

Current risk situation

The VaR of €18.3m at the end of 2012 (previous year: €24.6m) reflects the ongoing comparatively high planning uncertainty in the current interest rate and capital market environment.

Model risk

Risk quantification, management and reporting

Model risks stem from managing customer deposits due on demand. When these are invested in comdirect Treasury, certain assumptions are made regarding future customer behaviour in the form of deposit models. Loss risks can result from the fact that Treasury assets have to be sold prematurely due to higher than expected deposit outflows. This could mean that market value losses have to be realised as a result of interest rate rises in the intervening period and/or credit spread widening (close-out risks).

The deposit models for customer deposits are managed by a cross-divisional interdisciplinary team with clear roles and responsibilities as part of integrated earnings and risk controlling. In addition to close monitoring of and comprehensive reporting on material key indicators for the development of deposits, customer behaviour and the competitive environment, the model assumptions are regularly reviewed and potential model adjustments are developed using defined triggers.

When calculating the close-out risk, for reasons of consistency we use the same risk models (VaR and stress) to simulate potential future losses as we do to determine the market risk.

Current risk situation

The current market environment is characterised by fierce competition for customer deposits as an alternative source of funding. Nonetheless, comdirect's deposit volume was very stable in the reporting year and moderately expanded as a result of the increase in the number of current and call money accounts in particular. The model risk remained within the prescribed limits at all times during the reporting period. The VaR for model risks amounted to €1.8m at the end of 2012.

> Supplementary report

No major events or developments of special significance have occurred since the 2012 reporting date.