> 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.

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

In the consolidated financial statements of comdirect, all the standards and interpretations to be compulsorily applied in the EU in financial year 2012 were taken into account.

The revision to IFRS 7 "Financial instruments: Disclosures – Transfers of financial assets" to be applied for the first time in financial year 2012 did not have any material impact on the consolidated financial statements.

Additional IAS/IFRS to be applied in the future:

Standard	Title	Date of application
IAS 1 (amended)	Presentation of financial statements – presentation of items of other comprehensive income	1 January 2013
IAS 12 (amended)	Income taxes – Deferred tax: Recovery of underlying assets	1 January 2013
IAS 19 (amended)	Employee benefits	1 January 2013
IFRS 7 (amended)	Disclosures – Offsetting financial assets and financial liabilities	1 January 2013
IFRS 10	Consolidated financial statements	1 January 2014
IFRS 11	Joint arrangements	1 January 2014*
IFRS 12	Disclosure of interests in other entities	1 January 2014
IFRS 10/IFRS 11/IFRS 12 (amended)	Amendments to the transitional provisions of IFRS 10, IFRS 11 and IFRS 12	1 January 2014
IFRS 10/IFRS 11/IFRS 12 (amended)	Investment entities	1 January 2014*
IFRS 13	Fair value measurement	1 January 2013
IAS 27 (new version)	Separate financial statements	1 January 2014
IAS 32 (amended)	Offsetting financial assets and financial liabilities	1 January 2014*
IFRS 9	Financial instruments: Classification and measurement	1 January 2015*
IFRS 7/IFRS 9 (amended)	Mandatory application date and transitions disclosures	1 January 2015*
–	Improvements in International Financial Reporting Standards 2009–2011	1 January 2013*

* The date of application is contingent on the timely endorsement of the standards by the European Commission.

As permitted we opted out of early application of standards and interpretations for which required implementation was from financial year 2013 or later.

The provisions of the new IFRS 9 "Financial instruments" are aimed at abolishing and replacing IAS 39. IFRS 9 could result in future changes in the categorisation and measurement of financial investments and other financial instruments for the comdirect group.

The requirements of IFRS 9 were further revised in 2012 and further amendments are still pending. Endorsement by the EU has therefore not yet taken place. The initial adoption of IFRS 9 has been postponed until the financial years beginning on or after 1 January 2015.

The effects of applying IFRS 9 to the consolidated financial statements of comdirect are not yet reliably quantifiable.

IFRS 10 "Consolidated financial statements" replaces the requirements of IAS 27 for consolidated financial statements and changes the definition of "control". IFRS 13 "Fair value measurement" describes how fair value is to be measured and establishes disclosure requirements. The amendment of IAS 32 clarifies the offsetting of financial assets and financial liabilities.

The application of IAS 19 (amended) will result in particular in different treatment given to actuarial gains and losses from pension liabilities. In future, these are to be recognised immediately and in full in other comprehensive income for the period. There will be no recycling via the income statement. In combination with IAS 1 this leads to separate reporting of these effects in addition to changes in the fair value of assets recognised directly in equity.

3 Consolidated companies
Apart from the parent company, comdirect bank AG, Quickborn, the consolidated companies consist of ebase GmbH, Aschheim, and five special funds, special purpose entities (SPE) in accordance with IAS 27 in conjunction with SIC-12.

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

In each case, comdirect bank AG holds 100% of the shares in the consolidated group units.

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

Intra-group claims and liabilities as well as expenses and income are eliminated as part of the debt, income and expense consolidation. Intra-group book gains or losses registered during the financial year are deducted, unless they are of minor importance. Holdings in subsidiaries that are not included in the consolidation due to their minor importance are shown at historical cost under the financial investment portfolio.

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

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

6 Cash reserve
The reserve is reported at nominal value.

7 Claims
All claims on banks and customers originated by the comdirect group are measured at amortised cost. The valuation allowances made within the claims on banks and customers are explained in note (39).

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

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

As in principle no open positions in currency are entered into, currency translation does not contribute to earnings.

9 Provisions for possible loan losses

We provide for the particular credit risks in lending by forming single and portfolio loan loss provisions, with loans comprising exposure of more than €1m seen as significant.

Specific loan loss provisions are formed to cover the existing credit-standing risks relating to these exposures. Loan loss provisions have to be formed for a loan if it is probable on the basis of observable criteria that not all the interest payments and capital repayments can be made as agreed. The level of the loan loss provision corresponds to the difference between the book value of the loan less the present value of the expected future cash flow.

In addition, we cover credit risks by means of portfolio loan loss provisions. The level of the portfolio loan loss provisions is determined using parameters derived from Basel II (probability of default, loss given default). The loan loss provisions are deducted from the relevant asset items on the balance sheet, provided they relate to claims on the balance sheet. The provisions for possible loan losses for offbalance sheet business (loan commitments) are shown as provisions for lending risks.

Uncertainties pertaining to estimates arise with regard to the use of Basel II parameters. The parameters are derived from empirical values for corresponding receivables and can therefore be subject to fluctuations due to changes in framework conditions, such as developments in the macroeconomy or labour market data. Thus, revised estimates for probabilities of default per exposure, in particular, could lead to an increase or decrease in provisions for both utlisied and unutilised loan commitments. Revised conversion factors regarding open lines of credit would only lead to an increase or decrease in provisions for loan losses.

Unrecoverable amounts are written down utilising any existing loan loss provisions. Income on written-down receivables is recognised in the income statement under provisions for possible loan losses.

10 Positive fair values from derivative hedging instruments

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

11 Trading assets

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

12 Financial investments

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

As of the balance sheet date, all bonds, other fixed-income securities, equities and other variable-yield securities (investment fund units) not held for trading purposes were assigned to the “available-for-sale” category. These are reported under financial investments together with holdings in non-consolidated subsidiaries.

These financial instruments are accounted for and measured at fair value. In principle, prices and quotations traded in active markets are used for this. If there is no active market, instruments from the same issuer or comparable issuer in the same industry with comparable residual maturities are used. The spreads determined from these papers are used with the aid of the discounted cash flow method as the basis for the measurement taking appropriate yield curves into account.

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

Debt instruments are subject to an impairment test using quantitative or qualitative trigger events. Qualitative indications of impairment include, for example, arrears or default on interest and capital payments on the part of a counterparty. Significant price drops and rating changes are considered to be quantitative trigger events. Should these trigger events apply, impairments are carried out if payment defaults are to be expected. Equity instruments are also subject to an impairment test using quantitative or qualitative trigger events. An impairment is carried out for these instruments if there is a qualitative trigger event, such as considerable financial difficulties on the part of the issuer, or if a quantitative event applies. Quantitative trigger events exist if the fair value falls significantly or longer-term below the historical cost.

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

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

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

⓭ Intangible assets

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

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

In principle, internally generated software and purchased individual software is amortised using the straight-line method and according to schedule against earnings over a period of five years; standard software over three years. Acquired customer relationships are amortised using the straight-line method and according to schedule over a period of 10 years.

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

An unscheduled write-down is recognised if the recoverable amount of the asset is lower than in the book value as of the reporting date. The recoverable amount is calculated as the higher amount of the value in use and fair value less cost to sell.

14 Fixed assets
The item “fixed assets” shows office furniture and equipment.

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

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

All fixed assets are depreciated over a period of 3 to 20 years.

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

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

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

Essentially, the companies of the comdirect group appear as lessees in operating leases (bank building and offices, office furniture and equipment).

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

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

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

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

19 Provisions

Basic principles

A provision must be recognised if on the balance sheet date, as the result of a past event, a present legal or constructive obligation has arisen, an outflow of resources to meet this obligation is probable and it is possible to make a reliable estimate of the amount of this obligation. Accordingly we make provisions for liabilities of uncertain amount to third parties and anticipated losses arising from onerous contracts in the amount of the claims expected.

The provision represents the best possible estimate of the expense required to meet the current obligation as at the reporting date. The estimate takes account of risks and uncertainties, but this may mean that a provision is not utilised in the amount shown in subsequent periods. Provisions are recognised at their net present value if the effect of discounting is material.

The provisions include items which result from restructuring of the business divisions and serve to cover settlement claims of employees or obligations arising from the termination of other contractual relationships. Here, uncertainties pertaining to estimates can, among other things, refer to the assumptions made regarding the date of the end of contracts and the underlying average amounts of the contractual sums or claims.

The different types of provisions are allocated via various items in the income statement. Provisions for risks from the lending business are charged to the provision for possible loan losses and the provisions for restructuring to restructuring expenses. Other provisions are in principle charged to administrative expenses.

Income from the reversal of provisions is recognised in "other operating result". This excludes provisions for credit risk (provisions for possible loan losses) and provisions for variable compensation (personnel expenses).

Provisions for pensions and similar obligations

The company pension for the employees of the comdirect group is based on various pension schemes.

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

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

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

The accounting regulations pursuant to IAS 19 for a defined benefit plan are applied to this direct pension plan and provisions are formed accordingly.

The obligations similar to those for a pension include deferred compensation. These refer to an offer to the employees whereby they give up a portion of their gross salary for a pension commitment by the employer to the same value. Provisions are also formed for individual part-time working arrangements for older employees.

For defined benefit plans, the pension obligations and similar commitments are calculated annually by an independent actuary in accordance with the projected unit credit method. In addition to biometric assumptions and the current actuarial interest rate, this calculation is based on the expected future rates of increase for salaries and pensions.

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

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

Claims arising from deferred compensation agreements have also been covered with the help of pension plan reinsurance, funded by the employer from the contributions made by the employees.

The assets transferred to cover pension claims (plan assets) are to be set off against the pension provisions, as the corresponding requirements of IAS 19 are met.

The pension expenses relating to the defined benefit old-age pension obligations to be recognised in the income statement comprise the service cost and the interest cost. The net income expected from the trust assets reduces the pension expenses. Further information on the pension obligations granted is provided in note (49) and note (69).

If the parameters taken into account in the calculation of the pension obligations and plan assets deviate from the original expectations, this generates an actuarial gain or loss. In accordance with IAS 19.92 et seq., these are to be recognised in the income statement as of the reporting period at the start of which they exceed a corridor of 10% of the maximum of the pension obligations or the fair value of plan assets. In the comdirect group, these actuarial gains or losses are recorded faster than over the average remaining period of service of the beneficiaries.

20 Income taxes

Current income tax assets and liabilities are calculated in accordance with tax provisions by applying the current valid tax rates at which a refund from or a payment to the relevant tax authorities is expected. Deferred tax assets and liabilities are formed for differences arising between the IFRS book values of assets or liabilities and their tax value, provided that future tax reducing or tax burdening effects are expected to result from this (temporary differences) and no prohibition on recognition is in place. The valuation of deferred taxes is based on income tax rates already enacted as at 31 December 2012 and applicable in the event of realisation of the temporary differences. Deferred income tax assets from tax-reducing temporary differences are shown in the balance sheet only to the extent that it is probable that the same taxable entity will generate tax results in the foreseeable future with respect to the same fiscal authority. Income tax assets and liabilities are formed and carried such that – depending on the treatment of the underlying item – they are recognised either under “taxes on income” in the income statement or they are set off against the relevant equity items with no effect on the income statement.

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

21 Conditional and authorised capital

The Board of Managing Directors of comdirect bank AG is authorised until 5 May 2014, with the consent of the Supervisory Board, to increase the share capital of the company by up to a maximum amount of €70.0m (authorised capital 2009) by issuing new shares against cash or non-cash contributions on one or more occasion. The shareholders are in principle to be granted a subscription right. The statutory subscription right can also be granted through the new shares being underwritten by a bank or a bank consortium with the obligation of offering them for subscription to the shareholders of comdirect bank AG. The Board of Managing Directors may exclude shareholder subscription rights in some cases with Supervisory Board approval.

Through the resolution adopted on 9 May 2008 and its entry into the commercial register on 3 July 2008, a conditional capital of €30.0m was created (conditional capital 2008). The conditional capital 2008 increase will only be effected to the extent that holders and/or creditors of convertible bonds or convertible profit-sharing certificates or of warrants from bonds with warrants or profit-sharing certificates with warrants may exercise their option or conversion rights or fulfil their conversion obligations. The Board of Managing Directors is authorised to issue, with the approval of the Supervisory Board, bearer bonds with convertible bonds or bonds with warrants or profitsharing certificates as mentioned above on one or more occasions, up to a maximum amount of €300.0m with or without a fixed maturity. This authorisation is limited until 8 May 2013.

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

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

For financial year 2012, comdirect bank AG reported a distributable profit according to the German Commercial Code (HGB) of €62,137,158.60.

The Board of Managing Directors and the Supervisory Board of comdirect bank AG will propose to the annual general meeting a dividend payment in the amount of the distributable profit, which is commensurate to €0.44 per no-par value bearer share.

24 Earnings per share
Undiluted earnings per share are calculated in accordance with IAS 33 and based on the net profit for the year. The figure calculated is shown below the income statement. As in the previous year, diluted earnings correspond to undiluted earnings.

25 Share-based compensation

Variable compensation of the Board of Managing Directors
In light of statutory and supervisory changes, in particular the German Remuneration Regulation for Institutions (Instituts-Vergütungsverordnung) adopted in October 2010, as well as corporate strategy considerations within the Commerzbank Group, the compensation system for the Board of Managing Directors was revised in financial year 2011 and adjusted with retroactive effect from 1 January 2011.

Compensation plan 2011
Where members of the Board of Managing Directors participate in the new compensation system implemented in the previous financial year, the following information applies.

The total volume for the variable compensation of the beneficiary depends on the achievement of corporate targets of comdirect and Commerzbank Group and also of individual goals in the financial year to be assessed, combined with the target amount for the variable compensation component for all members of the Board of Managing Directors. The goals are agreed annually between the Board of Managing Directors and the Supervisory Board, are in line with the bank's strategic objectives, and particularly take into account risks entered into and cost of capital. Achievement of the objectives can amount to a minimum of 0% and a maximum of 200%.

The individual variable compensation component is split into two parts – a long-term incentive (LTI), which is paid out at the earliest three and a half years after the end of the financial year, and a short-term incentive (STI), paid out within ten months of the end of the financial year.

Half of both the LTI and STI component is settled as a cash payout and the remaining half in the form of shares in Commerzbank AG after a specified deferral period.

IFRS 2 governs share-based compensation transactions between group companies. As comdirect bank AG is required to provide the compensation, the share-based components of the LTI and STI are treated as compensation components with cash settlement. Those components of the LTI and STI for which cash payments are planned are recognised on the balance sheet in accordance with IAS 19.

At the end of the financial year, a mathematical compensation volume is calculated on the basis of the attainment of company targets for all of the components indicated above. The individual variable compensation for members of the Board of Managing Directors is determined on the basis of a performance evaluation in the financial year following the reporting year.

The euro amount for both share-based components is specified when setting the individual variable compensation. The number of shares to be granted is determined by dividing the euro amount specified in this regard by a reference price. This reference price is calculated as the average price of Commerzbank shares on all trading days in a reference period comprising the month of December in the reporting year and the months of January and February in the following year.

A provision is recognised for the full amount of the compensation volume calculated for the share-based STI component. After the number of shares to be issued has been specified, the equivalent value can change due to fluctuations in the share price up until issue in the fourth quarter of the following year.

The entitlement to the share-based LTI component is linked to suspensive conditions. These include a three-year waiting period from the end of the financial year for which the compensation is to be determined. The corresponding expense for recognition of a provision for the share-based LTI component is posted in each case pro rata over a vesting period of four years, as the payout of the equivalent value of this component is linked in principle to the beneficiary remaining with the company during the waiting period.

The outstanding entitlements are carried in the accounts during the waiting period on a fair value basis. This is based on the share price for Commerzbank AG and is recalculated on each reporting date up to and including the payout date. In addition to the pro rata recognition of the provision over the vesting period of four years, every change in the obligation resulting from share price fluctuations up until the issue of the shares is thus to be taken into account through profit or loss.

Commerzbank share awards

Where members of the Board of Managing Directors receive part of their variable compensation in the form of Commerzbank share awards, the following information applies.

Commerzbank share awards represent a cash-settled share-based compensation transaction. The euro amount for the share-based components is determined as part of establishing the individual variable compensation for the beneficiary based on a performance measurement in the financial year following the reporting year.

The number of Commerzbank share awards allocated is determined by dividing the euro amount specified in this regard by the average XETRA closing price of Commerzbank shares on all trading days in the month of December of the reporting year and the months of January and February in the following year.

In principle, the payout takes place three years after the date of allocation and is linked to certain suspensive conditions.

The average XETRA closing price for Commerzbank shares in the months of January and February of the payout year and the month of December in the preceding year is also used to determine the amount of the payout. The amount to be paid is then calculated by multiplying the average price with the number of Commerzbank share awards granted.

As the payout of the equivalent value of the Commerzbank share awards at the end of the waiting period is not contingent on the beneficiary remaining in the company, the full amount of the fair value of the award is recognised as personnel expenses in the financial year for which this compensation is determined. At the same time, a provision is recognised in this amount. The fair value is recalculated on each reporting date and up to and including the payout date and fluctuates in parallel with the movement in the share price for Commerzbank Aktiengesellschaft. Every change in the fair value of the obligation is taken into account as a charge to expense.

If Commerzbank Aktiengesellschaft makes dividend payments during the waiting period, on the payout date, a cash payout in the amount of the dividend paid is disbursed per share award in addition to the payout value of the share awards, for which provisions are to be recognised if applicable.

Performance share plan
A long-term incentive programme (LTIP) for the employees of the comdirect group was introduced in 2005 as a component with a long-term incentive effect and risk elements.

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

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

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

However, for both performance targets there are set hurdles that must be overcome before the performance shares become valuable and due for payment depending on achievement of the targets. With regard to TSR outperformance (subset A), the share price of comdirect bank AG during the three-year waiting period must be at least as good as the reference index. If the comdirect share price including dividends paid has increased in absolute terms over the same period (subset B) by at least 25% compared with the price on issue, this subset also becomes valuable. The total payout from the performance share plan is capped. Should the performance targets set at the beginning of the planning period not be met, the performance shares lapse at the end of the waiting period.

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

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

The long-term incentive programme was discontinued as part of the revision of the compensation system. Performance shares were issued for the last time in 2010 and may be paid out in 2013 under the restrictions described.

26 Related party disclosures

Relations with affiliated companies
The parent company of comdirect bank AG is Commerz Bankenholding Nova GmbH, Frankfurt/Main. The ultimate parent company is Commerzbank AG.

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

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

On the basis of the general agreement and the master agreement, the following services were provided during financial year 2012:

- Trading and processing services
- Payments and cash dispenser service
- Printing services
- IT services
- Internal audit
- Use of “Intelligence Commerzbank” (ICOM) securities trading system
- Risk management
- Handling of financial instruments in own trading and credit services
- Compliance
- Cooperation for the “Contract for Differences” product
- Placement of building finance loans
- Project services, e.g. final withholding tax, expanding tax master data
- Other services

In total, the expenses for the above services amounted to to €24.9m (2011: €25.9m) in the financial year.

In the reporting year, the earnings generated from these agreements totalled €4.0m (2011: €0.4m).

Outside of the general agreement, there are also the following significant business relations with Commerzbank AG:

In connection with the general agreement on liquidity transfer concluded in August 2010, there is also an assignment agreement between comdirect bank AG and Commerzbank AG for a customer loan portfolio consisting of retail loans. Claims are assigned from Commerzbank AG to comdirect bank AG as security for all existing, future and conditional claims by comdirect bank AG against Commerzbank AG and/or its group companies arising from the general agreement or other loans. Commerzbank AG was paid a fee of €1.3m (2011: €1.2m) due to this assignment agreement.

As part of money market and capital market transactions, comdirect bank AG makes investments with Commerzbank AG and its affiliated companies.

As at the balance sheet date, the nominal value of call money and fixed-term deposits as well as promissory notes totalled €7,670m (2011: €6,413m). During the year under review, comdirect group generated total interest income of €147.7m (2011: €129.7m) from these transactions with Commerzbank AG and €0.4m (2011: €0.7m) with its affiliated companies. There is a separate general agreement between comdirect bank AG and Commerzbank AG for these money and capital market transactions.

As at the balance sheet date, bonds and notes in the portfolio from affiliated companies amounted to €2,258m (2011: €2,663m). The interest income on this item amounted to €77.1m (2011: €87.5m) for the financial year as a whole.

Bonds in the portfolio from the affiliated companies were purchased during the reporting year with a nominal volume of €608.3m (2011: €133.3m). As in the previous year, no bonds were sold to affiliated companies.

A general agreement on security loans was concluded with Commerzbank AG on 16 May 2000, on the basis of which comdirect bank AG can lend securities to Commerzbank AG. In the reporting year, income of €2.9m (2011: €3.7m) was generated on the average portfolio of lent securities amounting to €2.0bn (2011: 2.3bn).

Through its connection to Commerzbank AG, comdirect bank AG offers its customers new issues and a range of certificates for subscription. These sales are remunerated in line with the commission for the banking syndicate or issuing institution. In addition, comdirect bank AG receives pro rata commission for carrying out capital measures. As in the previous year, commission from these areas in financial year 2012 totalled less than €0.1m.

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

comdirect bank AG and European Bank for Fund Services GmbH (ebase) offer their customers a large number of funds from a variety of investment companies, including investment companies of the Commerzbank Group. In financial year 2012, the comdirect group received sales and sales follow-up commission at prevailing market rates from the investment companies of the Commerzbank Group.

For placement activities for the benefit of ebase, Commerzbank AG received sales and ongoing sales follow-up commission amounting to €11.7m (2011: €12.3m) in financial year 2012.

As part of its processing and management services for custody accounts, ebase procures support and services from Commerzbank AG. In financial year 2012, Commerzbank AG received payment of €1.5m (2011: €1.2m) for these services.

ebase purchased other services from Commerzbank AG in the amount of €0.3m in financial year 2012 (2011: €0.3m).

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

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

Commerz Direktservice GmbH, whose sole shareholder is Commerzbank AG, provides call centre services for the purposes of gaining and supporting customers and promoting sales, primarily for customers of and on behalf of Commerzbank AG. Commerz Direktservice GmbH does not have its own customer base. comdirect bank AG maintained service agreements with Commerz Direktservice GmbH in the field of operating customer business and provision of operating resources. In the financial year, comdirect bank AG received payment of €0.6m (2011: €2.2m) for these services. Commerz Directservice GmbH’s Quickborn location was closed with effect from 30 June 2012. Due to the early termination of the service agreements, an additional payment of €1.1m was due to comdirect bank AG for the telecommunications systems.

comdirect bank AG and its affiliated companies have insured old-age pension obligations by means of an allocation to trust assets with Commerzbank Pension-Trust e.V. As of 31 December 2012 the market value of trust assets administered in the trust totalled €4.8m (2011: €4.1m).

With an agreement dated 9 January 2003, comdirect bank AG acquired a holding in WST-Broker GmbH, Frankfurt/Main. WST-Broker GmbH routed customer orders to execution on the trading floors on behalf of comdirect bank AG. With effect from 5 October 2011, its shareholders comdirect bank AG (54%) and Commerzbank AG (36%) resolved to close WST-Broker-GmbH. The company has been in liquidation since then.

comdirect bank AG received tax reimbursement in financial years 2011 and 2012 resulting from the retrospective recognition of write-downs on foreign holdings from the year 2001. comdirect bank AG received an amount of €4.0m as part of a settlement in order to meet potential claims of comdirect bank AG vis-à-vis Commerzbank AG resulting from the tax relationship between the companies at that time.

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

Government-related entity disclosures

The Federal Republic of Germany holds a stake of 25% plus one share in Commerzbank AG, which allows it as the responsible party for the Federal Agency for Financial Market Stabilisation (Bundesanstalt für Finanzmarktstabilisierung – FMSA) to exert a considerable influence over Commerzbank AG. This gives it indirect influence over the comdirect group.

As at the reporting date, the comdirect group held bonds from the government and government-related entities with a book value of €79.0m (prior-year reporting date: €105.6m). The comdirect group generated interest income of €2.5m from these bonds during the reporting year (2011: €2.6m).

Other related party disclosures

In the financial year, there were financial relations with related natural persons (members of the Board of Managing Directors and the Supervisory Board and members of their immediate family), including through the use of products of comdirect group as part of the normal product and service offering. All products and services were carried out at normal third party terms and conditions and are of secondary importance for the company. The related parties did not accrue any unjustified advantage from their position with the comdirect group, nor did comdirect group suffer any financial losses.

In addition to the financial relations as part of the product and service offering of comdirect group, related parties received compensation on the basis of their position as members of the boards (see note (69)). The employee representatives in the Supervisory Board additionally receive payment as a result of their employment by comdirect bank AG in an amount that is usual for the company in accordance with the corresponding works agreement and the associated grading of the respective job profile.

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

Notes to the income statement

27 Net interest income

€ thousand	2012	2011	*Change in %*
Interest income from fixed-income securities held in the "available-for-sale" portfolio	97,704	115,205	*−15.2*
Interest income from credit and money market transactions	164,894	152,576	*8.1*
Operating income from investments, shares and other variable-yield securities	1,272	1,309	*−2.8*
Interest income and similar income	**263,870**	**269,090**	*−1.9*
Interest expenses for deposits	109,691	117,779	*−6.9*
Balance of interest from derivative hedging instruments	2,079	394	*427.7*
Other interest expenses	299	70	*327.1*
Interest expenses	**112,069**	**118,243**	*−5.2*
Total	**151,801**	**150,847**	*0.6*

Interest income and interest expenses for financial instruments measured in accordance with IAS 39 "At fair value through profit or loss – sub-category: held for trading", are reported under trading result (see note (31) Trading result).

28 Provisions for possible loan losses

€ thousand	Allowance	Reversal	Direct write-downs	Income received on written-down claims	Total 2012
Provisions for possible loan losses for on-balance sheet lending transactions	**1,555**	**1,159**	**809**	**57**	**−1,148**
Claims on customers	1,555	1,150	809	57	−1,157
– Significant lending business	0	0	0	0	0
– Non-significant lending business	1,555	1,150	809	57	−1,157
Claims on banks	0	9	0	0	9
Provisions for credit risks	**4,001**	**719**	**0**	**0**	**−3,282**
Total	**5,556**	**1,878**	**809**	**57**	**−4,430**

€ thousand	Allowance	Reversal	Direct write-downs	Income received on written-down claims	Total 2011
Provisions for possible loan losses for on-balance sheet lending transactions	**1,423**	**1,012**	**783**	**35**	**−1,159**
Claims on customers	1,423	994	783	35	−1,177
– Significant lending business	0	4	0	0	4
– Non-significant lending business	1,423	990	783	35	−1,181
Claims on banks	0	18	0	0	18
Provisions for credit risks	**799**	**627**	**0**	**0**	**−172**
Total	**2,222**	**1,639**	**783**	**35**	**−1,331**

29 Net commission income

€ thousand	2012	2011	*Change in %*
Securities transactions	146,965	165,975	*−11.5*
Payment transactions	9,936	9,600	*3.5*
Other commission	9,515	7,010	*35.7*
Total	**166,416**	**182,585**	*−8.9*

30 Result from hedge accounting

The results shown from hedged items and hedging instruments only include measurement effects from effective fair value hedges.

€ thousand	2012	2011	*Change in %*
Results from hedging instruments	−698	−2,493	*−72.0*
Results from hedged items	690	2,542	*−72.9*
Total	**−8**	**49**	*−116.3*

comdirect bank reports these in line with the hedge accounting regulations under IAS 39. Individual bonds (hedged items) in the balance sheet line item “financial investments” are hedged against fluctuations in fair value due to changes in market rates using interest rate swaps (hedging instruments).

31 Trading result

€ thousand	2012	2011	*Change in %*
Result from interest rate related transactions	0	−1,128	*−100.0*
Trading result	**0**	**−1,128**	*−100.0*

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

32 Result from financial investments

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

€ thousand	2012	2011	Change in %
Disposal gains	5,123	3,415	50.0
Disposal losses	−813	−6,518	−87.5
Impairment	−620	−2,886	−78.5
Total	**3,690**	**−5,989**	–

Impairments relate entirely to shares and other non-fixed income securities (2011: shares and other non-fixed income securities €1,184 and bonds €1,702 thousend).

33 Administrative expenses

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

Personnel expenses

€ thousand	2012	2011	Change in %
Wages and salaries	57,823	56,674	2.0
Compulsory social security contributions	9,371	9,115	2.8
Expenses for pensions and other employee benefits	1,764	1,676	5.3
Total	**68,958**	**67,465**	2.2

The item "wages and salaries" includes share-based payments (IFRS 2) totalling €961 thousand (2011: €2,013 thousand).

Breakdown of expenses for pensions and other employee benefits

€ thousand	2012	2011	Change in %
Company pension scheme	1,454	1,406	3.4
Expenses for early retirement	286	248	15.3
Contributions to Versicherungsverein des Bankgewerbes a.G. (BVV)	24	22	9.1
Total	**1,764**	**1,676**	5.3

Other administrative expenses

€ thousand	2012	2011	Change in %
Marketing expenses	56,000	57,208	−2.1
Communication expenses	8,790	6,450	36.3
Consulting expenses	11,698	10,832	8.0
Expenses for external services	38,094	36,467	4.5
Sundry administrative expenses	37,667	36,920	2.0
Total	**152,249**	**147,877**	3.0

Sundry administrative expenses includes rental and lease payments for business premises as well as contributions to the Deposit Protection Fund of €14,536 thousand.

Depreciation of office furniture and equipment and intangible assets

€ thousand	2012	2011	Change in %
Office furniture and equipment	4,528	4,050	11.8
Intangible assets	10,967	12,682	−13.5
Total	**15,495**	**16,732**	−7.4

The depreciation of office furniture and equipment includes an unexpected depreciation of €658 thousand.

34 Other operating result

€ thousand	2012	2011	Change in %
Other operating income	**17,640**	**20,910**	−15.6
Tax matters from previous years	4,961	9,232	−46.3
Income from writing-back of provisions and accruals	7,779	4,079	90.7
Income from service level agreements	3,314	3,060	8.3
Project grants	0	1,267	−100.0
Insurance payments	131	660	−80.2
Income from other accounting periods	369	892	−58.6
Income from recoverable input taxes	577	581	−0.7
Sundry income items	509	1,139	−55.3
Other operating expenses	**6,121**	**5,793**	5.7
Goodwill payments and price differences in security transactions	1,526	709	115.2
Non-income-related taxes including interest from previous years	2,396	664	260.8
Losses on the disposal of fixed assets	2	0	–
Loan loss provisions and write-downs outside retail lending	62	682	−90.9
Sundry expense items	2,135	3,738	−42.9
Total	**11,519**	**15,117**	−23.8

35 Taxes on income

€ thousand	2012	2011	*Change in %*
Current taxes on income current year	24,150	30,641	*–21.2*
Current taxes on income from previous years	849	–31,703	*–102.7*
Deferred taxes	–6,071	–2,625	*131.3*
Total	**18,928**	**–3,687**	–

Reconciliation of taxes on income		
€ thousand	**2012**	**2011**
Profit from ordinary activities of comdirect bank AG and ebase GmbH	**92,286**	**108,076**
multiplied by the respective income tax rate for the company		
= Calculated income tax paid in financial year	24,229	28,223
Effect of tax-free income from financial investments	–248	–78
Effect of losses from financial investments; not tax deductible	96	750
Effect of taxes from previous years recognised in the financial year	–5,426	–32,875
Other effects	277	293
Total	**18,928**	**–3,687**

The tax income from previous years results primarily from further settlement resulting from a positive ruling in appeal proceedings upheld with regard to the recognition of write-downs to the going concern value of shares in foreign subsidiaries in financial year 2001.

The income tax rate selected as a basis for the reconciliation is composed of the corporation income tax rate of 15.0% applicable in Germany, plus a solidarity surcharge of 5.5% and a rate for trade earnings tax of 10.3% for comdirect bank AG (Quickborn location) and 11.55% for ebase GmbH (Aschheim location).

This produces an income tax rate of around 26.13% for comdirect bank AG and around 27.38% for ebase GmbH.

Notes to the balance sheet

36 Cash reserve

€ thousand	31.12.2012	31.12.2011	*Change in %*
Cash on hand	181	176	*2.8*
Balances held at central banks	551,579	527,673	*4.5*
Total	**551,760**	**527,849**	*4.5*

The minimum reserve requirement to be met at the end of December 2012 totalled €110,214 thousand (31.12.2011: €197,186 thousand).

37 Claims on banks

€ thousand	Total			Due on demand		Other claims	
	31.12.2012	**31.12.2011**	*Change in %*	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**
German banks	7,929,839	6,711,938	*18.1*	661,728	353,579	7,268,111	6,358,359
Foreign banks	0	0	–	0	0	0	0
Total	**7,929,839**	**6,711,938**	*18.1*	**661,728**	**353,579**	**7,268,111**	**6,358,359**

The claims on banks include foreign currency amounts of €119,590 thousand (2011: €94,998 thousand).

Claims on banks primarily comprise promissory notes in the amount of €6,691,070 thousand (2011: €5,575,261 thousand) as well as overnight money and fixed-term deposits totalling €1,026,704 thousand (2011: €990,979 thousand).

38 Claims to customers

€ thousand	Total			Due on demand		Other claims	
	31.12.2012	**31.12.2011**	*Change in %*	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**
Claims on German customers	**197,388**	**217,323**	*−9.2*	**197,388**	**217,323**	**0**	**0**
– Companies and financial institutions	19,925	16,189	*23.1*	19,925	16,189	0	0
– Private customers	177,463	201,134	*−11.8*	177,463	201,134	0	0
Claims on international customers	**5,208**	**7,368**	*−29.3*	**5,208**	**7,368**	**0**	**0**
– Private customers	5,208	7,368	*−29.3*	5,208	7,368	0	0
Total	**202,596**	**224,691**	*−9.8*	**202,596**	**224,691**	**0**	**0**

Claims on customers include €123,578 thousand (2011: €149,959 thousand) from loans against securities. These claims are secured by securities. The claims to customers include amounts in foreign currency totalling €0.5 thousand (2011: €0.7 thousand).

39 Provisions

Provisions for possible loan losses by class of receivables

€ thousand	As of 1.1.2012	Utilised	Reversal	Allowance	As of 31.12.2012
Provisions for possible loan losses for on-balance sheet lending transactions	**1,883**	**238**	**1,159**	**1,555**	**2,041**
Claims on customers	1,874	238	1,150	1,555	2,041
– Significant lending business	0	0	0	0	0
– Non-significant lending business	1,874	238	1,150	1,555	2,041
related to transactional accounts	1,549	213	952	1,219	1,603
related to securities accounts and other accounts	325	25	198	336	438
Claims on banks	9	0	9	0	0
Provisions for credit risks	**1,358**	**13**	**719**	**4,001**	**4,627**
Total	**3,241**	**251**	**1,878**	**5,556**	**6,668**

Provisions for possible loan losses by class of receivables

€ thousand	As of 1.1.2011	Utilised	Reversal	Allowance	As of 31.12.2011
Provisions for possible loan losses for on-balance sheet lending transactions	**1,680**	**208**	**1,012**	**1,423**	**1,883**
Claims on customers	1,653	208	994	1,423	1,874
– Significant lending business	4	0	4	0	0
– Non-significant lending business	1,649	208	990	1,423	1,874
related to transactional accounts	1,386	192	836	1,191	1,549
related to securities accounts and other accounts	263	16	154	232	325
Claims on banks	27	0	18	0	9
Provisions for credit risks	**1,194**	**8**	**627**	**799**	**1,358**
Total	**2,874**	**216**	**1,639**	**2,222**	**3,241**

Provisions for credit risks relate exclusively to payment transaction products. The increase in 2012 primarily resulted from the conversion of the comdirect Visa debit card to a credit card.

Provisions for possible loan losses by individual and portfolio risks

€ thousand	Total			Single loan loss provisions		Portfolio loan loss provisions	
	2012	2011	*Change in %*	2012	2011	2012	2011
Balance as of 1 January	**1,883**	**1,680**	*12.1*	**0**	**0**	**1,883**	**1,680**
Allowances	1,555	1,423	*9.3*	0	0	1,555	1,423
Deductions	1,397	1,220	*14.5*	0	0	1,397	1,220
– of which utilised	238	208	*14.4*	0	0	238	208
– of which reversals	1,159	1,012	*14.5*	0	0	1,159	1,012
Provisions for possible loan losses as of 31 December	**2,041**	**1,883**	*8.4*	**0**	**0**	**2,041**	**1,883**

As in the previous year, there were no losses or defaults to report with regard to significant commitment.

40 Financial investments

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

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

€ thousand	**31.12.2012**	**31.12.2011**	*Change in %*
Bonds and other fixed-income securities of the "available-for-sale" portfolio	3,671,472	3,829,733	*−4.1*
– Money market instruments	4,999	0	–
issued by other borrowers	4,999	0	–
– Bonds and notes	3,666,473	3,829,733	*−4.3*
issued by public sector borrowers	69,125	125,265	*−44.8*
issued by other borrowers	3,597,348	3,704,468	*−2.9*
Equities and other variable-yield securities of the "available-for-sale" portfolio	38,169	31,827	*19.9*
Holdings in subsidiaries	27	27	*0.0*
Total	**3,709,668**	**3,861,587**	*−3.9*

Financial investments include amounts in foreign currency totalling €29,636 thousand (2011: €26,483 thousand).

As part of its securities lending transactions, comdirect bank AG has transferred bonds and notes with a nominal value of €1,692,850 thousand (2011: €2,236,700 thousand). The book values of the transferred bonds and notes as of the reporting date amounted to €1,776,375 thousand (2011: €2,311,080 thousand).

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

41 Intangible assets

€ thousand	31.12.2012	31.12.2011	*Change in %*
Internally generated software	19,018	17,975	*5.8*
Software purchased	9,911	8,764	*13.1*
Acquired customer relationships	2,880	3,840	*−25.0*
Total	**31,809**	**30,579**	*4.0*

Changes in intangible assets are shown in the schedule of assets (Note (43)).

42 Fixed assets

€ thousand	31.12.2012	31.12.2011	*Change in %*
Office furniture and equipment	11,772	11,790	*−0.2*
Total	**11,772**	**11,790**	*−0.2*

Changes in fixed assets are shown in the schedule of assets (Note (43)).

43 Schedule of assets

€ thousand	Intangible assets					
	Internally generated software		Software purchased		Acquired customer relationships	
	2012	2011	2012	2011	2012	2011
Book value as of 1 January	**17,975**	**19,689**	**8,764**	**4,277**	**3,840**	**5,868**
Cost of acquisition/manufacture as of 1 January	83,149	76,925	39,811	37,717	11,592	11,592
– Additions	7,313	6,224	4,884	7,212	0	0
– Disposals	0	0	252	5,118	0	0
Cost of acquisition/manufacture as of 31 December	90,462	83,149	44,443	39,811	11,592	11,592
Cumulative write-downs as of 1 January	65,174	57,236	31,047	33,440	7,752	5,724
– Additions	6,270	6,715	3,736	2,717	960	1,174
– Impairments	0	1,223	0	0	0	854
– Disposals	0	0	251	5,110	0	0
Cumulative write-downs as of 31 December	71,444	65,174	34,532	31,047	8,712	7,752
Book value as of 31 December	**19,018**	**17,975**	**9,911**	**8,764**	**2,880**	**3,840**

€ thousand	Fixed assets	
	Office furniture and equipment	
	2012	2011
Book value as of 1 January	**11,790**	**12,880**
Cost of acquisition/manufacture as of 1 January	60,510	62,419
– Additions	4,521	3,034
– Disposals	11,007	4,943
Cost of acquisition/manufacture as of 31 December	54,024	60,510
Cumulative write-downs as of 1 January	48,720	49,539
– Additions	3,871	4,050
– Impairments	658	0
– Disposals	10,997	4,869
Cumulative write-downs as of 31 December	42,252	48,720
Book value as of 31 December	**11,772**	**11,790**

€ thousand	Investments		Holdings in subsidiaries	
	2012	2011	2012	2011
Book value as of 1 January	**0**	**0**	**27**	**27**
Cost of acquisition/manufacture as of 1 January	10,500	10,500	27	27
– Additions	0	0	0	0
– Disposals	10,500	0	0	0
Cost of acquisition/manufacture as of 31 December	0	10,500	27	27
Cumulative write-downs as of 1 January	10,500	10,500	0	0
– Additions	0	0	0	0
– Impairments	0	0	0	0
– Disposals	10,500	0	0	0
Cumulative write-downs as of 31 December	0	10,500	0	0
Book value as of 31 December	**0**	**0**	**27**	**27**

44 Income tax assets

€ thousand	31.12.2012	31.12.2011	*Change in %*
Current income tax assets	1,892	4,091	*−53.8*
Total	**1,892**	**4,091**	*−53.8*

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

In financial year 2012, offsetting deferred income tax assets and liabilities produced an income tax liability. A breakdown is given in note (50).

Of the current income tax assets of €1,892 thousand (2011: €4,091 thousand), €777 thousand will probably be realised after the end of 2013 (2011: €1,086 thousand after the end of 2012).

45 Other assets

€ thousand	31.12.2012	31.12.2011	*Change in %*
Deferred items	374	275	*36.0*
Receivables from local advisory services	1	1	*0.0*
Claims on product providers	2,014	2,120	*−5.0*
Claims on group companies	228	310	*−26.5*
Receivables from securities transactions	70	116	*−39.7*
Trade receivables	200	209	*−4.3*
Salary advances	775	784	*−1.1*
Other	2,542	2,081	*22.2*
Total	**6,204**	**5,896**	*5.2*

We assume an average remaining lifetime for “other assets” of less than one year. This also applied in the previous year.

The valuation allowances applied to receivables from local advisory services were as follows:

€ thousand	2012	2011	*Change in %*
As of 1 January	**3,326**	**4,811**	*–30.9*
Additions	66	721	*–90.8*
Utilisations	1,457	2,206	*–34.0*
Loan loss provisions as of 31 December	**1,935**	**3,326**	*–41.8*

46 Liabilities to banks

€ thousand	31.12.2012	31.12.2011	*Change in %*
German banks	1,901	3,244	*–41.4*
Total	**1,901**	**3,244**	*–41.4*

Liabilities to banks exclusively comprise liabilities due on demand (see note (54) “Maturities, by remaining lifetime”).

47 Liabilities to customers

€ thousand	Total			Due on demand		With agreed maturity or withdrawal notice	
	31.12.2012	31.12.2011	*Change in %*	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Liabilities to German customers	**11,454,128**	**10,471,279**	*9.4*	**10,482,146**	**9,472,492**	**971,982**	**998,787**
– Private customers	11,403,988	10,422,233	*9.4*	10,435,415	9,426,223	968,573	996,010
– Corporate customers and self-employed private individuals	50,140	49,046	*2.2*	46,731	46,269	3,409	2,777
Liabilities to international customers	**283,361**	**251,736**	*12.6*	**250,339**	**221,299**	**33,022**	**30,437**
– Private customers	282,607	251,736	*12.3*	249,585	221,299	33,022	30,437
– Corporate customers and self-employed private individuals	754	0	–	754	0	0	0
Total	**11,737,489**	**10,723,015**	*9.5*	**10,732,485**	**9,693,791**	**1,005,004**	**1,029,224**

Liabilities to customers include foreign currency amounts of €149,076 thousand (2011: €121,880 thousand).

Through the Deposit Protection Fund of the Association of German Banks (Bundesverband deutscher Banken e.V.), each customer is insured for deposits of up to €116.9m (comdirect bank AG customers) or €6.1m (ebase GmbH customers). In addition, comdirect bank AG and ebase GmbH are members of Entschädigungseinrichtung deutscher Banken GmbH (German Banks’ Compensation Fund).

48 Negative fair values from derivative hedging instruments

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

€ thousand	31.12.2012	31.12.2011	Change in %
Negative fair values from allocated effective fair value hedges	**5,278**	**4,496**	*17.4*

Only interest rate swaps are used for hedging purposes. They are carried at fair value. The nominal volume of the financial instruments amounts to €118m (2011: €123m).

49 Provisions

€ thousand	31.12.2012	31.12.2011	Change in %
Provisions for pensions and similar commitments	16,681	15,823	*5.4*
Other provisions	22,989	25,334	*−9.3*
Total	**39,670**	**41,157**	*−3.6*

Provisions for pensions and similar commitments comprise pension obligations, deferred compensation, partial retirement contracts and early retirement funds (for details see note (19)). €390 thousand (2011: €534 thousand) are attributed to partial retirement and early retirement obligations. Pension obligations and deferred compensation are explained in the following.

Breakdown of pension obligations and deferred compensation shown in the balance sheet:

€ thousand	31.12.2012	31.12.2011	Change in %
Net present value of pension obligations	26,166	20,300	*28.9*
Market value of plan assets	−4,118	−3,786	*8.8*
Unrecognised actuarial gains and losses	−5,757	−1,226	*369.6*
Total	**16,291**	**15,288**	*6.6*

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

€ thousand	2012	2011	Change in %
Current service expenses	511	544	*−6.1*
Interest expenses	962	926	*3.9*
Expected returns from plan assets	−203	−205	*−1.0*
Actuarial gains and losses	88	107	*−17.8*
Total allocations	**1,358**	**1,372**	*−1.0*

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

The expenses for old-age pensions (€1,764 thousand, see note (33), 2011: €1,676 thousand) also include the costs for partial retirement contracts and early retirement scheme of €328 thousand (2011: €247 thousand), for pension insolvency insurances of €13 thousand (2011: €7 thousand) as well as costs for the Versicherungsverein des Bankengewerbes a.G. (BVV) amounting to €24 thousand (2011: €22 thousand). The actual gains on plan assets amounted to €482 thousand (2011: €268 thousand). A return of 5.35% (2011: 5.45%) p.a. was used to calculate the expected return.

Changes in the net present value of pension obligations and the fair value of plan assets during the financial year:

€ thousand	**2012**	**2011**	*Change in %*
Net present value of pension obligations as of 1 January	**20,300**	**19,151**	*6.0*
Allocations			
Current service expenses	511	544	*−6.1*
Contributions from employees from salary sacrifice	69	97	*−28.9*
Interest expenses	962	926	*3.9*
Migrations	0	86	*−100.0*
Utilised			
Pension benefits paid	−557	−511	*9.0*
Actuarial gains and losses	**4,881**	**7**	*–*
Net present value of pension obligations as of 31 December	**26,166**	**20,300**	*28.9*

€ thousand	**2012**	**2011**	*Change in %*
Market value of plan assets as of 1 January	**3,786**	**3,763**	*0.6*
Allocation to plan assets	69	97	*−28.9*
Refunds for pension benefits	−201	−336	*−40.2*
Expected returns from plan assets	203	205	*−1.0*
Actuarial gains and losses	261	57	*357.9*
Market value of plan assets as of 31 December	**4,118**	**3,786**	*8.8*

Almost all the plan assets are invested in investment units.

Overview of pension obligations and plan assets:

€ thousand	31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008
Net present value of pension obligations	26,166	20,300	19,151	17,384	13,890
Plan assets	4,118	3,786	3,763	3,739	3,851
Deficit	22,048	16,514	15,388	13,645	10,039
Experience-based adjustments to pension obligations	709	−334	−340	2,304	−1,233
Experience-based adjustments to fair value of plan assets	261	57	123	−34	−386

The calculations are based on the Heubeck RT 2005G mortality tables (modified). Furthermore the following parameters are included in the actuarial calculations:

in %	31.12.2012	31.12.2011
Calculatory interest rate	3.80	4.80
Changes in salaries	2.50	2.50
Changes in pensions	1.80	1.80
Expected interest earned on plan assets	5.35	5.45

Changes in other provisions:

€ thousand	As of 1.1.2012	Utilised	Written-back	Allocation	As of 31.12.2012
Provisions for non-income related taxes	5,832	2,720	1,488	167	1,791
Provisions for staff	10,084	8,683	534	6,292	7,159
Provisions for interest from additional tax claims	3,448	0	443	2,411	5,416
Provisions for restructuring	1,155	400	431	0	324
Other provisions	4,815	1,381	1,317	6,182	8,299
Total	**25,334**	**13,184**	**4,213**	**15,052**	**22,989**

The provisions for staff mainly relate to provisions for variable compensation components, which are scheduled to be used in financial year 2013. This item also includes provisions for anniversary expenses of €771 thousand (2011: €645 thousand) as well as €432 thousand (2011: €1,292 thousand) for performance shares.

Other provisions include provisions for credit risks amounting to €4,627 thousand (2011: €1,358 thousand). The increase is primarily due to the conversion of the VISA card to a credit card with weekly billing.

Within other provisions we expect a remaining lifetime of more than one year in particular for the majority of provisions for non-income related taxes and provisions for interest from additional tax claims. This was also the case in the previous year.

Provisions for restructuring include the following measures:

€ thousand	As of 1.1.2012	Utilised	Written-back	Allocation	Reclassifi-cation	As of 31.12.2012
Measures related to the withdraw from the local advisory services	688	68	387	0	0	233
Measures to improve efficiency and realign the sales of ebase GmbH	467	332	44	0	0	91
Provisions for restructuring	**1,155**	**400**	**431**	**0**	**0**	**324**

We expect a remaining lifetime of less than one year for the majority of the restructuring provisions.

50 Income tax liabilities

€ thousand	31.12.2012	31.12.2011	*Change in %*
Current income tax liabilities	21,625	14,527	*48.9*
Deferred income tax liabilities	7,849	2,996	*162.0*
Total	**29,474**	**17,523**	*68.2*

Current income tax liabilities include liabilities for the current and previous financial years.

Deferred income tax assets and liabilities are offset, since they are due to the same tax authority. In financial year 2012 the offsetting of deferred income tax assets and liabilities produces a passive income tax liability.

Deferred income tax liabilities breakdown as follows:

€ thousand	Income tax assets	Income tax liabilities	31.12.2012 balance	Income tax assets	Income tax liabilities	31.12.2011 balance
Negative fair values from derivative hedging instruments	−1,429	0	−1,429	−1,168	0	−1,168
Provisions for possible loan losses	−367	0	−367	−302	0	−302
Financial investments						
– Recognised as income	−8,958	498	−8,460	−7,616	386	−7,230
– Not recognised as income	0	19,546	19,546	−17	8,638	8,621
Intangible assets	−589	2,604	2,015	0	4,733	4,733
Liabilities to customers	0	0	0	−20	0	−20
Provisions	−4,109	653	−3,456	−1,975	337	−1,638
Total	**−15,452**	**23,301**	**7,849**	**−11,098**	**14,094**	**2,996**

Of the current income tax liabilities in the amount of €21,625 thousand (2011: €14,527 thousand), €12,582 thousand (2011: €12,607 thousand after the end of 2012) are expected to be due after the end of 2013. Of the deferred income tax assets in the amount of €15,452 thousand, €10,495 thousand, of the deferred tax income liabilities of €23,301 thousand, €12,434 thousand are expected to be due after the end of 2013. In the previous year, deferred tax assets of €9,489 thousand and deferred tax liabilities of €4,605 thousand had a remaining lifetime of more than one year.

As in the previous year, as of 31 December 2012 the deferred income tax assets and liabilities were measured at the current valid German tax rates.

The applicable income tax rate used to measure the liabilities comprises the corporation tax rate in Germany valid as of 1 January 2008 of 15.0% plus the solidarity surcharge of 5.5% and the trade tax rate of 10.3% for comdirect bank AG (Quickborn location) and 11.55% for ebase GmbH (Aschheim location).

This produces a German income tax rate of around 26.13% for comdirect bank AG and around 27.38% for ebase GmbH.

51 Other liabilities

€ thousand	**31.12.2012**	**31.12.2011**	*Change in %*
Deferred income	0	500	*−100.0*
Liabilities from final withholding tax	11,799	6,153	*91.8*
Trade accounts payable	22,176	26,709	*−17.0*
Liabilities to affiliated companies	3,345	3,492	*−4.2*
Other	8,663	4,864	*78.1*
Total	**45,983**	**41,718**	*10.2*

Other liabilities do not include any material items with a remaining lifetime of more than 12 months. This was also the case in the previous year.

52 Equity

€ thousand	**31.12.2012**	**31.12.2011**	*Change in %*
Subscribed capital	141,221	141,221	*0.0*
Capital reserve	223,296	223,296	*0.0*
Retained earnings	103,572	92,350	*12.2*
Revaluation reserve	55,519	11,317	*390.6*
Consolidated profit	62,137	79,084	*−21.4*
Equity	**585,745**	**547,268**	*7.0*

Subscibed capital

Subscribed capital comprises no-par value shares.

	Number
Number of shares held as of 1.1.2012	**141,220,815**
Issue of new shares	0
Number of shares held as of 31.12.2012	**141,220,815**

There are no privileges or restrictions related to dividend distribution at comdirect bank AG. All shares issued are fully paid up.

Capital reserve

The capital reserve shows free reserves as well as the amount exceeding the subscribed capital from the exercise of stock options.

Retained earnings

Retained earnings show the net profit which has not been distributed.

Revaluation reserve

Gains or losses on remeasurement of the financial investment portfolio, which is broken down into interest-bearing and dividend-based instruments, are shown at fair value in the revaluation reserve, taking into account deferred taxes. Gains and losses only affect the income statement when the asset is sold or impairments or write-ups are carried out.

The change in the revaluation reserve amounting to €44,203 thousand after tax (2011: €–19,400 thousand) comprises an increase in the revaluation reserve before tax of €59,397 thousand (2011: decline of €26,090 thousand), current tax expenses totalling €4,269 thousand (2011: €2,488 thousand) and deferred tax expenses of €10,925 thousand (2011: tax income €9,178 thousand).

Additional information

53 Equity management

Through equity management, comdirect bank aims to meet regulatory capital requirements, to maintain adequate capital levels at all times to ensure that the bank has the capacity to act, and to achieve an appropriate return on equity.

Risk-bearing capacity analysis

The risk-bearing capacity analysis, i.e. the economically required capital as compared with the available risk cover potential, is used to limit the overall risk of the bank in conjunction with the capital levels. The overall risk position represents comdirect's economically required capital for all key risk types (operational risk, credit risk, market risk, model risk and business risk). The risk cover potential comprises the subscribed capital, capital reserve and retained earnings, result and the revaluation reserve after tax. Other intangible assets, such as software licences or internally generated software and deferred tax are deducted from the risk cover potential as correction items. The risk-bearing capacity is guaranteed as long as the risk cover potential available exceeds the overall risk position.

The economically required capital is measured using the value-at-risk (VaR) approach based on a confidence level of 99.91% and a holding period of one year.

The risk cover potential comprised as the following:

€ million	31.12.2012	31.12.2011
Profit after tax [1]	72.9	111.8
Subscribed capital	141.2	141.2
Revaluation reserve	55.5	11.3
General reserves	315.7	283.0
Other intangible assets	−31.8	−30.6
Deferred tax assets and liabilities	−16.8	−6.4
Economic capital	**536.7**	**510.3**
Reserve for fluctuations in economic capital	−101.7	−76.3
Risk cover potential	**435.0**	**434.0**

1) After-tax profit/loss in 2012 in accordance with the income statement of the comdirect group after allowing for a deduction of €0.5m for expected loss from financial investments recognised at fair value in equity (no adjustment to comparative 2011 figure).

comdirect bank's overall risk position as of year-end was €159.4m (2011: €235.2m). As of the end of the financial year, utilisation of risk cover potential was thus 36.6% (2011: 54.2%). The risk report contains further details on the overall risk position.

Equity resources in accordance with Section 10, German Banking Act (KWG)
comdirect bank AG is an institution registered in Germany and is a subordinate company within an institution group pursuant to Section 10a (1) of the German Banking Act (KWG). In this capacity, comdirect bank AG has exercised the waiver under Section 2a of the German Banking Act (KWG). comdirect bank AG is included in the regulatory report of the Commerzbank Group.

The regulatory capital of comdirect bank AG is determined on the basis of the regulations of the German Banking Act (KWG) and the results of the calculation are used for internal management purposes. A separate notification of this is not submitted to the regulatory authorities. The equity in comdirect bank AG's individual financial statements in accordance with the requirements of the German Commercial Code (HGB) is used as a basis.

Banking regulatory capital requirements were complied with at all times during the reporting year. At comdirect bank AG, the own funds ratio as of the end of the financial year stood at 46.08% (in accordance with Section 2 (6) of the Solvency Regulation (SolvV), previous year: 40.14%).

€ thousand	**31.12.2012**	**31.12.2011**	*Change in %*
Subscribed capital	141,221	141,221	*0.0*
General reserves	255,367	218,110	*17.1*
Deducted items	−10,642	−3,406	*212.4*
Core capital	**385,946**	**355,925**	*8.4*
Liable equity	**385,919**	**355,898**	*8.4*
Own funds for SolvV	**380,259**	**351,263**	*8.3*
Risk-weighted assets	635,481	513,871	*23.7*
Eligible amount for operational risks, multiplied by 12.5	189,749	361,213	*−47.5*
Total	**825,230**	**875,084**	*−5.7*

54 Maturities, by remaining lifetime

€ thousand		**Remaining lifetimes as of 31 December 2012**				
	Total	**Due on demand and unlimited in time**	**Up to three months**	**More than three months to one year**	**More than one to five years**	**More than five years**
Claims on banks	7,929,839	661,728	472,843	1,196,768	5,428,500	170,000
Claims on customers	202,596	202,596	0	0	0	0
Bonds and other fixed-income securities in the "available-for-sale" portfolio	3,671,472	0	398,378	1,046,937	2,140,387	85,770
Total	**11,803,907**	**864,324**	**871,221**	**2,243,705**	**7,568,887**	**255,770**
Liabilities to banks	1,901	1,901	0	0	0	0
Liabilities to customers	11,737,489	10,732,485	224,542	171,930	424,004	184,528
Total	**11,739,390**	**10,734,386**	**224,542**	**171,930**	**424,004**	**184,528**

€ thousand	Remaining lifetimes as of 31 December 2011					
	Total	Due on demand and unlimited in time	Up to three months	More than three months to one year	More than one to five years	More than five years
Claims on banks	6,711,938	353,579	771,106	860,512	4,586,741	140,000
Claims on customers	224,691	223,757	934	0	0	0
Bonds and other fixed-income securities in the "available-for-sale" portfolio	3,829,733	0	335,473	1,223,281	2,193,685	77,294
Total	**10,766,362**	**577,336**	**1,107,513**	**2,083,793**	**6,780,426**	**217,294**
Liabilities to banks	3,244	3,244	0	0	0	0
Liabilities to customers	10,723,015	9,693,791	291,534	130,780	463,626	143,284
Total	**10,726,259**	**9,697,035**	**291,534**	**130,780**	**463,626**	**143,284**

Time remaining to maturity is considered as the period between the balance sheet date and the contractual maturity of the claim or obligation.

55 Claims on/liabilities to affiliated companies

€ thousand	31.12.2012	31.12.2011	*Change in %*
Assets			
Claims on banks	7,917,570	6,665,625	*18.8*
Financial investments	2,257,512	2,662,514	*–15.2*
Other assets	361	310	*16.5*
Total	**10,175,443**	**9,328,449**	*9.1*
Liabilities			
Liabilities to banks	0	2,709	*–100.0*
Other liabilities	5,081	5,923	*–14.2*
Total	**5,081**	**8,632**	*–41.1*

Money and capital market investments carried out via companies in the Commerzbank Group are collateralised within the scope of a general assignment agreement.

56 Risk reporting on financial instruments

Risk management

The risk strategy is determined by the Board of Managing Directors of comdirect bank, which also bears the responsibility for the group-wide risk management and risk controlling system.

At comdirect bank, the CFO is responsible for monitoring and implementing the risk strategy.

The implementation and monitoring of the risk strategy is carried out through risk managment on the one hand and risk controlling on the other. The task of risk management is to proactively and consciously manage all risks in the relevant divisions. For effective value-oriented overall bank management, risk management is carried out on a decentralised basis in the individual divisions. The task of risk controlling is to identify, evaluate, limit and continually monitor risks and to report to the Board of Managing Directors regularly on the respective risk situation.

Credit risk

The credit risk describes the risk of a financial loss as a result of a borrower being unable to pay or to pay on time the contractually agreed consideration.

One of the methods used to monitor credit risk is the monthly calculation of the CVaR for lending to customers as well as for the treasury business. Credit risks are therefore part of global bank management.

Maximum credit risk

The maximum default risk from financial instruments in the unlikely case of simultaneous complete default by all borrowers is equal to the book value of the finacial instrumens in question.

The maximum default risk for Commerzbank group companies is €10,175m (2011: €9,328m). These default risks are fully covered by collateral via an assignment agreement with Commerzbank AG. Of the €202.6m (2011: €224.7m) in claims on customers on the balance sheet, default risks from loans against securities in the amount of €123.6m (2011: €150.0m) are covered by securities pledged as collateral by customers.

Credit quality of financial assets that are neither overdue nor impaired

€ thousand	31.12.2012	31.12.2011	*Change in %*
Banks	**12,083,946**	**10,944,255**	*10.4*
Cash reserve	551,760	527,849	*4.5*
Claims on banks	7,929,839	6,711,938	*18.1*
Financial investments	3,602,347	3,704,468	*−2.8*
– Bonds	3,602,347	3,704,468	*−2.8*
Retail customers	**177,275**	**202,069**	*−12.3*
– Claims on customers	177,275	202,069	*−12.3*
Public sector issuers	**69,125**	**125,265**	*−44.8*
Financial investments	69,125	125,265	*−44.8*
– Bonds	69,125	125,265	*−44.8*
Corporates	**19,925**	**16,189**	*23.1*
Claims on customers	19,925	16,189	*23.1*
Total	**12,350,271**	**11,287,778**	*9.4*

Overdue, but as yet unimpaired financial assets

€ thousand	Claims on customers		
	31.12.2012	31.12.2011	*Change in %*
Age structure			
– 30 to 90 days	2,233	2,757	*−19.0*
– 91 to 179 days	411	653	*−37.1*
– 180 days and over	2,113	2,337	*−9.6*
Total	**4,757**	**5,747**	*−17.2*

Individually impaired financial assets

€ thousand	Claims on customers		
	31.12.2012	**31.12.2011**	*Change in %*
Volume of claims individually impaired	1,390	1,269	*9.5*
Impairment	−750	−583	*28.6*
Book value	**640**	**686**	*−6.7*

The risk report contains further details on the origin and cause of credit risk, on risk quantification and management as well as information on the current risk situation.

Liquidity risk

Liquidity risk in the narrower sense is understood as the risk that the bank will be unable to meet or to meet on time its current and future payment obligations. The wider definition of liquidity risk also encompasses refinancing risk, that is the risk that the liquidity will no be sufficient if required or that it can only be acquired in the money and capital markets at terms that are significantly less favourable than expected – as well as market liquidity risk.

The latter describes the risk of being unable to close out positions to the desired extent or only at a loss as a result of inadequate market depth or market disturbances.

Payment claims under financial assets in accordance with contractually agreed maturities

€ thousand	Remaining lifetimes as of 31 December 2012				
	Book value	**Due on demand**	**Up to one year**	**More than one to five years**	**More than five years**
Non-derivative financial instruments					
– Cash reserve	551,760	551,760	0	0	0
– Claims on banks	7,929,839	661,728	1,678,329	5,757,051	230,602
– Claims on customers	202,596	204,638	0	0	0
– Bonds and notes	3,671,472	0	1,474,228	2,255,679	96,112
Total	**12,355,667**	**1,418,126**	**3,152,557**	**8,012,730**	**326,714**

€ thousand	Remaining lifetimes as of 31 December 2011				
	Book value	**Due on demand**	**Up to one year**	**More than one to five years**	**More than five years**
Non-derivative financial instruments					
– Cash reserve	527,849	527,849	0	0	0
– Claims on banks	6,711,938	353,579	1,645,014	4,997,366	195,881
– Claims on customers	224,691	226,565	0	0	0
– Bonds and notes	3,829,733	0	1,583,859	2,339,257	97,833
Total	**11,294,211**	**1,107,993**	**3,228,873**	**7,336,623**	**293,714**

Payment obligations under financial liabilities in accordance with contractually agreed maturities

€ thousand	Remaining lifetimes as of 31 December 2012				
	Book value	Due on demand	Up to one year	More than one to five years	More than five years
Non-derivative financial liabilities					
– Liabilities to banks	1,901	1,901	0	0	0
– Liabilities to customers	11,737,489	10,732,485	396,624	459,906	244,024
Derivative financial liabilities					
– Negative fair values from derivative hedging instruments	5,278	0	3,518	3,398	0
Credit obligations					
– Private customers	0	3,614,001	0	0	0
of which from loans against securities	0	2,411,443	0	0	0
Total	**11,744,668**	**14,348,387**	**400,142**	**463,304**	**244,024**

€ thousand	Remaining lifetimes as of 31 December 2011				
	Book value	Due on demand	Up to one year	More than one to five years	More than five years
Non-derivative financial liabilities					
– Liabilities to banks	3,244	3,244	0	0	0
– Liabilities to customers	10,723,015	9,693,791	423,161	508,977	193,614
Derivative financial liabilities					
– Negative fair values from derivative hedging instruments	4,496	0	3,624	7,234	0
Credit obligations					
– Private customers	0	3,270,831	0	0	0
of which from loans against securities	0	2,736,039	0	0	0
Total	**10,730,755**	**12,967,866**	**426,785**	**516,211**	**193,614**

The loan commitments result from credit facilities granted, less those utilised as at the reporting date.

The possible loan utilisation for loans against securities is limited by the specific collateral value of each securities portfolio.

The risk report contains further details on the origin and cause of liquidity risk, on risk quantification and management as well as information on the current risk situation.

Market risk

Market price risks encompass the risk of loss from changes in market parameters (in particular interest rates, credit spreads, exchange rates and share prices).

The statistical/mathematical approach of historic simulation to calculate the value-at-risk values is used to quantify and monitor general market price risks on a daily basis. The value-at-risk describes the maximum loss under normal market conditions for a specific probability (confidence level) and specific holding period. The underlying statistical parameters are based on a historic monitoring period of the past 255 trading days, a holding period of one day and a confidence level of 97.5%.

The key feature of the historic simulation is that it does not use a parametric model for the risk factors. Historic market data and its empirical distribution function is used directly. A portfolio value is obtained for every day of the historic monitoring period. For a monitoring period of 255 days, a confidence level of 97.5% and a holding period of one day, the value-at-risk is the seventh highest daily loss in the historic monitoring period.

Stress tests are carried out at comdirect bank AG to monitor extreme market movements. The stress figure shows the maximum portfolio loss under worst case conditions. The respective maximum losses in the scenarios for the share price, interest rate, credit spreads and foreign currency risk factors are added together and are shown in the overall stress volume.

Market risks

€ thousand	As of 31.12.2011	As of 31.12.2012	Year high	Year low	Median 2012	Median 2011
Total VaR 97.5% Holding period 1 day	4,348	2,689	4,443	2,257	3,518	5,263
Stress test – overall result [1)]	**62,539**	**108,284**	**119,627**	**102,278**	**110,966**	**83,363**

1) The increase in stress since the beginning of financial year 2012 is a result of the implementation of a new calculation method for the credit spread stress test from a standalone perspective (more consideration given to the risk concentration of the treasury portfolio in Commerzbank Group positions).

The risk report contains further details on the origin and cause of market risk, on risk quantification and management as well as information on the current risk situation.

57 Fair Value of financial instruments

The table below shows the fair values of balance sheet items compared with their book values. The fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Where stock market prices were available, these were used for the measurement of financial instruments. In the event that no market price was available, measurements were carried out using internal measurement models with current market price parameters. In this connection, the net present value method was used in particular.

€ thousand	Fair value		Book value	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Loans and receivables				
– Cash reserve	551,760	527,849	551,760	527,849
– Claims on banks	8,156,766	6,680,670	7,929,839	6,711,938
– Claims on customers	202,596	224,691	202,596	224,691
Total	**8,911,122**	**7,433,210**	**8,684,195**	**7,464,478**
Available for sale financial assets				
– Financial investments	3,709,668	3,861,587	3,709,668	3,861,587
Total	**3,709,668**	**3,861,587**	**3,709,668**	**3,861,587**
Liabilities measured at amortised cost				
– Liabilities to banks	1,901	3,244	1,901	3,244
– Liabilities to customers	12,010,273	10,707,396	11,737,489	10,723,015
Total	**12,012,174**	**10,710,640**	**11,739,390**	**10,726,259**
Other				
– Negative fair values from derivative hedging instruments	5,278	4,496	5,278	4,496

For short-term claims on banks of €1,238,768 thousand (2011: €1,136,677 thousand), short-term claims on customers of €202,596 thousand (2011: €224,691 thousand), short-term liabilities to banks of €1,901 thousand (2011: €3,244 thousand) and short-term liabilities to customers of €279,623 thousand (2011: €3,305,102 thousand), the fair value was equated to the book value for simplification purposes. The level of liabilities to customers, where the economic maturities are subject to modelling, was again extended significantly in the reporting year.

58 Fair Value hierarchy

The following table contains the full portfolio of financial instruments that have been valued at fair value. The fair values are also classified into three levels:

Level 1:

Prices quoted in active markets (not adjusted) for identical assets or liabilities.

Level 2:

Exemplary prices calculated with the exception of the quoted prices included in Level 1, which can be observed for assets or liabilities either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3:

Exemplary prices calculated for assets or liabilities, which are not based on observable market data (non-observable input data).

€ thousand	31.12.2012			
	Total	Level 1	Level 2	Level 3
Available for sale financial assets				
– Financial investments	3,709,641	1,785,826	1,923,815	0
Other				
– Negative fair values from derivative instruments	5,278	0	5,278	0
Total	**3,714,919**	**1,785,826**	**1,929,093**	**0**

€ thousand	31.12.2011			
	Total	Level 1	Level 2	Level 3
Available for sale financial assets				
– Financial investments	3,861,560	1,684,092	2,177,468	0
Other				
– Negative fair values from derivative instruments	4,496	0	4,496	0
Total	**3,866,056**	**1,684,092**	**2,181,964**	**0**

There were no significant transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy.

59 Net result from financial instruments

The following table shows the net result before income tax per financial instrument category within the meaning of IAS 39.

€ thousand	31.12.2012	31.12.2011	*Change in %*
Loans and receivables			
– Interest income	164,894	152,575	*8.1*
– Provisions for possible loan losses	–1,148	–1,159	*–0.9*
Net result	**163,746**	**151,416**	*8.1*
Available for sale financial assets			
– Fair value changes (recognised in equity)	63,087	–32,079	–
– Valuation results reposted from the revaluation reserve to the income statement	620	2,886	*–78.5*
– Results of sales reposted from the revaluation reserve to the income statement	–4,310	3,103	*–238.9*
Sub-total: change in revaluation reserve before tax	**59,397**	**–26,090**	–
– Interest income	97,704	115,205	*–15.2*
–Amortisation hedge adjustments	–26	0	–
– Dividends and similar income	1,272	1,309	*–2.8*
– Results from financial investments	3,690	–5,989	–
– Change in hedged fair value from hedging instruments	690	2,542	*–72.9*
Net result	**162,727**	**86,977**	*87.1*
Liabilities measured at amortised cost			
– Interest expenses	–109,691	–117,778	*–6.9*
Net result	**–109,691**	**–117,778**	*–6.9*
At fair value through profit or loss: held for trading			
– Trading result	0	–1,128	*–100.0*
Net result	**0**	**–1,128**	*–100.0*
Other: derivative hedging instruments			
– Net interest income	–2,079	–394	*427.7*
– Change in fair value from hedging instruments	–698	–2,493	*–72.0*
Net result	**–2,777**	**–2,887**	*–3.8*

60 Average number of employees during the reporting period

	2012			2011			*Change (Total) in %*
	Total	**Female**	**Male**	**Total**	**Female**	**Male**	
At comdirect bank AG	**938**	**475**	**463**	**918**	**462**	**456**	*2.2*
– in the call centre	359	203	156	357	204	153	*0.6*
– in the back office	135	103	32	130	99	31	*3.8*
– in other areas	444	169	275	431	159	272	*3.0*
At ebase GmbH	**224**	**139**	**85**	**216**	**133**	**83**	*3.7*
Average number of employees during the reporting period	**1,162**	**614**	**548**	**1,134**	**595**	**539**	*2.5*

The employee details listed above include full-time and part-time staff. The number of employees does not include the average number of trainees in the group in financial year 2012.

	2012			2011			*Change (Total) in %*
	Total	**Female**	**Male**	**Total**	**Female**	**Male**	
At comdirect bank AG	**24**	**10**	**14**	**23**	**8**	**15**	*4.3*

61 Income statement of comdirect group according to IAS/IFRS – year-to-year comparison

€ thousand	1.1. to 31.12.2012	1.1. to 31.12.2011	1.1. to 31.12.2010	1.1. to 31.12.2009	1.1. to 31.12.2008
Interest income	263,870	269,090	211,280	265,865	482,303
Interest expenses	112,069	118,243	109,206	157,172	318,898
Net interest income before provisions	**151,801**	**150,847**	**102,074**	**108,693**	**163,405**
Provisions for possible loan losses	–4,430	–1,331	–255	1,299	–1,172
Net interest income after provisions	**147,371**	**149,516**	**101,819**	**109,992**	**162,233**
Commission income	287,015	292,434	281,227	248,539	314,475
Commission expenses	120,599	109,849	108,455	99,782	137,441
Net commission income	**166,416**	**182,585**	**172,772**	**148,757**	**177,034**
Result from hedge accounting	–8	49	–22	0	–133
Trading result	0	–1,128	0	836	540
Result from financial investments	3,690	–5,989	9,919	20,850	–19,294
Administrative expenses	**236,702**	**232,074**	**210,028**	**198,918**	**242,774**
– Personnel expenses	68,958	67,465	62,563	62,341	58,795
– Other administrative expenses	152,249	147,877	133,404	124,201	171,836
Marketing expenses	56,000	57,208	53,021	41,441	80,210
Communication expenses	8,790	6,450	4,353	7,022	8,810
Consulting expenses	11,698	10,832	7,334	11,702	14,019
Expenses for external services	38,094	36,467	30,258	25,435	30,347
Sundry administrative expenses	37,667	36,920	38,438	38,601	38,450
– Depreciation of office furniture and equipment and intangible assets	15,495	16,732	14,061	12,376	12,143
Other operating result	11,519	15,117	6,414	3,421	5,148
Operating result	**92,286**	**108,076**	**80,874**	**84,938**	**82,754**
Restructuring expenses	0	0	0	8,945	0
Pre-tax profit/ Profit from ordinary activities	**92,286**	**108,076**	**80,874**	**75,993**	**82,754**
Taxes on income	18,928	–3,687	21,240	19,369	21,916
Net profit	**73,358**	**111,763**	**59,634**	**56,624**	**60,838**

Statement of comprehensive income of comdirect group according to IAS/IFRS – year-to-year comparison

€ thousand	1.1. to 31.12.2012	1.1. to 31.12.2011	1.1. to 31.12.2010	1.1. to 31.12.2009	1.1. to 31.12.2008
Net profit	**73,358**	**111,763**	**59,634**	**56,624**	**60,838**
Change in the revaluation reserve before tax	59,397	–26,090	–28,583	83,280	–2,504
Taxes	–15,194	6,690	7,708	–21,659	–363
Change in the revaluation reserve after tax	44,203	–19,400	–20,875	61,621	–2,867
Comprehensive income	**117,561**	**92,363**	**38,759**	**118,245**	**57,971**

The figures for financial year 2008 were adjusted to account for the contributions from ebase GmbH.

62 Income statement of comdirect group according to IAS/IFRS on a quarterly comparison

€ thousand	2012			
	Q1	Q2	Q3	Q4
Interest income	73,619	68,010	63,258	58,983
Interest expenses	31,608	30,381	25,830	24,250
Net interest income before provisions	**42,011**	**37,629**	**37,428**	**34,733**
Provisions for possible loan losses	−119	−859	−3,435	−17
Net interest income after provisions	**41,892**	**36,770**	**33,993**	**34,716**
Commission income	72,418	68,888	71,456	74,253
Commission expenses	28,247	29,533	29,726	33,093
Net commission income	**44,171**	**39,355**	**41,730**	**41,160**
Result from hedge accounting	14	−18	6	−10
Trading result	0	0	0	0
Result from financial investments	1,549	686	603	852
Administrative expenses	**59,506**	**53,214**	**60,413**	**63,569**
– Personnel expenses	16,366	17,459	17,683	17,450
– Other administrative expenses	39,650	32,104	38,281	42,214
Marketing expenses	15,775	9,679	12,800	17,746
Communication expenses	1,765	1,933	2,613	2,479
Consulting expenses	3,045	2,956	3,322	2,375
Expenses for external services	8,446	9,120	10,620	9,908
Sundry administrative expenses	10,619	8,416	8,926	9,706
– Depreciation of office furniture and equipment and intangible assets	3,490	3,651	4,449	3,905
Other operating result	1,117	290	3,814	6,298
Pre-tax profit	**29,237**	**23,869**	**19,733**	**19,447**
Taxes on income	7,175	6,373	5,359	21
Net profit	**22,062**	**17,496**	**14,374**	**19,426**

Statement of comprehensive income of comdirect group according to IAS/IFRS on a quarterly comparison

€ thousand	2012			
	Q1	Q2	Q3	Q4
Net profit	**22,062**	**17,496**	**14,374**	**19,426**
Change in the revaluation reserve before tax	42,558	−574	17,285	128
Taxes	−10,994	−155	−4,182	137
Change in the revaluation reserve after tax	31,564	−729	13,103	265
Comprehensive income	**53,626**	**16,767**	**27,477**	**19,691**

€ thousand	2011			
	Q1	Q2	Q3	Q4
Interest income	59,777	64,858	70,912	73,543
Interest expenses	26,515	27,234	31,560	32,934
Net interest income before provisions	**33,262**	**37,624**	**39,352**	**40,609**
Provisions for possible loan losses	−148	−419	−474	−290
Net interest income after provisions	**33,114**	**37,205**	**38,878**	**40,319**
Commission income	79,649	68,449	77,369	66,967
Commission expenses	29,505	28,141	27,107	25,096
Net commission income	**50,144**	**40,308**	**50,262**	**41,871**
Result from hedge accounting	−60	−231	297	43
Trading result	−255	222	−1,088	−7
Result from financial investments	−1,201	147	−1,364	−3,571
Administrative expenses	**58,724**	**52,322**	**59,092**	**61,936**
– Personnel expenses	15,792	17,005	18,176	16,492
– Other administrative expenses	39,437	31,788	36,781	39,871
Marketing expenses	14,599	11,294	13,793	17,522
Communication expenses	2,493	−25	1,938	2,044
Consulting expenses	1,989	2,638	2,355	3,850
Expenses for external services	9,837	9,300	10,127	7,203
Sundry administrative expenses	10,519	8,581	8,568	9,252
– Depreciation of office furniture and equipment and intangible assets	3,495	3,529	4,135	5,573
Other operating result	1,840	236	303	12,738
Pre-tax profit	**24,858**	**25,565**	**28,196**	**29,457**
Taxes on income	6,623	6,709	7,738	−24,757
Net profit	**18,235**	**18,856**	**20,458**	**54,214**

Statement of comprehensive income of comdirect group according to IAS/IFRS on a quarterly comparison

€ thousand	2011			
	Q1	Q2	Q3	Q4
Net profit	**18,235**	**18,856**	**20,458**	**54,214**
Change in the revaluation reserve before tax	−31,353	11,295	−7,632	1,600
Taxes	8,084	−2,951	1,559	−2
Change in the revaluation reserve after tax	−23,269	8,344	−6,073	1,598
Comprehensive income	**−5,034**	**27,200**	**14,385**	**55,812**

63 Segment reporting by business line

€ thousand	1.1. to 31.12.2012			
	B2C	B2B	Consolida-tion	comdirect group total
Interest income	263,151	1,165	−446	263,870
Interest expenses	112,016	499	−446	112,069
Net interest income before provisions	151,135	666		151,801
Provisions for possible loan losses	−4,430	0		−4,430
Net interest income after provisions	146,705	666		147,371
Commission income	134,518	152,509	−12	287,015
Commission expenses	14,179	106,420		120,599
Net commission income	120,339	46,089	−12	166,416
Result from hedge accounting	−8	0		−8
Trading result	0	0		0
Result from financial investments	3,878	−188		3,690
Administrative expenses	198,662	38,222	−182	236,702
Other operating result	10,683	1,006	−170	11,519
Pre-tax profit	**82,935**	**9,351**		**92,286**
Segment investments	11,010	5,699		16,709
Segment depreciation	12,093	3,402		15,495
Cost/income ratio	69.5%	80.3%		71.0%
Segment income	419,244	155,032		
– of which external income	419,074	154,574		
– of which inter-segmental income	170	458		
Segment expenses	336,309	145,681		

The management manages the comdirect group via two business lines: Business to Customer (B2C) and Business to Business (B2B). The B2C business line is comprised of comdirect bank AG and its five separate assets; ebase GmbH is comprised of the B2B business line.

The segmentation carried out reflects the internal perspective of the comdirect group and corresponds to the management approach. The respective customer groups in particular constitute the main delimitation feature of the business segments.

The figures for the B2B business segment were derived from the internal reporting of ebase GmbH and correspond to the contributions of ebase GmbH included in the income statement of the comdirect group.

In the comdirect group, net interest income is essentially generated by reinvesting customer deposits in the money and capital markets, whereby Commerzbank is a major business partner (see information on related party disclosures, note (26)). The interest income from money and capital market transactions in the amount of €188.6m exceeds 10% of the total income for the segments. This was earned almost exclusively in the B2C business line.

€ thousand	**1.1. to 31.12.2011**			
	B2C	**B2B**	**Consolida-tion**	**comdirect group total**
Interest income	266,992	2,116	−18	269,090
Interest expenses	117,033	1,228	−18	118,243
Net interest income before provisions	149,959	888		150,847
Provisions for possible loan losses	−1,331	0		−1,331
Net interest income after provisions	148,628	888		149,516
Commission income	157,113	135,321		292,434
Commission expenses	15,699	94,150		109,849
Net commission income	141,414	41,171		182,585
Result from hedge accounting	49	0		49
Trading result	−1,128	0		−1,128
Result from financial investments	−5,758	−231		−5,989
Administrative expenses	197,475	34,769	−170	232,074
Other operating result	13,763	1,524	−170	15,117
Pre-tax profit	**99,493**	**8,583**		**108,076**
Segment investments	12,153	4,317		16,470
Segment depreciation	13,603	3,129		16,732
Cost/income ratio	66.2%	80.2%		68.0%
Segment income	446,154	139,931		
– of which external income	445,984	139,913		
– of which inter-segmental income	170	18		
Segment expenses	346,661	131,348		

Net commission income in the B2C segment results predominantly from custody account business with private customers. In addition, commission is generated from payment services and other commission, e.g. from advisory services. In the B2C business segment impairments on financial investments amounting to €459 thousand were necessary (2011: €1,005 thousand). Furthermore, unscheduled depreciations were carried out on office furniture and equipment in the amount of €658 thousand.

Material non-cash income resulted from accrued interest. Non-cash income totalled €109.6m (2011: €107.2m).

Non-cash expenses mainly stemmed from depreciations, allocations to provisions, recognition of other liabilities and accrued interest in customer business. Non-cash expenses totalled €77.1m (2011: €69.6m).

In the B2B business line, net commission income is generated from securities services for institutional and private customers. Other sources of income, such as deposit business, are not material. Impairments on financial assets of €160 thousand were taken into account (2011: €178 thousand).

Material non-cash income resulted from deferred commission. Non-cash income totalled €36.5m (2011: €33.6m).

Non-cash expenses mainly stemmed from allocations to provisions. Non-cash expenses totalled €24.7m (2011: €21.7m).

The segment income and expenses reported relates to IFRS values and therefore correspond to the values stated in the consolidated income statement.

No total figures are stated for segment assets or segment debt as these values are not the object of reporting to management for management purposes.

64 Other liabilities

€ thousand	31.12.2012 Up to one year	31.12.2011 Up to one year	31.12.2012 More than one year up to five years	31.12.2011 More than one year up to five years	31.12.2012 More than five years	31.12.2011 More than five years
Rental payments	4,392	3,888	13,269	11,440	3,294	4,392
Lease payments	465	382	549	337	0	0
Total	**4,857**	**4,270**	**13,818**	**11,777**	**3,294**	**4,392**

The above table contains minimum lease payments under non-cancellable operating leases.

65 Fees for auditors

€ thousand	31.12.2012	31.12.2011	*Change in %*
Annual audits	376	336	*11.9*
Other certification services	172	147	*17.0*
Tax advisory services	112	250	*−55.2*
Other services	5	7	*−28.6*
Total	**665**	**740**	*−10.1*

The expenses shown in the table for services provided by PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft are stated net of VAT.

66 Corporate Governance Code

comdirect bank AG has submitted the Declaration of Compliance with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG) and has made it permanently available to shareholders on its website www.comdirect.de.

67 The company's Boards

Supervisory Board

Martin Zielke
Chairman
Member of the Board of Managing Directors of Commerzbank AG,
Frankfurt/Main

Frank Annuscheit
Deputy Chairman
Member of the Board of Managing Directors of Commerzbank AG,
Frankfurt/Main

Thorben Gruschka
Staff member IT Support department of comdirect bank AG,
Quickborn

Angelika Kierstein
Works Council Chairwoman of comdirect bank AG,
Department Support Finance, Controlling & Risk Management of comdirect bank AG,
Quickborn

Georg Rönnberg
Certified accountant and tax consultant,
Neu-Anspach

Sabine Schmittroth
Divisional Head of Sales Management in the Private Customers & Private Banking segments
of Commerzbank AG,
Frankfurt/Main
(from 9 May 2012)

Karin Katerbau
Member of the Board of Managing Directors of BRE Bank SA,
Warsaw, Poland
(until 15 April 2012)

Board of Managing Directors

Dr. Thorsten Reitmeyer
Chairman of the Board of Managing Directors, CEO

Dr. Christian Diekmann
Member of the Board of Managing Directors, CFO

Martina Palte
Member of the Board of Managing Directors, COO
(from 1 July 2012)

Carsten Strauß
Member of the Board of Managing Directors, COO
(until 30 June 2012)

68 Seats on supervisory boards and other executive bodies

Members of the Supervisory Board of comdirect bank AG

Martin Zielke
Seats on statutory supervisory boards:
- Allianz Global Investors Kapitalanlagegesellschaft mbH, Frankfurt/Main
  (until 31 August 2012)
- Commerz Real AG, Eschborn
  Chairman
  (until 19 June 2012, from 14 August 2012)
- Commerz Real Investmentgesellschaft mbH, Wiesbaden
  Chairman
  (until 19 June 2012, from 16 August 2012)

Sabine Schmittroth (from 9 May 2012)
Seats on statutory supervisory boards:
- Commerz Direktservice GmbH, Duisburg
  Chairwoman

Karin Katerbau (until 15 April 2012)
Seats on comparable supervisory bodies:
- BRE Bank Hipoteczny SA, Warsaw
- BRE Leasing Sp. z.o.o., Warsaw
  Deputy Chairwoman

Members of the Board of Managing Directors of comdirect bank AG

Dr. Thorsten Reitmeyer
Seats on statutory supervisory boards:
- Commerz Direktservice GmbH, Duisburg
  (until 31 March 2012)

Seats on comparable supervisory bodies:
- European Bank for Fund Services GmbH (ebase), Aschheim

Dr. Christian Diekmann
Seats on comparable supervisory bodies:
- European Bank for Fund Services GmbH (ebase), Aschheim
  Chairman

Martina Palte (from 1 July 2012)
Seats on comparable supervisory bodies:
- European Bank for Fund Services GmbH (ebase), Aschheim
  (from 18 July 2012)

Carsten Strauß (until 30 June 2012)
Seats on statutory supervisory boards:
- Commerz Direktservice GmbH, Duisburg

Seats on comparable supervisory bodies:
- European Bank for Fund Services GmbH (ebase), Aschheim

69 Remuneration and loans to Board members

Remuneration for the Board of Managing Directors

The remuneration for the Board of Managing Directors of comdirect bank AG is set by the Supervisory Board. In addition to the non-performance related fixed compensation comprising the annual fixed salary and fringe benefits, the compensation also comprises a performance-related variable compensation component, which comprises a component due in the short term (short term incentive, STI) and a component with a long-term incentive effect (long term incentive, LTI). The STI and LTI will each be awarded half in the form of a cash payout and half as a share-based payment.

The variable compensation of the Board of Managing Directors therefore comprises the following components: STI cash payout, share-based STI, LTI cash payout and share-based LTI, whereby entitlement to a payout in respect of the LTI components is linked to suspensive conditions.

All members of the Board of Managing Directors also receive a company pension for their activities at comdirect bank AG.

Details of the compensation system for the Board of Managing Directors are provided in the Compensation Report.

In accordance with commercial law regulations, the overall remuneration for financial year 2012 includes the following compensation components: fixed remuneration, fringe benefits, STI cash payout, share-based STI and share-based LTI. In accordance with commercial law regulations, the portion of the 2012 LTI component to be settled as a cash payout is not reported until the suspensive conditions have been fulfilled and is shown as part of the overall compensation in 2015 in the amount to be determined at that time. The individual components below relate to the subheadings under IAS 24.16.

Mr Strauß stood down from the Board of Managing Directors with effect from the end of 30 June 2012. Ms Martina Palte was appointed member of the Board of Managing Directors for a period of three years with effect from 1 July 2012.

Taking into account commercial law regulations, compensation for the Board of Managing Directors totalling €1,311 thousand (2011: €1,533 thousand) was reported for financial year 2012.

Short-term benefits

€ thousand	Non-variable components		Value of fringe benefits		STI cash payout	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Dr. Thorsten Reitmeyer	360	360	18	141	61	77
Dr. Christian Diekmann	270	230	18	16	43	47
Martina Palte (from 1 July 2012)	90	0	3	0	16	0
Carsten Strauß (until 30 June 2012)	115	230	3	6	65	103
Total	**835**	**820**	**42**	**163**	**185**	**227**

In financial year 2012, expenses were recorded in the income statement for the variable components due in the short term for Dr. Reitmeyer €64 thousand (2011: €101 thousand), Dr. Diekmann €45 thousand (2011: €62 thousand), for Ms Palte €17 thousand (2011: €0 thousand) and Mr Strauß €65 thousand (2011: €124 thousand).

Mr Strauß received continuous payments from comdirect bank until the expiration of his employment contract, amounting to €59 thousand, in the period from 30 June 2012 until 30 September 2012.

Share-based payment

Share-based components of variable compensation (compensation model from 2011)

One STI and one LTI component is settled in shares in Commerzbank AG as the ultimate parent company of comdirect bank AG. These are consequently to be viewed as share-based payment in accordance with IFRS 2. With regard to the LTI component, the expense is posted over a vesting period of four years. The full amount for the STI component is recognised as an expense in financial year 2012.

The compensation components shown in the table below are subject to suspensive conditions. The figures indicated represent the total amount of the volume granted for these compensation components and are determined on an indicative basis. They are deemed to constitute part of the overall remuneration for the specified year, even though they can be reduced or cancelled depending on the performance evaluation at the end of the waiting period or as a result of infringements of the objectives of the bank.

€ thousand	Share-based STI (Value upon granting)		Share-based LTI [1)2)] (Value upon granting)	
	Tranche 2012	Tranche 2011	Tranche 2012	Tranche 2011
Dr. Thorsten Reitmeyer	61	77	91	115
Dr. Christian Diekmann	43	47	28	31
Martina Palte (from 1 July 2012)	16	0	10	0
Carsten Strauß (until 30 June 2012)	0	0	0	53
Total	**120**	**124**	**129**	**199**

1) The table shows the indicative figures calculated in the performance evaluation in respect of the performance-related variable compensation with long-term incentive effects (LTI component) upon granting. No entitlement is acquired in this regard until the end of a three-year waiting period, at the earliest. The amount can be reduced or cancelled depending on the results of a renewed performance evaluation at the end of the waiting period and will be settled in shares in the fourth year after the end of the financial year for which the remuneration components are granted, at the earliest. The value also fluctuates in line with the performance of Commerzbank shares until the time of issue. In accordance with DRS 17, the share-based LTI component has to be reported as part of the overall remuneration for the financial year in which the duty was performed.
2) The table shows the portion of the variable compensation for financial year 2011 granted to Mr Strauß in the form of Commerzbank share awards. The value fluctuates in line with the performance of Commerzbank shares during a three-year waiting period until the planned payout date. Furthermore, the amount can be reduced or cancelled if during the waiting period individual breaches of regulations and risk limits or individual misconduct in the sense of an infringement of the operating or strategic objectives or regulations of the bank are ascertained.

Performance share-based components

€ thousand	Share-based STI Tranche 2011		Share-based LTI Tranche 2011	
	Due for payment in the reporting year	Value upon granting	Evaluation as of 31.12.2012	Value upon granting
Dr. Thorsten Reitmeyer	68	77	104	115
Dr. Christian Diekmann	41	47	28	31
Martina Palte (from 1 July 2012)	0	0	0	0
Carsten Strauß (until 30 June 2012)	0	0	0[1)]	53
Total	**109**	**124**	**132**	**199**

1) Mr Strauß was allocated 32,717 Commerzbank share awards as part of his variable compensation for 2011. The equivalent value of the shares was calculated on the basis of the average XETRA closing price for the period from June to August 2012, and Mr Strauß received a payment of €42 thousand in September 2012.

In financial year 2012, expenses were recorded in the income statement for Dr. Reitmeyer €111 thousand (2011: €135 thousand), Dr. Diekmann €59 thousand (2011: €71 thousand), for Ms Palte €19 thousand (2011: €0 thousand) and Mr Strauß €23 thousand (2011: €19 thousand) arising from the share-based compensation components illustrated.

Performance shares (compensation model until 2010)

In previous years, a compensation component was granted in the form of virtual, non-tradeable shares in comdirect bank AG (performance shares). These comprise the conditional right to a cash payout after a three-year waiting period. The performance shares were last issued in financial year 2010. Dr. Diekmann was the only active member of the Board of Managing Directors to hold performance shares from this tranche as at the reporting date; the 7,077 shares were granted to him for his activity on the board. These performance shares were valued at €5.41 per share as at the reporting date (€6.02 when granted). This corresponds to a total amount of €38 thousand (€43 thousand when granted). The realisable compensation from the performance shares may vary considerably from the figures stated and in particular may not apply at all as the final amounts for disbursement are not determined until the end of the term (blocking period) of the respective tranches.

Payments were made in the reporting period on performance shares relating to the tranche granted under the programme in financial year 2009. Dr. Diekmann received €114 thousand and Ms Palte €18 thousand. With regard to Ms Palte, this payment related to performance shares granted to her for her role as department head at comdirect. The value of Mr Strauß's remaining claim for performance shares was determined using a fair value measurement as at 23 April 2012 and compensated with a one-time payment of €159 thousand.

In the reporting year, €62 thousand (2011: €55 thousand) was recognised as an expense in the income statement for the performance shares granted to Dr. Diekmann and €92 thousand (2011: €107 thousand) to Mr Strauß for their activities on the Board of Managing Directors.

Other long term benefits (compensation model from 2011 onwards)

The following table shows the indicative figures calculated in the performance evaluation when granted. No entitlement is acquired in this regard until the end of a three-year waiting period at the earliest. The amount can be reduced or cancelled depending on the results of a renewed performance evaluation at the end of the waiting period and will be paid out in the fourth year after the end of the financial year in which the underlying duty was performed, at the earliest. Only then are the amounts included in the overall remuneration of the Board of Managing Directors.

Presentation of LTI component cash payout

€ thousand	Value upon granting	
	Tranche 2012	Tranche 2011
Dr. Thorsten Reitmeyer	91	115
Dr. Christian Diekmann	28	31
Martina Palte (from 1 July 2012)	10	0
Total	**129**	**146**

The amounts for each tranche are recognised as an expense on a pro rata basis over a total period of four years. In the reporting year, expenses relating to the LTI component with cash payout were incurred in the amount of €53 thousand (2011: €37 thousand) for Dr. Reitmeyer, €15 thousand (2011: €10 thousand) for Dr. Diekmann, and €3 thousand (2011: €0) for Ms Palte.

Post-employment benefits

The members of the Board of Managing Directors receive a pension commitment for their activities at comdirect bank AG. Accordingly, members of the Board of Managing Directors who were active as of the balance sheet date, are eligible for a claim to a capital payment. The company has formed pension provisions under IFRS for these future claims, the amount of which depends on the length of service, pensionable salary and current actuarial interest rate. The valuation is based on actuarial assessments, using the projected unit credit method, which are conducted by an independent actuary.

The pension obligations under IFRS towards members of the Board of Managing Directors who were active during the financial year developed as follows:

€ thousand	Dr. Thorsten Reitmeyer		Dr. Christian Diekmann		Martina Palte		Carsten Strauß	
	2012	2011	2012	2011	2012	2011	2012	2011
Pension obligation under IFRS (DBO) as of 1.1.	**121**	**87**	**32**	**20**	**0**	**0**	**74**	**30**
Change in financial year	90	34	29	12	3	0	−4	44
– of which service cost recognised in income statement	25	23	13	13	0	0	11	11
Pension obligation under IFRS (DBO) as of 31.12.	**211**	**121**	**61**	**32**	**3**	**0**	**70**	**74**

Regulations governing termination of employment

If comdirect bank prematurely terminates the appointment to the Board of a member of the Board of Managing Directors, the respective contract of employment is in principle continued until the end of the original term of office. Members of the Board of Managing Directors active as at the reporting date receive a maximum amount of up to two years' annual compensation, whereby the calculation is based on the compensation in the last full financial year prior to termination. There is no entitlement to further remuneration where termination takes place for good cause.

Mr Strauß stood down from the Board of Managing Directors with effect from the end of 30 June 2012. He received a severance payment of €772 thousand as compensation for the disadvantages associated with the early termination of his activities as member of the Board of Managing Directors.

Other information on active members of the Board of Managing Directors

In the past financial year, no member of the Board of Managing Directors has received payments, considerations or corresponding commitments from a third party in relation to their activities as a member of the Board of Managing Directors.

Members of the Board of Managing Directors performing board functions at subsidiaries or affiliated companies during the financial year only received reimbursement of expenses.

Information relating to former members of the Board of Managing Directors

The bank provides old-age provision for former members of the Board of Managing Directors or their surviving dependents. As of the balance sheet date, pension obligations under IFRS (defined benefit obligations) for former members of the Board of Managing Directors amounted to €3,886 thousand (2011: €3,367 thousand).

In financial year 2012, a total of €357 thousand (2011: €404 thousand) was paid to former members of the Board of Managing Directors of comdirect bank AG. A payment in performance shares was made to former members of the Board of Managing Directors amounting to €147 thousand (2011: €202 thousand) in the reporting year.

Remuneration for the Supervisory Board

The compensation of the Supervisory Board members is stipulated in the Articles of Association. In addition to a fixed compensation, the compensation scheme includes a separate component for committee activities and a variable component, which depends on the amount of the dividend to be distributed.

Provided that the financial statements of comdirect bank AG are adopted in their present form and that the annual general meeting approves the proposed appropriation of profit, the remuneration of members of the Supervisory Board will total €125 thousand (2011: €152 thousand). This comprises any applicable VAT and the remuneration breakdown by the members of the Supervisory Board is as follows:

€ thousand	Non-variable components		Variable components		Remuneration for committee activities		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Martin Zielke	0	0	0	0	0	0	0	0
Frank Annuscheit	0	0	0	0	0	0	0	0
Thorben Gruschka	12	12	17	23	0	0	29	35
Angelika Kierstein	12	12	17	23	3	3	32	38
Georg Rönnberg	12	12	17	23	6	3	35	38
Sabine Schmittroth (from 9 May 2012)	8	0	11	0	2	0	21	0
Dr. Achim Kassow (until 30 June 2011)	0	9	0	16	0	7	0	32
Karin Katerbau (until 15 April 2012)	3	3	5	5	1	0	9	8

Mr Zielke and Mr Annuscheit waived their compensation as members of the Supervisory Board for financial years 2011 and 2012.

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

70 Holdings

Affiliated companies included in the consolidated financial statements:

Name	Domicile	Share of capital held in %	Equity in € thousand
European Bank for Fund Services GmbH (ebase)	Aschheim/Germany	100.0	33,095

SPEs (special funds) included in the consolidated financial statements as per IAS 27/SIC-12:

Name	Domicile	Share of capital held in %	Funds volume in € thousand
CDBS-Cofonds	Frankfurt/Main, Germany	100.0	109,156
CDBS-Cofonds II	Frankfurt/Main, Germany	100.0	94,041
CDBS-Cofonds III	Frankfurt/Main, Germany	100.0	105,881
CDBS-Cofonds IV	Frankfurt/Main, Germany	100.0	106,433
OP-Fonds CDBS V	Cologne/Germany	100.0	97,857

Other affiliated companies not included in the consolidated financial statements:

Name	Domicile	Share of capital held in %	Equity in € thousand
WST-Broker GmbH i. L.	Frankfurt/Main, Germany	54.0	93