

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	<i>12.1</i>	0	0	1,883	1,680
Allowances	1,555	1,423	<i>9.3</i>	0	0	1,555	1,423
Deductions	1,397	1,220	<i>14.5</i>	0	0	1,397	1,220
– of which utilised	238	208	<i>14.4</i>	0	0	238	208
– of which reversals	1,159	1,012	<i>14.5</i>	0	0	1,159	1,012
Provisions for possible loan losses as of 31 December	2,041	1,883	<i>8.4</i>	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 life-time").

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
Calulatory 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

Subscribed 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).