

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 thousand).

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	<i>Change in %</i>
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	<i>Change in %</i>
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	<i>Change in %</i>
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.