> Notes

Basis of accounting principles

The consolidated financial statements of comdirect as of 31 December 2012 were prepared in accordance with Section 315a (1) of the German Commercial Code (HGB) and Regulation (EC) 1606/2002 (IAS Regulation) of the European Parliament and of the Council of 19 July 2002 as well as further regulations on the adoption of certain international accounting standards in accordance with the International Financial Reporting Standards (IFRS), which were approved and published by the International Accounting Standards Board (IASB). Furthermore, the additional standards to be applied under Section 315a (1) of the German Commercial Code (HGB) were observed.

The sub-group financial statements of comdirect bank AG, Pascalkehre 15, D-25451 Quickborn, Germany are included in the consolidated financial statements of our ultimate parent company, Commerzbank AG, Frankfurt/Main. The consolidated financial statements of Commerzbank AG as of 31 December 2011 were published in the online Federal Gazette on 19 April 2012.

In addition to the consolidated balance sheet, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated financial statements include the statement of changes in equity, the cash flow statement and the notes. The group management report, including the risk report in accordance with Section 315 of the German Commercial Code (HGB), forms part of our present annual report.

The consolidated financial statements were approved for publication by the Board of Managing Directors on 20 February 2013.

Accounting and measurement methods

1 Basic principles

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

All the units included in the consolidation prepared their financial statements as of 31 December 2012.

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

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

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

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

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