal job search trainings and job fairs, the first phase of the personnel reductions by year-end was clearly surpassed. This was achieved exclusively through resignations initiated by employees. In addition to the resignation of 172 employees (140 full-time positions), the exit of an additional 202 employees (160 full-time positions) was already settled in 2002. Decisions based on social criteria could thus be avoided. Overall in 2002 – considering the fluctuation of the first six months – the reduction of more than 370 domestic full-time positions (460 employees) was completed, respectively fixed contractually (Group: more than 480 full-time positions or 570 employees).

In tandem with the personnel reductions, short-time work in the service area was consistently maintained in 2002.

With the foreseeable end of the personnel reductions, measures for the design of a forward looking company culture were already initiated in the fourth quarter of 2002: in particular the development of the teams as well as leadership development focused on results and goals will be to the fore in 2003.

Financial situation and assets

Even considering the moderate loss in financial year 2002, the financial situation of the comdirect Group is orderly. All assets and liabilities are valued based on the International Accounting Standards (IAS) adopted and published and their interpretation by the Standard Interpretation Committee (SIC). Financial instruments are valued at market rates in accordance with IAS 39. Adequate value adjustments were made for recognisable risks in the loan business.

Equity for the Group as at the balance-sheet date amounted to €563.7m (previous year: €578.1m) after offsetting the annual loss of €9.8m with the retained earnings and capital reserves. Given the balance-sheet contraction to €2,589.3m, an equity ratio of 21.7% (previous year 19.4%) follows.

Capital and shareholder structure remained unchanged in the 2002 financial year. As at the balance-sheet date, Commerzbank AG directly or indirectly held 63.1 % and T-Online International AG 21.35 % of the 140.5 million no par value shares. No securities transactions requiring notification were conducted by the Board of Managing Directors or the Supervisory Board. In the context of the second tranche of the stock option scheme, 600,000 options were issued to 134 employees who were eligible to subscribe. Conditional capital in the amount of €3.6m was created for the share option scheme.

The liquidity position is solid. The solvency of comdirect bank AG was assured at all times during the year under review. The minimum reserve requirements of Deutsche Bundesbank as well as the liquidity requirements of the German Federal Banking Supervisory Office (BaFin) were

Shareholders' structure of comdirect bank AG

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

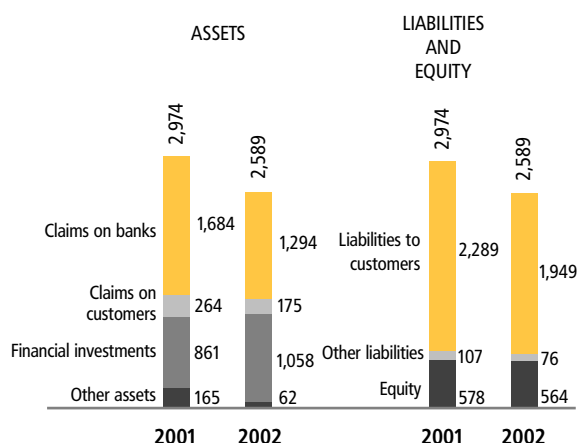


* directly or indirectly

met. comdirect is a member of the German banks' depositor protection fund (Einlagensicherungsfonds des Bundesverbandes deutscher Banken e.V., Cologne), which insures each customer up to a deposit amount of €171m. In addition, comdirect is also a member of the German banks' compensation fund Entschädigungseinrichtung deutscher Banken GmbH.

Liquidity is assured at all times through short-term financial investments. The subsidiaries were at all times provided with sufficient funds to meet the relevant statutory requirements concerning the capital base respectively to finance the further expansion of their businesses.

Structure of the consolidated balance sheet (in € million)



Declaration of the Board of Managing Directors pursuant to Art. 312 of the German Stock Corporation Act (AktG)

comdirect bank AG has, under the circumstances known to us at the date on which the transactions or measures were taken or refrained from, received adequate consideration for each such transaction and did not suffer any disadvantage by reason of undertaking or refraining from undertaking such act. Actions requiring reporting were neither taken nor refrained from.

Risk Report

Overall risk management

For comdirect bank, risk management means more than just compliance with legal requirements. The systematic identification and assessment of risks, consideration of alternative actions for the prevention, reduction and limitation of the risks as well as continuous, efficient controlling and reporting are integral parts of the overall strategic steering of the bank. Whereas comprehensive risk reports are made available on a monthly basis, the monitoring of trading activities and the respective interest rate controls are both kept up-to-date on a daily basis via a further refined reporting system.

In the 2002 financial year, comdirect bank combined all of the vital functions of risk management – supervision and monitoring of trading risks, customer credit risks and legal risks – in the newly created risk management division. The risk handbook was fundamentally revised with the involvement of the risk managers in the operative units.

Preparations for the implementation of the new Basel Capital Accord (Basel II) which will come into effect at the end of 2006, were also continued in the reporting year as planned. The necessary database of losses has already been set up for a large portion of operational risks; comdirect is thus keeping pace with large internationally active institutions of the banking industry.

Within the scope of the restructuring measures carried out in 2002, implementation of the “Minimum requirements for the credit business of credit institutions” in the organisational area is already close to completion, so that the deadlines set by the supervisory bodies can be met without a problem.

Types of risks

It is the function of the risk management system as a whole to ensure that existing risks are recognised, analysed and measured, and also that risk-related information is passed on in a systematically ordered manner to those responsible for taking decisions. At the comdirect bank Group, the following risks are distinguished:

- **Market risks** arise through changes in market prices or price-influencing parameters. Distinctions are made between a general and specific market risk, as well as individual risk categories such as interest-rate changes, currency and equity-price risks.
- **Credit risks (credit default risks)** are risks of a loss or lost profit due to a business partner’s possible inability to pay. This includes business involving customers as well as money and capital-market transactions (counterparty risk) and shareholder risks.
- **Liquidity risks** refer to the risk of not being able to meet obligations when they fall due. The refinancing risk relates to the ability to procure adequate liquidity when required on the expected terms and conditions. The market-liquidity risk describes the risk of being unable to settle items effectively to the desired extent as a result of the market situation.
- **All risks stemming from commercial systems or processes** are referred to as operational risks, which, if they occurred, might have a negative impact on the business transactions of the comdirect bank Group. For the most part, these are human or technical failure.

- **Other risks** relate, for example, to legal risks resulting from contractual agreements or the overall legal framework, and also to risks to comdirect bank arising from its strategic decisions.

Market risks

Market risks arise for comdirect bank mainly through the conclusion of trading transactions and from maturity transformation, i.e., the mismatch of fixed-interest periods on the assets and the liabilities side. Monitoring at comdirect bank AG is performed with strict observance paid to the "minimum requirements for the conduct of trading activities by banks" (MaH) in accordance with the statement issued by the German banking supervisory authority on 23.10.1995. Special note should be made in this context of the observance of the acceptable risk limits that reduce the potential losses of the trading sector to a defined risk capital. The aim is to absorb potential trading losses without a reduction in equity.

Value-at-risk approach and stress testing

The value-at-risk (VaR) approach is an established statistical method for measuring general market risk in banking. In order to monitor extreme market movements, the VaR calculations are complemented by so-called stress tests. Independently of fixed confidence levels, the stress tests assess the scale of portfolio losses under worst-case conditions, with the emphasis on changes in the yield curve.

Credit risks

Lending to customers

In comdirect bank AG's lending to customers, a distinction has to be made between the loans to purchase securities, which fall due daily, and the overdraft facility granted on broker accounts. Losses may be incurred on the loans to purchase securities when pledged securities lose in value

as a result of the general development of the market or the specific market risks of individual securities; they may then no longer be sufficient to secure the claim on the customer. As a rule, the overdraft facilities of a broker account are linked to regular salary payments and depend upon a check performed as part of a scoring model.

Default in the money and capital market

In order to conduct trading activities, limits are generally required for the various counterparties or the underlying transactions. These are approved by the Board of Managing Directors of comdirect bank AG. In the capital market, trading is only conducted with domestic clients of impeccable credit standing. With the exception of Pfandbriefe, which possess the relevant security, the securities purchased by comdirect bank AG must be of investment grade as defined by the rating agencies Moody's, S&P and Fitch IBCA.

Liquidity risks

Liquidity risks in the narrower sense

At comdirect bank AG, Treasury is responsible for managing liquidity. The division has adopted the following steering measures:

- In order to offset a possible withdrawal of liquidity by customers, a correspondingly large volume of invested funds is due at call.
- All the securities in the liquidity reserve are items which can be sold on the stock market at very short notice.

Refinancing risk

In the so-called interbank trading for short-term funds, comdirect bank AG has built up contact over the years with various German banks, allowing it to refinance at short notice on terms reflecting market conditions. Moreover, it can take up short-term funds from the Deutsche Bundesbank.

Market-liquidity risk

As a rule, the fixed-income securities held in the liquidity reserve are large-volume issues (jumbos). A very liquid market exists here, offering permanent, fair pricing. For bonds with variable interest rates (floating rate notes), disposal at fair prices is normally possible at any time.

Operational risks

Apart from the infrastructure area, the IT world grouped under the heading "system architectures" is especially significant for the comdirect bank Group. Both areas are as a rule redundant or modular in construction, in order to guarantee a high level of availability for the systems or components that are required. As part of emergency planning for the IT area, external service providers and their emergency plans have also been taken into consideration. In this connection, comdirect bank AG formulated certain requirements with regard to availability and used these as a basis of comparison for the emergency measures of key service providers. Both organisational and technical measures serve to prevent or limit damage for all areas of operational risks. Organisational instructions, training for employees, IT projects, quality management and emergency measures should all be mentioned in this context. These risks are documented in detail in the risk handbook of comdirect bank AG, which is constantly being extended and made more specific.

Other risks

Legal risks

The legal department of comdirect bank AG is responsible among other things for preparing the company in good time for possible legal changes. The public debate, which occurs before these become effective is followed closely. As soon as amendments can be expected, the legal department immediately informs the sections of the bank that are affected in order to prepare the company in working groups

for the potential changes and possibly for their impact.

Information is procured through membership of the German banking association Bundesverband deutscher Banken, by means of their general circulars and membership of the working group for direct banks, by monitoring specialist periodicals, and through the legal department of Commerzbank AG.

Strategic risks

Risks are considered to be strategic if comdirect bank AG is exposed to them due to past and future decisions related to the business model. The emphasis here is primarily on aspects of corporate planning, the intensity of competition, product development and – as a major influence on comdirect's core business activity – the volatility of securities business. Decisions with regard to the business model are made by the Board of Managing Directors based on extensive analyses. Depending on the subject to be decided, such issues are worked upon and prepared by the departments responsible.

The year 2003

Besides the further development of methods for the evaluation and analysis of individual risks, the expansion of the control and monitoring of credit risk is in the fore. An additional focus is the necessary expansion of the risk management for operational risks necessitated also by Basel II.

Outlook

Market environment

Against the background of a very restrained start of the securities markets in the year 2003, comdirect bank's planning is based on conservative assumptions. We expect neither more dynamic stock trading nor a recovery of the IPO segment in our markets of Germany and the United Kingdom. On the other hand, sweeping trends such as increasing use of the internet for banking transactions and reliance on stocks and investment funds to provide for future financial provision proved to be stable in the past year. We expect these developments to continue.

Earnings forecast

Due to the further improvements in our products and services – tailor-made for the various customer groups – we are optimistic that we can stem the downwards trend with regard to customer and order figures even in a stagnating or weakly declining overall market. In Germany, we expect earnings to stabilise at their current level. The ambitious planning at the London site foresees continued strong growth – based on developments to date, another significant increase in the number of customers in the United Kingdom appears realistic this year.

The measures already completed as part of com one and the consistent implementation of the restructuring projects still underway will lead to noticeable cost savings in 2003.

Reduction in costs

The focus of the com one programme for the future remains the reduction of administrative costs. Numerous projects begun in the previous year directed towards the reduction in other administrative expenses – among others through the more efficient organisation of our technical infrastructure – are still in progress. Also in the current year, our goal is a further significant cost reduction throughout all divisions.

Product strategy

The dual product strategy will continue uninterrupted in 2003. The further refinement of our systems for professional analyses and secure transactions is as much a priority as the expansion of our product range for long-term wealth accumulation. The business model of comdirect bank, which until now was based mainly on securities trading of our customers, will be expanded as more weight is placed on fixed deposit, fund-based savings plans as well as checking accounts. The further development from a pure online broker to an all-encompassing one-to-one bank will be supported by a fundamental revision of the web presentation. This will further improve the ratio of information content to usefulness.

Marketing

The main task of marketing and distribution is – besides the continued acquisition of new customers – to sharpen the brand profile of comdirect bank with the goal of anchoring the positioning as a modern wealth management bank with the public. The revised internet presentation will be accompanied by new distribution concepts starting in autumn. Improved customer data analysis makes a more concise compilation of the needs of the demand side possible.

Employees

After the closing of the business centre in Kiel, the German staff is expected to be reduced to 565 full-time positions by the beginning of the third quarter. To reach this goal, 95 full-time positions will be cut in the first quarter. The system of target setting that was developed in financial year 2002 will be in use for the first time at the entire corporation.

Major events in the current financial year

Events and developments of particular importance have not occurred after the balance-sheet date.

Börse & Trading

Handeln Sie clever



Group Financial Statements



Vorsprung durch Markteinsicht

Mit einem Depot bei comdirect haben
Börse erfolgreich zu sein. Denn als
einzelne Informationen, sondern umf

Income statement

Income statement of comdirect bank Group according to IAS

Income Statement			
		1 January – 31 December	
	Notes	2002 € thousand	2001 € thousand
Interest income		99,220	138,621
Interest expenses		35,324	64,538
Net interest income before provisions	(21)	63,896	74,083
Provision for possible loan losses	(22)	-2,037	-2,074
Net interest income after provisions		61,859	72,009
Commission income		79,024	96,957
Commission expenses		1,882	3,939
Net commission income	(23)	77,142	93,018
Trading profit/loss	(24)	-285	-29
Result from financial investments		1,200	344
Administrative expenses	(25)	138,138	224,317
Other operating result	(26)	2,917	6,659
Profit from ordinary activities		4,695	-52,316
Extraordinary results and restructuring costs	(27)	-23,295	-98,264
Pre-tax profit/loss		-18,600	-150,580
Taxes on income	(28)	-8,836	10,077
After-tax profit/loss		-9,764	-160,657
Net loss		-9,764	-160,657
Transfer to reserves/Transfer from reserves		9,764	160,657
Consolidated profit/loss		0	0

Earnings per Share			
		1 January – 31 December	
Earnings per Share		2002	2001
Net loss	€ thousand	-9,764	-160,657
Average number of ordinary shares	Shares	140,500,000	140,500,000
Basic earnings per share	€	-0.07	-1.14
Diluted earnings per share			
Net loss	€ thousand	-9,764	-160,657
Adjustment to the number of ordinary shares issued due to outstanding option rights	Shares	395,349	97,278
Weighted average shares outstanding (diluted)	Shares	140,895,349	140,597,278
Diluted earnings per share	€	-0.07	-1.14

Balance sheet

Balance sheet of comdirect bank Group according to IAS

Assets			
as of 31 December			
	Notes	2002 € thousand	2001 € thousand
Cash reserve	(29)	5,181	72,005
Claims on banks	(30)	1,294,419	1,684,112
Claims on customers	(31)	175,421	263,728
Provision for possible loan losses	(32)	-6,355	-4,936
Trading assets	(33)	0	2,164
Financial investments	(34)	1,057,701	861,212
Intangible assets	(35)	14,094	22,076
Fixed assets	(36)	28,175	45,816
Tax assets	(38)	11,701	9,634
Other assets	(39)	8,936	18,200
Total assets		2,589,273	2,974,011

Liabilities and Equity			
as of 31 December			
	Notes	2002 € thousand	2001 € thousand
Liabilities to banks	(40)	14,913	0
Liabilities to customers	(41)	1,948,680	2,289,327
Provisions	(42)	21,108	51,351
Tax liabilities	(43)	0	10,444
Other liabilities		24,247	28,162
Subordinated capital	(44)	16,617	16,617
Equity		563,708	578,110
Subscribed capital		140,500	140,500
Capital reserve		367,221	394,327
Retained earnings			
Other revenue reserves		55,658	42,200
Revaluation reserve		329	1,083
Consolidated profit/loss		0	0
Total liabilities and equity		2,589,273	2,974,011

Statement of changes in equity

Statement of changes in equity							
€ thousand	Subscribed capital	Capital reserve	Retained earnings	Revaluation reserve	Consolidated profit/loss	Total 2002	Total 2001
Equity as of 1 January	140,500	394,327	42,200	1,083	0	578,110	739,698
Booking of valuation differences due to swap transactions pursuant to IAS 39	-	-	0	-	0	0	-2,646
Changes in revaluation reserve pursuant to IAS 39	-	-	0	-754	0	-754	1,083
Appropriation of consolidated loss	-	-	0	-	0	0	0
Consolidated profit/loss	-	-	0	-	0	0	-160,657
Changes in differences arising from currency translation	-	-	-1,635	-	0	-1,635	632
Transfer from reserves/allocation to reserves	-	-27,106	15,093	-	0	-12,013	0
Equity as of 31 December	140,500	367,221	55,658	329	0	563,708	578,110

Cash flow statement

Cash flow statement		
€ thousand	1 January – 31 December	
	2002	2001
Cash and cash equivalents as at the end of the previous period	72,005	515
Cash flow from operating activities	-57,609	91,321
Cash flow from investing activities	1,043	-7,394
Cash flow from financing activities	0	-13,069
Effects from deconsolidation	-8,623	0
Effects of changes in exchange rates	-1,635	632
Cash and cash equivalents as at the end of the period	5,181	72,005

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, 2002 were prepared in accordance with the International Accounting Standards (IAS), which were approved and published by the International Accounting Standards Committee (IASC) and interpreted by the Standing Interpretations Committee (SIC).

A summary of all the regulations that have been applied can be found on pages 43–44.

As a subsidiary of Commerzbank AG, Frankfurt am Main, we are exempted in accordance with Art. 291 of the German Commercial Code (HGB), from the duty to present sub-group financial statements. As we have not presented the main differences between financial statements prepared in accordance with IAS and those prepared in accordance with the German Commercial Code, these consolidated financial statements do not conform to the 4th and 7th EC directives and do not, therefore, exempt us from presenting consolidated financial statements in accordance with Art. 292a, HGB. The consolidated financial statements have been prepared in order to satisfy the admission requirements/subsequent requirements of the Deutsche Börse AG for the Neuer Markt.

The consolidated financial statements also reflect the standards approved by the German Accounting Standards Board (GASB) and published by the German Federal Ministry of Justice pursuant to Art. 342, (2), HGB.

The comdirect sub-group is included in the consolidated financial statements of our parent company. The consolidated financial statements of Commerzbank as of 31 December, 2001 were deposited with the lower regional court (Amtsgericht) of Frankfurt am Main under the commercial register no. 32000 and published in the Federal Gazette, no. 110, page 8077 and following of 19 June, 2002.

We report on both the implementation of the German legislation for control and transparency in the corporate sector (KonTraG) and on the risks posed by future development, pursuant to Art. 315, (1), HGB in the risk report as part of the Group management report.

In addition to the income statement and the balance sheet, the consolidated financial statements also include the statement of changes in equity, the cash flow statement and the notes. Segment reporting appears as part of the notes, on page 67 (note no. 49).

Unless otherwise indicated, all the amounts are shown in thousands of euros.

Accounting and measurement methods

(1) Basic principles

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

The principle of profit or loss for the period is applied in our consolidated financial statements. 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.

As a matter of principle, accounting is at net book value, with the exception of financial instruments as defined by IAS 39, which are shown at their fair value. These financial instruments appear under the balance-sheet item Financial investments. All financial instruments are shown in the balance sheet according to the method “trade date accounting.”

All the companies included in the consolidation prepared their financial statements as of 31 December, 2002.

(2) IAS, SIC and GASB rules applied

Within the comdirect Group and within the Commerzbank Group, to which it belongs, only those IASs and SICs are applied for accounting and measurement purposes, which had been approved and published by 31 December, 2002.

The following list provides a summary of the International Accounting Standards (IAS) applied in comdirect’s 2002 Group financial statements.

IAS 1	Presentation of financial statements
IAS 7	Cash flow statements
IAS 8	Net profit or loss for the period, fundamental errors and changes in accounting policies
IAS 10	Events after the balance-sheet date (uncertainties of success and events after the balance-sheet date)
IAS 12	Income taxes
IAS 14	Segment reporting
IAS 16	Property, plant and equipment
IAS 17	Leases
IAS 18	Revenue
IAS 19	Employee benefits
IAS 21	The effects of changes in foreign exchange rates
IAS 22	Business combinations
IAS 24	Related party disclosures
IAS 26	Accounting and reporting by retirement benefit plans
IAS 27	Consolidated financial statements and accounting for investments in subsidiaries
IAS 30	Disclosures in the financial statements of banks and similar financial institutions
IAS 32	Financial instruments: disclosure and presentation
IAS 33	Earnings per share
IAS 35	Discontinued operations
IAS 36	Impairment of assets
IAS 37	Provisions, contingent liabilities and contingent assets
IAS 38	Intangible assets
IAS 39	Financial instruments: recognition and measurement

The following list provides the SIC interpretations relevant for comdirect, which – in addition to the Standards – we have taken into consideration in our 2002 Group financial statements.

		Relates to:
SIC-6	Costs of modifying existing software (framework)	IAS Framework
SIC-7	Introduction of the euro	IAS 21
SIC-12	Consolidation – special purpose entities	IAS 27
SIC-15	Operating leases – incentives	IAS 17
SIC-17	Equity costs of an equity transaction	IAS 32
SIC-18	Consistency – alternative methods	IAS 1

(3) Consolidated companies

Apart from the parent company, the consolidated companies consist of one subsidiary, comdirect ltd, London/Great Britain and one special fund, a special purpose entity (SPV) in accordance with SIC-12. comdirect bank AG holds 100 % of the shares of comdirect ltd. A detailed presentation of holdings appears on page 71 .

(4) Principles of consolidation

The consolidation of the capital accounts is based on the book-value method, whereby the historical cost of the shares held by the parent company in each individual subsidiary and the share of each subsidiary's capital held by the parent company are set off against the proportion of the subsidiary's equity that was acquired.

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

On 25 February, 2002, the partners of comdirect bank S.p.A., Milan/Italy decided on the liquidation of the company. As a result, the company is to be excluded from the consolidation according to International Accounting Standards.

Also no longer included in the consolidation was comdirect S.A., Paris/France, which was transferred to ProCapital S.A. on 8 April, 2002.

As defined by the "true and fair view" approach, the deconsolidation of the companies was done effective 1 January, 2002.

(5) Currency translation

The items from the income statement and also the assets and liabilities from the balance sheet which are denominated in foreign currencies are translated at the spot rates of the balance-sheet date.

comdirect nets translation gains and losses from the consolidation of the capital accounts against retained earnings.

The annual financial statement prepared by our subsidiary in foreign currency is translated at the spot rates of the balance-sheet date. Any income and expenses resulting from this appear in the income statement.

The most important exchange rate for the comdirect Group is the British pound (GBP). The GBP exchange rate as of 31 December, 2002 was 0.6500 (previous year: 0.6085).

(6) Claims

All claims on banks and customers are shown at amortised costs without valuation allowances.

Valuation allowances to claims appear under provisions for possible loan losses.

On the balance-sheet date, we had no acquired claims, i.e., sections of a credit originated by another lender, in our portfolio.

(7) Provision for possible loan losses

Valuation allowances, in the form of individual and lump sum valuation allowances, are formed exclusively for claims on customers.

Throughout the Group, the relevant individual valuation allowances are formed on the scale of the potential default to cover credit-standing risks related to claims on customers.

We cover latent credit risks by means of lump sum valuation allowances. Past loan losses serve as a yardstick for the scale on which such lump sum valuation allowances have to be formed.

Unrecoverable accounts are written down immediately. Amounts received on such claims appear in the income statement. Claims are deemed unrecoverable if income from them is unlikely to be received in the foreseeable future or if they have been waived either wholly or in part.

(8) Financial investments

Under Financial investments, we show all the securities, which we have assigned to the "available for sale" category.

On the balance-sheet date, all bonds, other fixed-income securities, equities, and other variable-yield securities (investment fund shares) not held for trading purposes were assigned to the "available for sale" category.

All the securities of this category were measured at their fair value.

Gains or losses on remeasurement are recognised with an income-neutral effect in the form of a revaluation reserve as part of equity, taking into account deferred taxes.

The earnings resulting from the sale or maturity of financial instruments, which are attributable to the category "available for sale", amounted to €1,510 thousand at the end of the financial year 2002. Corresponding losses amounted to €310 thousand.

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

This interest income amounts to €36,619 thousand at the end of the financial year 2002.

(9) Intangible assets

Under Intangible assets we exclusively include specialised software produced in-house. Purchased software is shown under Fixed assets.

Software produced in-house is recognised if all the provisions of IAS 38 are met. Recognition is made at producer cost.

In principle software produced in-house is amortised against earnings over a period of five years.

Extraordinary write-offs are shown in the year under review in the income statement under Extraordinary results and restructuring costs.

(10) Fixed assets

The balance-sheet item Fixed assets comprises land and buildings, office furniture and equipment and purchased software.

All the fixed assets are capitalised at cost. Office furniture and equipment as well as purchased software are depreciated using the straight-line method to reflect their probable useful economic lives.

In determining the useful economic life of an asset, its likely physical wear and tear, its technical obsolescence as well as legal restrictions are taken into consideration. All fixed assets are depreciated over a period of three to ten years.

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

We made extraordinary depreciations on fixed assets in the year under review when the amount that could probably be achieved through future use had fallen below their book value.

(11) Other assets

Other assets mainly consist of other assets on Commerzbank AG and deferred items.

(12) Liabilities

Liabilities are shown at the respective amounts to be repaid.

(13) Other liabilities

Other liabilities consist of liabilities to Commerzbank not arising from banking activities, trade liabilities, tax liabilities not related to earnings and accruals.

(14) Provisions for pensions and similar commitments

The pension commitments shown exist towards three members of the Board of Managing Directors and two former members of the Board of Managing Directors of comdirect bank AG. The commitments are based on the years of service, the pensionable salary and the current scales for employer subsidies.

In accordance with IAS 19, the projected unit-credit method was used to calculate pension commitments.

Commitments are calculated on the basis of actuarial surveys. The calculation also takes into account the rates of increase for salaries and pensions that can be expected in the future.

If actuarial commitments prove to be higher or lower, these are recognised under Personnel costs.

(15) Other provisions

Other provisions were formed for liabilities of uncertain amount towards third parties.

In addition, we have formed provisions for contingent losses for existing adverse agreements, in which the expense required in order to fulfil the agreement is greater than the income generated by the agreement.

The majority of provisions for contingent losses were formed on account of restructuring measures with the scope of implementing our com one programme for the future.

(16) Taxes on income

Tax expenses are shown effecting the current result under Taxes on income. A breakdown of this item into current and deferred taxes on income can be found in these notes on page 54, note 28.

Deferred taxes were formed in accordance with IAS 12. Temporary differences are the result of the discrepancy between assigned values in accordance with IAS and the respective tax rate that was applied. These temporary differences are measured using the specific income-tax rates which apply in the country where the company in question has its seat and which can be expected to apply for the period in which they are realised. Deferred taxes on the credit side on as yet unused losses carried forward are shown in comdirect bank AG.

Deferred tax assets and liabilities are netted against one another in Germany, as they exist towards the same tax authority.

Claims on tax authorities are shown under Tax assets in the balance sheet.

Other taxes not related to income appear under Other operating result in the income statement.

When the profit-and-loss-transfer agreement was terminated on 31 December, 1999, it was assumed – with the agreement of the tax authorities – that, for accounting purposes, the integrated inter-company relationship between comdirect bank AG and Commerzbank AG had ceased to exist. In a final judgement in the fourth quarter 2001, it was decided that this relationship continued to exist as regards turnover and trade tax for the 2000 and 2001 assessment periods.

As a result of the amendments to Germany's legislation on the further development of corporate taxation, the fiscal unity in terms of trade tax ended on 31 December, 2001.

Consequently, fiscal unity was maintained only with regard to turnover tax in the 2002 financial year.

(17) Conditional and authorised capital

Through the resolution adopted on 10 April, 2001, and its entry into the commercial register on 19 April, 2000, authorised capital of €60,000 thousand was created. The authorisation for the capital increase expires on 31 May, 2005.

In addition, since the resolution adopted on the same date and entered into the commercial register on 31 May, 2000, conditional capital of €3,600 thousand was created in order to issue subscription rights as part of the bank's stock option scheme.

(18) Transfer from reserves

We charged the annual net loss incurred in the financial year 2002 in the amount of €9,764 thousand against the reserves.

As part of the deconsolidation of comdirect bank S.p.A. and comdirect S.A., a debit from the reserves is recorded in the amount of €2,249 thousand.

(19) Earnings per share

Earnings per share calculated in accordance with IAS 33 are based on the net profit/loss for the year. We show both the earnings per share and the diluted earnings per share below the income statement.

In working out the earnings per share, we have set off the net profit/loss for the year against the average number of shares in the financial year.

The diluting effects result from a stock option scheme launched in July 2000 with a maximum of 3,600,000 subscription rights, of which approximately 1.8 million option rights had been issued in three tranches per 31 December, 2002.

In calculating the diluted results, we also set off the two sub-sets of rights under the stock option scheme with their conditions against well-founded estimated values for them and took account of the residual amount.

Each no par value bearer share carries a proportion of the share capital in the sum of one euro.

(20) Relations with affiliated companies

comdirect uses services provided by Commerzbank AG through a general agreement concluded in December 1999 (and effective as from 1 January, 1999), as well as services agreed separately on this basis.

The general agreement has a fixed term of five years and ends on 31 December, 2003. It is automatically extended for a further period of three years, unless one of the parties to the agreement gives notice at least 18 months before the agreement expires.

On the basis of the general agreement, the following services were agreed upon and were used during the 2002 financial year:

- Trading services
- Processing services
- Payments and cash dispenser service
- IT services
- Other services

In February 2000, comdirect concluded another general agreement with Commerzbank, in which Commerzbank undertook to provide internal auditing services on the basis of a plan to be agreed separately. The agreement was concluded for an indefinite period and may be terminated giving six months' notice before the end of the calendar year, but not before 31 December, 2002.

comdirect is party to an agreement of Commerzbank with Commerzbank Capital Markets, respectively Brown Brothers Harriman, enabling comdirect to trade on US stock exchanges.

On 22 March, 2000, comdirect concluded an agreement with Commerzbank concerning support for comdirect after its IPO. 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.

In May 2000, comdirect concluded a general agreement with Commerzbank regarding security loans, on which basis comdirect lent securities to Commerzbank in the financial year.

comdirect currently offers its customers approximately 4,200 funds from more than 70 investment companies, including investment companies of the Commerzbank Group. In the 2002 financial year, comdirect received commissions on portfolio holdings and sales at prevailing market rates from the investment companies of the Commerzbank Group.

Commerzbank received compensation in line with market rates for the goods and services it provides for comdirect.

When forming comdirect Ltd, London/Great Britain, comdirect pledged to ensure compliance with the specific equity capital requirements of that country.

In this context, comdirect Ltd received equity of €10,537 thousand in the 2002 financial year.

comdirect Ltd concluded an agreement with Lloyds TSB Bank plc regarding the provision of services in securities dealings. In this context, comdirect has written a guarantee bond vis-à-vis Lloyds TSB Bank plc, submitted with a maximum amount of £3m, which can be drawn upon by written request. Vis-à-vis the additional guarantor, Commerzbank AG, London Branch, comdirect submitted a letter of indemnity in the case a claim is made on the guarantee bond written by Commerzbank AG. Both agreements were concluded on 1 October, 2002.

(21) Net interest income

€ thousand	2002	2001
Interest and dividends from shares and other non-fixed interest securities held in the "available for sale" portfolio	1,004	18,589
Interest income from fixed-income securities held in the "available for sale" portfolio and from government-inscribed debt	35,615	43,143
Other interest income including discount surplus	62,601	76,889
Interest on profit-sharing certificates outstanding and subordinated liabilities	-840	-1,050
Other interest expenses	-34,484	-63,488
Total	63,896	74,083

(22) Provision for possible loan losses

The provisions of the comdirect Group break down as follows:

€ thousand	2002	2001
Allocations to provisions	-3,485	-4,215
Write-back of provisions	1,556	2,356
Direct write-downs	-118	-222
Income received on written-down claims	10	7
Total	-2,037	-2,074

(23) Net commission income

€ thousand	2002	2001
Securities transactions	75,659	89,316
Payment transactions	1,406	3,335
Other commissions	77	367
Total	77,142	93,018

(24) Trading profit

All the financial instruments assigned to the Assets held for trading purposes are measured at fair value.

The results arising from trading activities are included along with interest and dividend income, attributable to instruments shown under Assets held for dealing purposes, in the Trading profit.

€ thousand	2002	2001
Result of securities trading	-134	-332
Result from trading in both bonds and notes	0	9
Result from trading in shares and debentures	-134	-341
Other trading result	787	-726
Result from trading in interest-rate risks	787	-726
Valuation result	-938	1,029
Interest-rate derivatives	-938	1,029
Total	-285	-29

(25) Administrative expenses

Personnel costs		
€ thousand	2002	2001
Wages and salaries	-32,263	-42,484
Compulsory social-security contributions	-5,555	-8,398
Expenses for pensions and other employee benefits	-903	-550
Total	-38,721	-51,432

Breakdown of expenses for pensions and other employee benefits		
€ thousand	2002	2001
Costs of company pension scheme	-900	-535
Contributions to Versicherungsverein des Bankengewerbes a.G (BVV)	-3	-15
Total	-903	-550

Other administrative expenses		
€ thousand	2002	2001
Marketing costs *)	-14,530	-55,356
Communication costs	-10,792	-16,552
Consulting costs	-8,956	-12,510
External services	-23,477	-28,992
Sundry operating expenses	-18,402	-30,769
Total	-76,157	-144,179

*) in the previous year, the term read "Costs of advertising, PR and representation"

The expenses for operating lease contracts are considered as rental expenses and included in the sundry operating expenses.

Depreciation of office furniture and equipment and intangible assets		
€ thousand	2002	2001
Office furniture and equipment	-14,742	-23,986
Intangible assets	-8,518	-4,720
Total	-23,260	-28,706

(26) Other operating result

The Other operating result primarily comprises income from recoverable input taxes and income from the writing-back of provisions. Other details on taxes and tax consolidation can be found in Note 16.

€ thousand	2002	2001
Other operating expenses	-1,529	-6,146
Payments to settle customers' complaints/provisions for process risks in direct brokerage business	-462	-2,305
Depreciation of goodwill	0	-2,043
Losses on the disposal of property, plant and equipment	-455	-114
Sundry expense items	-612	-1,684
Other operating income	4,446	12,805
Income from recoverable input taxes	1,361	2,630
Income from the writing-back of provisions and accruals	1,228	1,465
Gains on the disposal of non-current assets	498	8
Income from tax consolidation	0	4,153
Sundry expense items	1,359	4,549
Total	2,917	6,659

(27) Extraordinary result and restructuring costs

comdirect's extraordinary result and restructuring costs mainly comprise the following expenses and income:

€ thousand	2002	2001
Extraordinary expenses	-37,431	-98,340
extraordinary depreciation of goodwill	0	-25,924
extraordinary depreciation of book value of investments	0	-10,500
extraordinary depreciation on intangible and fixed assets	-5,545	-21,196
Restructuring costs (especially personnel costs and expenses arising from current contracts)	-31,883	-21,575
Costs of disposal/liquidation	0	-17,398
Sundry expenses	-3	-1,747
Extraordinary income	14,136	76
Proceeds from disposal	0	76
Income from the restructuring of comdirect S.A., Paris and comdirect bank S.p.a. i. L., Milan	14,136	0
Total	-23,295	-98,264

(28) Taxes on income

€ thousand	2002	2001
Current taxes on income	102	-906
Deferred taxes	-8,938	10,983
Total	-8,836	10,077

Transitional presentation of taxes on income

€ thousand	2002
Profit from ordinary activities	4,695
multiplied by the German income-tax rate of 36.93 %	
= Recalculated income-tax expenses financial year	1,734
+ Effects of different tax rates on current income taxes and deferred taxes	813
- Effects due to extraordinary results	11,821
+ Other causes	438
Total	-8,836

(29) Cash reserve

Cash reserve breaks down as follows:

€ thousand	as of 31 December	
	2002	2001
Cash on hand	123	232
Balances held at central banks	5,058	71,773
Total	5,181	72,005

The minimum reserve requirement to be met at the end of December 2002 totalled €38,257 thousand (2001: €44,756 thousand).

(30) Claims on banks

€ thousand	Total		Due on demand		Other claims	
	as of 31 December		as of 31 December		as of 31 December	
	2002	2001	2002	2001	2002	2001
German banks	1,192,167	1,600,166	657,867	1,098,541	534,300	501,625
Foreign banks	102,252	83,946	95,746	46,446	6,506	37,500
Total	1,294,419	1,684,112	753,613	1,144,987	540,806	539,125

Claims on banks include foreign-currency amounts equal to €95,746 thousand (2001: € 39,310 thousand).

Claims on banks primarily consist of overnight money and fixed deposits (€1,293,095 thousand/2001: €1,634,874 thousand, incl. "occurred interest").

(31) Claims on customers

€ thousand	Total		Due on demand		Other claims	
	as of 31 December		as of 31 December		as of 31 December	
	2002	2001	2002	2001	2002	2001
Claims on domestic customers	172,644	261,293	172,644	261,293	0	0
Public-sector entities	0	0	0	0	0	0
Private customers	172,644	261,293	172,644	261,293	0	0
Claims on foreign customers	2,777	2,435	2,777	2,435	0	0
Private customers	2,777	2,435	2,777	2,435	0	0
Total	175,421	263,728	175,421	263,728	0	0

All claims on private customers are deemed to be due on demand. Claims on customers include €163,185 thousand (2001: €250,603 thousand) from loans to finance purchases of securities. These claims are loans secured by securities. In view of the concentration of credit risks, we point out that the original loan business is carried out with private customers only. Claims on customers include foreign-currency amounts equal to €196 thousand (2001: €75 thousand).

(32) Provision for possible loan losses

€ thousand	Credit default risks		General provisions		Total	
	as of 31 December		as of 31 December		as of 31 December	
	2002	2001	2002	2001	2002	2001
Balance as of 1 January	-4,905	-3,149	-31	-31	-4,936	-3,180
Allocations	-3,467	-4,215	-18	0	-3,485	-4,215
Deductions	2,066	2,459	0	0	2,066	2,459
of which utilised	510	103	0	0	510	103
of which written back	1,556	2,356	0	0	1,556	2,356
Exchange-rate changes	0	0	0	0	0	0
Provision for possible loan losses as of 31 December	-6,306	-4,905	-49	-31	-6,355	-4,936

The adjusted value of non-interest bearing and non-productive claims amounts to €4,339 thousand (2001: €4,943 thousand).

comdirect made a direct write-down of €118 thousand (2001: €222 thousand) and recorded receipts on written-down claims in an amount of €10 thousand (2001: €7 thousand).

The total balance of risk provisions for credit default risks breaks down as:

€ thousand	as of 31 December	
	2002	2001
German borrowers	-6,236	-4,831
Foreign borrowers	-70	-74
Total	-6,306	-4,905

(33) Trading assets

Under this item, financial instruments acquired as part of the small trading portfolio are shown at fair value. Derivative financial instruments assigned to trading are shown with positive fair value including interest for the respective period.

€ thousand	as of 31 December	
	2002	2001
Shares and other non-fixed interest securities	0	1,226
Shares	0	0
German shares	0	0
Foreign shares	0	0
Other non-fixed interest securities	0	1,226
Positive market value attributable to derivate financial instruments	0	938
Interest-rate derivatives	0	938
Total	0	2,164

There were no restrictions on the disposal of any of the trading assets as of the balance-sheet date.

(34) Financial investments

All the financial instruments shown under Financial investments are assigned to the "available for sale" category and are measured at fair value. Excepted from this are holdings in subsidiaries and investments, which are shown at book value under Extraordinary appreciation and depreciation charges.

€ thousand	as of 31 December	
	2002	2001
Bonds and other fixed-income securities of the "available for sale" portfolio	1,012,377	840,719
Bonds and notes	1,012,377	840,719
issued by public-sector borrowers	24,031	0
issued by other borrowers	988,346	840,719
Shares and other non-fixed interest securities of the "available for sale" portfolio	31,658	20,493
Investments	866	0
Holdings in subsidiaries	12,800	0
Total	1,057,701	861,212

There were no restrictions on the disposal of any of the financial assets as of the balance-sheet date.

On the balance-sheet date, no write-downs were made due to permanent impairment on financial instruments measured at fair value. In the financial year, the book value of the comdirect bank S.p.A. which is currently in liquidation was written up to the anticipated amount of the liquidation payout. The write-up in the amount of €6,426 thousand is part of the Extraordinary result.

In the item Investments, only the investment in Bremer Wertpapierbörse AG, which was renamed to Nasdaq Deutschland AG in January 2003, in the amount of 7.5 percent is shown.

(35) Intangible assets

€ thousand	as of 31 December	
	2002	2001
Other intangible assets	14,094	22,076

Changes in intangible assets are shown in the schedule of assets (note 37).

(36) Fixed assets

€ thousand	as of 31 December	
	2002	2001
Land and buildings	3,309	0
Office and furniture equipment	24,866	45,816
Total	28,175	45,816

Changes in fixed assets are shown in the schedule of assets (note 37).

(37) Schedule of assets

€ thousand	Land and buildings	Office furniture and equipment	
		Software	Other
Book value as of 1 January, 2002	0	5,637	40,179
Costs of acquisition/manufacture	0	21,198	98,344
Exchange-rate changes	0	0	-434
Additions 2002	3,309	324	2,523
Disposals 2002	0	-6,368	-42,171
Costs of acquisition/manufacture as of 31 December, 2002	3,309	15,154	58,262
Cumulative write-downs as of 1 January, 2002	0	15,561	58,165
Exchange-rate changes	0	0	-92
Additions 2002	0	2,352	12,390
Disposals 2002	0	-6,307	-33,519
Cumulative write-downs as of 31 December, 2002	0	11,606	36,944
Book value as of 31 December, 2002	3,309	3,548	21,318

€ thousand	Intangible assets	Investments	Holdings in subsidiaries
Costs of acquisition/manufacture	33,739	10,500	0
Exchange-rate changes	-199	0	0
Additions 2002	6,255	866	12,800
Disposals 2002	0	0	0
Costs of acquisition/manufacture as of 31 December, 2002	39,795	11,366	12,800
Cumulative write-downs as of 1 January, 2002	11,663	10,500	0
Exchange-rate changes	-25	0	0
Additions 2002	14,063	0	0
Disposals 2002	0	0	0
Cumulative write-downs as of 31 December, 2002	25,701	10,500	0
Book value as of 31 December 2002	14,094	866	12,800

Additions to write-downs in 2002 relate to extraordinary write-downs of €5,545 thousand. This is included solely in the balance-sheet item Intangible assets.

(38) Tax assets

Tax assets breaks down as follows:

€ thousand	as of 31 December	
	2002	2001
Claims on the tax authorities from income taxes	8,512	9,634
Deferred tax claims	3,189	0
Total	11,701	9,634

Deferred tax claims and liabilities are netted out in Germany, since they are both due to the same tax authority.

As a result, we show a deferred tax claim in the financial year 2002 (see also note 43).

Deferred tax claims were created in connection with the following balance-sheet items:

€ thousand	as of 31 December	
	2002	2001
Provision for possible loan losses	1	0
Financial investments	-2,361	0
Intangible assets	-4,796	0
Fixed assets	162	0
Provisions	3,617	0
Equity	6,566	0
Total	3,189	0

The domestic income-tax rate used to compute deferred taxes is composed of the applicable tax rates effective in Germany for corporate income tax (25.0 %), plus the solidarity surcharge (5.5 %) and the trade tax (12.7 %) taken together. This yields a domestic income-tax rate of 35.7 %.

(39) Other assets

€ thousand	as of 31 December	
	2002	2001
Deferred items	3,111	5,693
Sundry assets	5,825	12,507
Total	8,936	18,200

Other assets breaks down as follows:

€ thousand	as of 31 December	
	2002	2001
Claims on Group companies	4,709	8,494
Claims on affiliated companies	9	0
Other	1,107	4,013
Total	5,825	12,507

(40) Liabilities to banks

€ thousand	Total		Due on demand		Other liabilities	
	as of 31 December		as of 31 December		as of 31 December	
	2002	2001	2002	2001	2002	2001
German banks	1,926	0	1,926	0	0	0
Foreign banks	12,987	0	12,987	0	0	0
Total	14,913	0	14,913	0	0	0

(41) Liabilities to customers

€ thousand	Total		Due on demand		With agreed maturity or withdrawal period	
	as of 31 December		as of 31 December		as of 31 December	
	2002	2001	2002	2001	2002	2001
Liabilities to domestic private customers	1,822,191	2,196,023	1,749,450	2,150,113	72,741	45,910
Liabilities to foreign private customers	126,489	93,304	123,982	92,433	2,507	871
Total	1,948,680	2,289,327	1,873,432	2,242,546	75,248	46,781

Foreign-currency amounts equal to €85,067 thousand (2001: €28,846 thousand).

Through the German banks' depositor protection fund of the German banking association Bundesverband deutscher Banken e. V., Cologne, each customer is insured for deposits of up to €171m. In addition, comdirect bank AG is a member of Entschädigungseinrichtung deutscher Banken GmbH.

(42) Provisions

€ thousand	as of 31 December	
	2002	2001
Provisions for pensions and similar commitments	2,470	1,775
Other provisions	18,638	49,576
Total	21,108	51,351

The changes in provisions for pensions developed as follows:

€ thousand	as of 1.1.2002	Utilised/ change	Depreciation	Allocation	as of 31.12.2002
Pension expectations of active employees	1,775	0	0	695	2,470

The allocations to pension provisions in 2002 break down as follows:

Service cost	€584 thousand
Interest cost	€112 thousand
Cost arising from changes in actuarial assumptions	-€1 thousand

Actuarial gains and losses are amortised over three years (2002: €2 thousand).

Parameters	as of 31 December		
	2002	2001	2000
Calculatory interest rate	5.75 %	5.75 %	6.50 %
Changes in salaries	2.75 %	3.00 %	3.50 %
Changes in pensions	1.50 %	1.50 %	2.00 %

Changes in other provisions:

€ thousand	as of 1.1.2002	Utilised	Reversal	Allocation	as of 31.12.2002
Provisions for staff	2,229	1,985	95	2,604	2,753
Provisions for anniversary bonuses	41	0	1	0	40
Provisions for non-income-related taxes	1,022	480	0	0	542
Provisions for contingent losses	18,336	8,811	7,681	6,318	8,162
Provisions for restructuring	26,602	26,517	9	6,379	6,455
Other provisions	1,346	913	172	425	686
Total	49,576	38,706	7,958	15,726	18,638

Provisions for staff mainly relate to provisions for bonuses. The provisions for staff will probably be used in the 2003 financial year.

Changes in provisions for contingent losses break down as follows:

€ thousand	as of 1.1.2002	Utilised	Reversal	Allocation	as of 31.12.2002
Provisions for contingent losses	18,336	8,811	7,681	6,318	8,162
Implementation of the com one programme for the future	0	0	0	6,318	6,318
Restructuring	13,992	4,804	7,681	0	1,507
Other	4,344	4,007	0	0	337

The scale of the contingent losses for the implementation of the com one programme for the future were measured on the basis of the information about expected expenses that was available when the financial statements were prepared.

(43) Tax liabilities

Tax liabilities are comprised as follows:

€ thousand	as of 31 December	
	2002	2001
Current tax liabilities	0	5,683
Provisions for income taxes	0	5,683
Deferred tax liabilities	0	4,761
Total	0	10,444

Deferred tax assets and liabilities are netted out in Germany, since they are both due to the same tax authority. As a result, we show a deferred tax asset in the financial year 2002 (see also note 38).

Deferred tax liabilities were created in connection with the following balance-sheets items:

€ thousand	as of 31 December	
	2002	2001
Provision for possible loan losses	0	23
Trading assets	0	347
Financial investments	0	2,300
Intangible assets	0	7,575
Fixed assets	0	-68
Provisions	0	-2,226
Equity	0	-3,190
Total	0	4,761

(44) Subordinated capital

€ thousand	as of 31 December	
	2002	2001
Subordinated liabilities	6,391	6,391
Profit-sharing certificates outstanding	10,226	10,226
Total	16,617	16,617

The subordinated capital meets the requirements of supplementary capital as defined by Art. 10, (5a) of the German Banking Act (KWG). The claims of creditors to repayment of these liabilities are subordinated to those of other creditors.

Terms of subordinated liabilities:

Start of maturity	Amount € thousand	Interest rate per 31.12.2002	Maturity date
1996	6,391	3.06 %	2006

The interest rate on subordinated liabilities was fixed for the first three years of the term to maturity. Currently, the interest rate is adjusted annually for a one-year interest-rate period.

During the financial year, comdirect incurred interest expenses on subordinated liabilities of €227 thousand (2001: €317 thousand).

Interest from profit-sharing certificates outstanding is paid only insofar as such payments do not lead to an accounting loss. The claims of the holders of the profit-sharing certificates are subordinated to the claims of other creditors.

Terms of the profit-sharing certificates outstanding:

Start of maturity	Amount € thousand	Interest rate per 31.12.2002	Maturity date
1998	10,226	6.00 %	2006

During the financial year, comdirect incurred interest expenses on profit-sharing certificates of €613 thousand (2001: €733 thousand). As a net loss is shown, the interest payment for the current profit-sharing right will not be made.

(45) Maturities, by remaining lifetimes

€ thousand	Total Due on de-	Remaining lifetimes as of 31.12.2002				
		Up to mand and un- limited in time	Three three months	One to months to one year	More than five years	five years
Claims on banks	1,294,419	753,613	207,147	211,220	122,439	0
Claims on customers	175,421	175,421	0	0	0	0
Bonds and notes held in the "available for sale" portfolio	1,012,377	0	127,563	188,317	584,148	112,349
Total	2,482,217	929,034	334,710	399,537	706,587	112,349
Liabilities to banks	14,913	14,913	0	0	0	0
Liabilities to customers	1,948,680	1,873,432	35,857	36,503	2,888	0
Subordinated capital	16,617	0	0	0	16,617	0
Total	1,980,210	1,888,345	35,857	36,503	19,505	0

€ thousand	Total Due on de-	Remaining lifetimes as of 31.12.2001				
		Up to mand and un- limited in time	Three three months	One to months to one year	More than five years	five years
Claims on banks	1,684,112	1,144,987	339,125	50,000	150,000	0
Claims on customers	263,728	263,728	0	0	0	0
Bonds and notes held in the "available for sale" portfolio	840,719	20,873	51,362	163,860	501,083	103,541
Total	2,788,559	1,429,588	390,487	213,860	651,083	103,541
Liabilities to banks	0	0	0	0	0	0
Liabilities to customers	2,289,327	2,242,546	20,052	24,844	1,885	0
Subordinated capital	16,617	0	0	0	16,617	0
Total	2,305,944	2,242,546	20,052	24,844	18,502	0

(46) Claims on/liabilities to affiliated companies

€ thousand	as of 31 December	
	2002	2001
Claims on banks	341,463	754,471
Liabilities to banks	14,913	0
Liabilities to customers	0	0
Subordinated capital	16,617	16,617
Total	372,993	771,088

(47) Interest-rate risks

	Interest assets		Interest liabilities		Interest gap	Interest differential
	€ million	interest in %	€ million	interest in %	€ million	% points
up to one year	2,021	3.69	2,010	1.27	11	2.42
one to five years	361	4.27	434	3.31	-73	0.96
more than five years	17	4.92	0	0.00	17	4.92
	GBP million	interest in %	GBP million	interest in %	GBP million	% points
up to one year	7	3.80	0	0.00	7	3.80

(48) Number of employees at the end of the reporting period

	as of 31 December	
	2002	2001
Group	922	1,291
in Germany	859	1,117
abroad	63	174
At comdirect bank AG	859	1,117
of which:		
in the call centre	366	517
in the back office	225	317
in other areas	268	283

(49) Segment reporting

Segment reporting, by geographical markets in the 2002 financial year:

€ thousand	comdirect Germany	comdirect Europe without Germany	Group management/ other consolidation	comdirect bank Group total
Net interest income before provisions	63,639	1,760	-1,503	63,896
Provision for possible loan losses	-2,037	0	0	-2,037
Net interest income after provisions	61,602	1,760	-1,503	61,859
Net commission income	73,828	3,314	0	77,142
Trading profit/loss	-285	0	0	-285
Result from the securities portfolio (available for sale)	1,200	0	0	1,200
Administrative expenses	122,128	16,010	0	138,138
Other operating result	2,949	-32	0	2,917
Profit/loss from ordinary activities	17,166	-10,968	-1,503	4,695
Extraordinary results and restructuring costs	-48,830	0	25,535	-23,295
Pre-tax profit/loss	-31,664	-10,968	24,032	-18,600
Taxes on income	-8,836	0	0	-8,836
After-tax profit/loss	-22,828	-10,968	24,032	-9,764
Profit/loss attributable to minority interests	0	0	0	0
Net profit/loss	-22,828	-10,968	24,032	-9,764
Acquisition costs of segment assets	7,313	1,789	0	9,102
Depreciation on segment assets	20,991	2,269	0	23,260
Cost-income-ratio	0.8715	3.1753	-	0.9615
Segment income	177,972	5,936	-1,503	182,405
Segment expenses	162,006	16,904	0	178,910
Segment assets	2,430,426	95,941	0	2,526,367
Segment debt	1,878,527	85,066	0	1,963,593

Allocation to the segments is based on the domicile of the consolidated companies.

(50) Other liabilities

Rental and leasing agreements concluded by comdirect bank Group will lead to expenses of €6,326 thousand during 2003 financial year, €5,122 thousand for each of the years 2004 to 2007, and €6,336 thousand as of the year 2008.

(51) Letter of comfort

comdirect bank AG provides no general letter of comfort for the subsidiaries included in the consolidated financial statements.

(52) Corporate Governance Code

comdirect bank AG submitted the Declaration of Compliance pursuant to Art. 161 of the German Stock Corporation Act (AktG) and has made it permanently available to the shareholders at the website www.comdirect.de.

(53) The company's boards

Supervisory board

Martin Blessing (since 10 May, 2002)

Frankfurt am Main

Chairman of the Supervisory Board

Member of the Board of Managing Directors of
Commerzbank AG, Frankfurt am Main

Klaus-Peter Müller (until 10 May, 2002)

Frankfurt am Main

Chairman of the Supervisory Board

Chairman of the Board of Managing Directors of
Commerzbank AG, Frankfurt am Main

Klaus Müller-Gebel

Frankfurt am Main

Deputy Chairman of the Supervisory Board

Member of the Supervisory Board of
Commerzbank AG, Frankfurt am Main

Dr. Eric Strutz (since 10 May, 2002)

Frankfurt am Main

Head of Corporate Controlling of

Commerzbank AG, Frankfurt am Main

Dr. Franz-Georg Brune (until 10 May, 2002)

Frankfurt am Main

Co-manager of Frankfurt am Main main branch of
Commerzbank AG, Frankfurt am Main

Rainer Beaujean (since 8 October, 2002)

Darmstadt

Member of the Board of Managing Directors of
T-Online International AG, Darmstadt

Burkhard Graßmann (until 1 October, 2002)

Darmstadt

Member of the Board of Managing Directors of
T-Online International AG, Darmstadt

Angelika Kierstein

Quickborn

Chairman of Staff Council of

comdirect bank Aktiengesellschaft

Commercial employee

Maria Xiomeriti

Quickborn

Deputy Chairman of Staff Council of

comdirect bank Aktiengesellschaft

Commercial employee

Board of Managing Directors

Dr. Achim Kassow,

Chairman (since 1 June, 2002)

Dr. Andre Carls

Hans-Joachim Nitschke

Bernt Weber (until 31 May, 2002)

Christian Jessen (until 30 June, 2002)

(54) Shares of comdirect bank AG

Number of shares held by the boards:

	as of 31 December	
	2002	2001
Members of the Board of Managing Directors	0	700
Dr. Achim Kassow (since 1 June, 2002)	0	-
Dr. Andre Carls	0	0
Christian Jessen (until 30 June, 2002)	-	200
Hans-Joachim Nitschke	0	0
Bernt Weber (until 31 May, 2002)	-	500
Members of the Supervisory Boards	150	150
Martin Blessing (since 10 May, 2002)	0	-
Klaus-Peter Müller (until 10 May, 2002)	-	0
Klaus Müller-Gebel	0	0
Dr. Eric Strutz (since 10 May, 2002)	0	-
Dr. Franz-Georg Brune (until 10 May, 2002)	-	0
Rainer Beaujean (since 8 October, 2002)	0	-
Burkhard Graßmann (until 1 October, 2002)	-	0
Angelika Kierstein	100	100
Maria Xiromeriti	50	50

The number of options held to subscribe to comdirect bank AG shares breaks down as follows:

	as of 31 December	
	2002	2001
Members of the Board of Managing Directors	129,000	90,000
Dr. Achim Kassow (since 1 June, 2002)	40,000	-
Dr. Andre Carls	38,500	13,500
Christian Jessen (until 30 June, 2002)	-	25,500
Hans-Joachim Nitschke	50,500	25,500
Bernt Weber (until 31 May, 2002)	-	25,500
Members of the Supervisory Boards	0	0
Martin Blessing (since 10 May, 2002)	0	-
Klaus-Peter Müller (until 10 May, 2002)	-	0
Klaus Müller-Gebel	0	0
Dr. Eric Strutz (since 10 May, 2002)	0	-
Dr. Franz-Georg Brune (until 10 May, 2002)	-	0
Rainer Beaujean (since 8 October, 2002)	0	-
Burkhard Graßmann (until 1 October, 2002)	-	0
Angelika Kierstein	0	0
Maria Xiromeriti	0	0

(55) Remuneration and loans to board members

The following remuneration was paid to members of the Board of Managing Directors and members of the Supervisory Boards:

€ thousand	2002	2001
Board of Managing Directors	961	1,290
of which: non-variable	700	794
of which: variable	261	496
Supervisory Boards	23	87

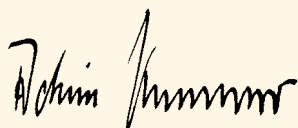
Neither advance payments nor loans were extended. comdirect did not take on any contingent liabilities.

Holdings


Name	Domicile	Share of capital held in %		Equity in thousand
comdirect ltd	London/United Kingdom	100.0	GBP	9,857
comdirect nominee ltd	London/United Kingdom	100.0	GBP	(1.00)
comdirect bank S.p.A. i.L.	Milan/Italy	100.0	EUR	12,800

Quickborn, 14 February, 2003

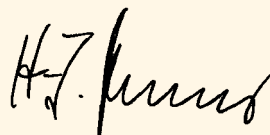
The Board of Managing Directors



Dr. Achim Kassow



Dr. Andre Carls



Hans-Joachim Nitschke

Auditor's Certificate

comdirect bank Group

We have audited the consolidated financial statements, voluntarily prepared by comdirect bank Aktiengesellschaft, consisting of the balance sheet, the income statement, the statements of changes in equity and the cash flow statement as well as the notes to the financial statements and the Group management report for the financial year from 1 January, 2002 to 31 December, 2002. The preparation of the consolidated financial statements and the Group management report are the responsibility of the company's legal representatives. Our responsibility is to express an opinion, based on our audit, whether the consolidated financial statements are in accordance with International Accounting Standards (IAS).

We conducted our audit of the consolidated financial statements in accordance with German auditing regulations and generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland (IDW) as well as in accordance with the International Standards on Auditing (ISA). These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements.

Hamburg, 14 February, 2003

BDO Deutsche Warentreuhand Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Rohardt
(German public accountant)

The evidence supporting the amounts and disclosures in the consolidated financial statements are examined on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the consolidated financial statements dated 31 December, 2002 give a true and fair view of the net assets, financial situation, results of operations and cash flows for the financial year in accordance with IAS.

Our audit, which also extended to the Group management report prepared by the Board of Managing Directors for the financial year from 1 January, 2002 to 31 December, 2002, has not led to any reservations. In our opinion, on the whole the Group management report provides a suitable understanding of the Group's position and suitably presents the risks of future development.

Dr. Zemke
(German public accountant)

Report of the Supervisory Board

To make comdirect bank profitable and fit for the future in a difficult market – that was Management’s pre-eminent task in the 2002 financial year. The Supervisory Board intensively discussed the necessary strategic, structural and operative direction of the company and examined in-depth the proposals drawn up by the Board of Managing Directors. It is our opinion that the resulting measures will serve to achieve a lasting reduction in costs, stabilise earnings and reach new potential customers.

The Supervisory Board carried out its duties under the law as well as comdirect bank’s statutes and the Corporate Governance Code adopted on 22 November, 2002, advising and supervising the conduct of the affairs of comdirect bank Aktiengesellschaft. The Board of Managing Directors provided the Supervisory Board with regular written and oral reports on the situation and development of comdirect bank Aktiengesellschaft and its subsidiaries and also on all the major business transactions, fundamental issues of business policy, management and corporate planning.

Moreover, the chairman of the Supervisory Board was given detailed information on all important 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 regular contact with the chairman of the Board of Managing Directors and conferred with him on the strategy, business development and risk management of comdirect bank. He received all minutes of the meetings of the Board of Managing Directors and resolutions and arranged for important matters to be taken up in the Supervisory Board committees.

Main focus in 2002

The Supervisory Board met at five regularly convened meetings and one extraordinary session in the 2002 financial year. The annual accounts were approved at the meeting on 13 March, 2002. This was preceded by two meetings on 10 May, 2002 of comdirect bank Aktiengesellschaft immediately preceding and – as constituent session – after AGM. Additional regularly convened meetings were held on 2 September and 22 November, 2002. The extraordinary Supervisory Board session on 26 April, 2002 concerned personnel changes the Board of Managing Directors and changes to the bylaws of the Board of Managing Directors.

The reports, examinations and consultations related to all significant business-policy issues, especially the planning of investments and the bank’s medium-term developments, its cost and income situation and the development of European activities. In the 2002 financial year, special attention was given by the Supervisory Board to reducing costs in the comdirect Group. The com one programme for the future was the focus of the meeting on 2 September. com one comprises measures to reduce material and personnel costs, stabilise earnings and streamline structures including the management organisation.

An additional topic of paramount importance was the streamlining of the Group structure. In this context, the Supervisory Board dealt with the sale of comdirect S.A. in Paris and the closing of the Italian subsidiary comdirect bank S.p.A. Other matters that were discussed included the termination of the cooperation with Censio AG, the transfer of Commerz-Service GmbH to Quickborn, the partnership of comdirect Ltd with Lloyds TSB and the acquisition of a 7.5% share in Bremer Wertpapierbörse AG (presently: Nasdaq Deutschland AG).

Wherever necessary under the law or the bank's statutes, the Supervisory Board approved the transactions submitted to it. It also fulfilled its duties through the Presiding Committee which was formed from the midst of the Supervisory Board, and which was convened for a meeting on 22 November, 2002.

In accordance with the recommendations given by the Corporate Governance Code, the Supervisory Board formed an audit committee in its meeting on 22 November, 2002.

Conflicts of interest among Supervisory Board members as defined by section 5.5 of the Corporate Governance Code did not occur during the financial year.

The Supervisory Board commissioned the auditors elected by the AGM on 10 May, 2002, BDO Deutsche Warentreuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Hamburg, to conduct the audit.

Approval of the financial statements and dependency report

The financial statements, the books of account and the combined management report for comdirect bank AG and the Group (according to IAS) for the 2002 financial year have been examined by the auditors and carry their unqualified certification. The data for the financial statements and the auditor's reports were made available to the members of the Supervisory Board in good time.

The auditors who signed the financial statements took part in today's meeting of the audit committee and the subsequent meeting of the Supervisory Board dealing with the approval of the annual accounts. They reported on the

major findings of their audit and answered questions. The result of the audit was discussed in detail with the audit committee and thoroughly deliberated. Thereupon, the audit committee proposed to the Supervisory Board the approval of the financial statements. The Supervisory Board has acknowledged the results of the audit. Within the scope of the legal provisions, it has examined the financial statements and the combined management report, and also the consolidated financial statements and afterwards has found no cause for objections. At today's meeting, the Supervisory Board approved the financial statements presented by the Board of Managing Directors, which accordingly are to be regarded as adopted.

Furthermore, the report of the Board of Managing Directors on the bank's relations with affiliated companies was also submitted to the Supervisory Board, together with the related auditor's report. The Supervisory Board examined the report of the Board of Managing Directors. It concurs with its findings and also with those of the auditor's examination.

After completing their examination, the auditors raised no objections to the report of the Board of Managing Directors and gave it the following unqualified certification:

"After conducting our audit in accordance with professional standards, we confirm that

1. the actual details of the report are accurate,
2. the fees paid by the company for the transactions detailed in the report were not disproportionately high."

After completing its examination, the Supervisory Board finds no cause for objection to the concluding statement by

the Board of Managing Directors concerning relations with affiliated companies.

As part of this audit, the auditors also had to evaluate whether the management had implemented a surveillance system and had fulfilled the legal requirements concerning the early detection of risks that are likely to threaten the existence of the company. The auditor has confirmed that the risks as described in the Group management report are presented accurately and that the measures taken by the management according to Art. 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 Group.

Changes in personnel in the Board of Managing Directors

At its extraordinary meeting on 26 April, 2002, the Supervisory Board appointed Dr. Achim Kassow as a regular member of the Board of Managing Directors with effect from 1 June, 2002 and at the same time nominated him as chairman of the Board of Managing Directors. The members of the Board of Managing Directors Bernt Weber and Christian Jessen stepped down as of 31 May, 2002, and 30 June, 2002, respectively, from the board. The Supervisory Board thanks both gentlemen for their committed and successful pioneer work in the initial stages of the bank.

Changes in personnel in the Supervisory Board

The AGM on 10 May, 2002 elected Martin Blessing, member of the Board of Managing Directors of Commerzbank AG, and Dr. Eric Strutz, head of Corporate Development and Corporate Strategy at Commerzbank AG, to the Supervisory Board. They took the place of the former chair-

men of the Supervisory Board, Klaus-Peter Müller and Dr. Franz-Georg Brune, who left the Supervisory Board. At its constituent session immediately following the AGM, the Supervisory Board elected Martin Blessing as its new chairman. Burkhard Graßmann resigned from the Supervisory Board as of 30 September, 2002. At the request of the Board of Managing Directors, the Pinneberg lower regional court resolved on 8 October, 2002, to appoint Rainer Beaujean, member of the Board of Managing Directors of T-Online International AG, to the Supervisory Board. The Supervisory Board thanks the members who have resigned from the Supervisory Board for the active, constructive and successful cooperation.

The Supervisory Board expresses its gratitude to the members of the Board of Managing Directors and all the employees of comdirect bank for their extraordinary performance in a difficult market environment and for the strong commitment with which the development of the company was pushed ahead. Moreover, we thank the employees' representatives for their unbiased and constructive cooperation in the interest of our company.

Frankfurt, 12 March 2003

The Supervisory Board



Martin Blessing
Chairman

Glossary

Asset Management

Professional management of assets

Back office

All processes that take place "behind-the-scenes" – this includes the further processing of customer orders in-house, for example.

Balanced scorecard

Comprehensive system of ratios that can help to monitor the realisation of strategies at an operational level. The strategic goals are viewed from four perspectives: learning and growth, internal processes, customers and finances.

Benchmark analysis

Analysis based on reference values or comparative figures that can be used as a yardstick for performance.

Break-even point

At the break-even point, revenues exactly equal costs. A company is making a profit if it exceeds this point.

Business-to-business relations

(Or B2B for short): commercial online transactions between companies – in contrast to business-to-consumer transactions (B2C): transactions between companies and end customer.

Certified financial managers

Asset manager certified and licensed by the German financial supervisory authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) according to the requirements of the German Banking Act (Kreditwesengesetz, KWG).

Confidence level

In statistics, the confidence level defines the likelihood with which an unknown value lies within a certain interval; within the value-at-risk concept it describes the likelihood of potential loss.

Covered warrants

A stock option in the form of a security that gives the right to purchase stocks, which during the lifetime of the warrant are held in a separate cover fund.

Delisting

Withdrawal of the listing of securities at a specific stock exchange by an issuer. However, the company can still be listed at other stock exchanges.

Derivative financial instruments

Highly liquid, standardised financial instruments. Their value depends on the price development of the underlying financial paper, e.g., equity (underlying security); the most important examples are options and futures. Derivates are traded over the counter or on the futures exchange.

Exchange traded fund

Investment funds (often tracker funds) that are quoted on the stock exchange and permanently traded.

Free float

Freely traded shares of a company that are held by many shareholders (= widely held stock).

Investment trust

Funds with a limited investment amount.

Market Maker

A market participant expressly authorised by the clearing house who is required to provide buying and selling rates at all times for the contracts that are assigned to him.

Mobile commerce services

Systems that make it possible to conclude commercial transactions via mobile terminals.

Multi-tier architecture

Distribution of software components among several computers. The data are located on a central network computer (backend server) and the presentation software is located on the connected workstations (clients). In between several intermediate servers are located on which the application software is found.

Near-time quotes

Display of a price with a time lag, generally 15 minutes.

Operating turnaround

Exceeding the break-even point with an operating result.

Peer group

A group set up for the purpose of comparison. It consists of immediate competitors of a company or of competing goods.

Real-time quotes

Security price that is released as soon as it is determined, i.e., without a time lag.

Return on equity

Operating return on equity describes the ratio between operating result and equity.

Scoring model

Qualitative assessment of operating risks based on checkpoints that are drawn from various dimensions.

Secondary listing

Listing of a security on an additional stock exchange.

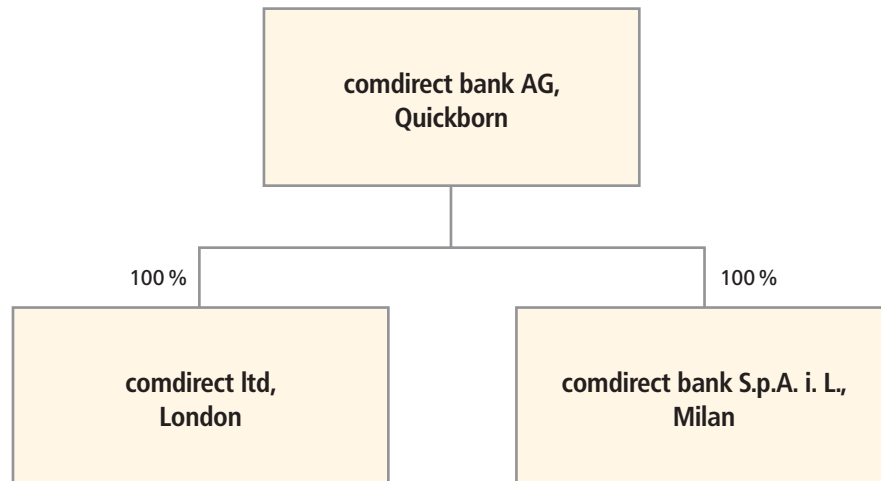
Treasury

Central management unit for the steering of liquidity and market price risks. Traditional functions are liquidity equalisation, refinancing and the processing of currency, money market, precious metals and bank note transactions.

Unit trust

English for investment funds.

Structure of the comdirect Group



Financial Calendar

13 March, 2003	Presentation of 2002 results / Analysts' conference in Frankfurt/Main
7 May, 2003	Annual General Meeting at CCH in Hamburg
13 May, 2003	Quarterly report I / 2003
12 August, 2003	Semi-annual report 2003
7 November, 2003	Quarterly report III / 2003

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Concept, Text, Design

ergo Unternehmenskommunikation,
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