Consolidated Financial Statements

Maple Financial Group Inc.

September 30, 2012

TABLE OF CONTENT

A. Independent auditors' report

To the Shareholders of
Maple Financial Group Inc.

We have audited the accompanying consolidated financial statements of Maple Financial Group Inc., which comprise the consolidated statement of financial position as at September 30, 2012, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year ended September 30, 2012, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Maple Financial Group Inc. as at September 30, 2012, and its financial performance and its cash flows for the year ended September 30, 2012 in accordance with International Financial Reporting Standards.

Eschborn/Frankfurt am Main, February 26, 2013
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Binder	Fernholz
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

B. Consolidated financial statements

1. Consolidated statement of financial position

€ '000 I As at September 30	Note	2012	2011	October 1, 2010
Assets				
Cash and cash equivalents	C.2.1.	48,770	127,174	197,919
Securities owned	C.2.2.	1,224,675	2,064,273	1,654,180
Securities owned and loaned or pledged as collateral	C.2.2.	1,502,265	2,165,153	2,226,975
Derivative financial instruments	C.2.3.	89,391	178,416	268,152
Cash advanced under reverse repurchase agreements		1,576,148	2,556,689	647,373
Cash collateral advanced under securities lending agreements		1,738,407	1,273,759	1,856,528
Loans and receivables due from clients	C.2.4.	209,249	134,451	179,058
Loans and receivables due from brokers and financial institutions	C.2.4.	114,785	174,713	237,982
Securitized assets	C.2.5.	573,234	39,184	-
Other financial instruments	C.2.6.	20,059	925	926
Property, plant and equipment	C.2.7.	3,713	4,607	4,152
Intangible assets	C.2.7.	3,475	5,946	1,720
Other assets	C.2.6.	29,525	13,534	25,736
Current tax assets	C.2.8.	406,468	268,269	237,503
Deferred tax assets	C.2.8.	25,451	24,869	9,514
Total assets		**7,565,615**	**9,031,962**	**7,547,718**
Liabilities				
Securities sold short	C.2.2.	1,288,435	878,724	1,280,180
Derivative financial instruments	C.2.3.	211,250	267,919	354,375
Cash received under repurchase agreements		2,525,223	4,261,382	1,838,488
Cash collateral received under securities lending agreements		389,811	599,272	1,386,643
Due to clients	C.2.9.	37,420	176,076	129,026
Due to brokers and financial institutions	C.2.9.	261,788	315,141	111,637
Customer deposits	C.2.9.	1,718,066	1,949,111	1,752,310
Liabilities from securitization transactions	C.2.5.	565,653	38,829	-
Accounts payable and other liabilities	C.2.10.	79,195	77,979	107,641
Provisions	C.2.11.	-	839	3,332
Current tax liabilities	C.2.8.	7,704	7,781	39,434
Deferred tax liabilities	C.2.8.	2,495	663	16,683
Subordinated debt	C.2.12.	46,575	45,311	39,271
Liabilities from puttable shares	C.2.13.	26,982	23,263	24,398
Total liabilities		**7,160,597**	**8,642,290**	**7,083,418**
Equity				
Share capital	C.2.14.	42,626	34,190	29,887
Contributed surplus		5,805	10,398	12,508
Retained earnings		355,708	344,451	421,905
Other reserves		879	633	-
Total equity		**405,018**	**389,672**	**464,300**
Total liabilities and equity		**7,565,615**	**9,031,962**	**7,547,718**

See accompanying notes

On behalf of the Board:

Wolfgang Schuck
CEO & President

William Fung
Chairman

2. Consolidated statement of comprehensive income

€ '000 | Year ended September 30	Note	2012	2011
Interest income	C.3.1.	42,324	31,245
Interest expense	C.3.1.	53,608	60,183
Charges for (recovery of) loan impairment	C.2.4., C.3.2.	(2,803)	(1,286)
Net interest income (expense) after loan impairment charges		(8,481)	(27,652)
Commission income		4,734	8,928
Commission expense		391	550
Net commission income (expense)	C.3.3.	4,343	8,378
Net gains (losses) from financial assets/liabilities at fair value through profit or loss and hedge accounting	C.3.4.	93,801	102,202
Other income (expense)	C.3.5.	10,886	759
Net Revenue		**100,549**	**83,687**
Employee compensation and benefits	C.3.6.	53,775	67,529
Administrative and general		9,899	7,889
Computer and communication		9,016	8,663
Occupancy		3,780	3,574
Professional and consulting fees		9,985	8,603
Depreciation and amortization	C.2.7.	2,407	2,129
Total operating expenses		**88,862**	**98,387**
Profit (loss) before taxes		**11,687**	**(14,700)**
Tax expense (income)	C.3.7.	(1,081)	(67,181)
Profit (loss) from discontinued operations, net of tax	C.4.4.	-	(4,996)
Profit (loss) for the year		**12,768**	**47,485**
Other comprehensive income (loss)			
Exchange difference on translation of foreign operations, net of hedging		(440)	501
Actuarial gains (losses) in defined benefit pension schemes	C.2.10.	(716)	3,400
Other comprehensive income (loss) for the year, before tax		**(1,156)**	**3,901**
Tax expense (income) relating to components of other comprehensive income	C.3.7.	(915)	954
Other comprehensive income (loss) for the year, net of tax		**(241)**	**2,947**
Total comprehensive income (loss) for the year		**12,527**	**50,432**
Profit (loss) attributable to shareholders		12,768	47,485
Total comprehensive income (loss) attributable to shareholders		12,527	50,432

3. Consolidated statement of changes in equity

		Attributable to shareholders				
€ '000	**Note**	**Share capital**	**Contributed surplus**	**Retained earnings**	**Other reserves**	**Total equity**
Equity as at October 1, 2011		**34,190**	**10,398**	**344,451**	**633**	**389,672**
Profit (loss) for the year		-	-	12,768	-	12,768
Currency translation reserve, net of hedging		-	-	-	246	246
Actuarial gains (losses)	C.2.10.	-	-	(487)		(487)
Total comprehensive income (loss) for the year		**-**	**-**	**12,281**	**246**	**12,527**
RSU accruals	C.2.10.	-	3,382	(1,024)	-	2,358
RSU exercise	C.2.10.	7,975	(7,975)	-	-	-
Dividends paid[1]		-	-	-	-	-
Redemptions	C.2.14.	-	-	-	-	-
Other changes		461	-	-	-	461
Equity as at September 30, 2012		**42,626**	**5,805**	**355,708**	**879**	**405,018**
Equity as at October 1, 2010		**29,887**	**12,508**	**421,905**	**-**	**464,300**
Profit (loss) for the year		-	-	47,485	-	47,485
Currency translation reserve, net of hedging		-	-	-	633	633
Actuarial gains (losses)	C.2.10.		-	2,314	-	2,314
Total comprehensive income (loss) for the year		**-**	**-**	**49,799**	**633**	**50,432**
RSU accruals	C.2.10.	-	9,802	(4,799)	-	5,003
RSU exercise	C.2.10.	11,912	(11,912)	-	-	-
Dividends paid[1]		-	-	(122,454)	-	(122,454)
Redemptions	C.2.14.	(7,593)	-	-	-	(7,593)
Other changes		(16)	-	-	-	(16)
Equity as at September 30, 2011		**34,190**	**10,398**	**344,451**	**633**	**389,672**

1 *The Company paid € nil [2011 - € 1.47] per share as dividend.*

4. Consolidated statement of cash flows

€ '000 ǀ Year ended September 30	**Note**	**2012**	**2011**
Operating activities			
Net income for the year			
From continuing operations		12,768	52,481
From discontinued operations	C.4.4.	-	(4,996)
Add (deduct) items not affecting cash	C.4.3.	3,745	(26,327)
Changes in operating assets	C.4.3.	1,946,333	(1,506,416)
Changes in operating liabilities	C.4.3.	(1,907,675)	1,604,075
Other non-cash items included in net income		(138,126)	(58,210)
Net (gains) losses from investing activities		95	(94)
Net (gains) losses from financing activities		2,290	4,570
Net cash flows from operating activities		**(80,570)**	**65,083**
Investing activities			
Purchase of property, plant and equipment	C.2.7.	(778)	(2,100)
Purchase of intangible assets	C.2.7.	(1,246)	(4,987)
Proceeds from sale of property, plant and equipment		466	382
Net cash flows from investing activities		**(1,558)**	**(6,705)**
Financing activities			
Cash flows from subordinated debt		(1,481)	5,044
Cash flows from puttable shares		2,913	(4,401)
Redemption of shares		-	(7,593)
Dividends paid		-	(122,454)
Net cash flows from financing activities		**1,432**	**(129,404)**
Effect of exchange rate changes on cash and cash equivalents		2,292	281
Net increase (decrease) in cash and cash equivalents		**(78,404)**	**(70,745)**
Cash and cash equivalents, beginning of year		**127,174**	**197,919**
Cash and cash equivalents, end of year		**48,770**	**127,174**

For additional details about the consolidated statement of cash flows see note C.4.3.

C. Notes to the consolidated financial statements

1. General disclosures

1.1. Corporate information

Address and registered office:
Maple Financial Group Inc.
79 Wellington Street West
Suite 3500
Toronto, Canada M5K 1K7

(hereafter called "MFGI" or the "Company")

MFGI is a privately owned Canadian company that operates through subsidiaries primarily in Germany, the United States, Canada and the United Kingdom and is the ultimate parent company of the group. The Company is active in the equity, fixed income and associated derivatives trading markets in these locations, focused on providing structured solutions for the needs of its customers and market-neutral trading for its own account. The proprietary trading business is based on statistical models analyzing the relative value of securities, or the mispricing of related securities. The Company also has a secured lending business to support its structured customer business and a receivables financing as well as a securitization business in Canada. In order to meet the needs of the business lines, the Company has an active global securities finance business and a sophisticated treasury operation.

The consolidated financial statements were authorized for issue in accordance with a resolution of the board of directors on February 26, 2013.

1.2. Accounting policies

Basis of preparation

The consolidated financial statements of MFGI for the financial year ended September 30, 2012 have been prepared on a going concern basis and in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (together, "IFRS").

The Company adopted IFRS for the year ended September 30, 2012. For periods up to and including the year ended September 30, 2011, the Company prepared its consolidated financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). For a detailed overview of significant implications and effects from the transition, see note C.1.3.

The Company's functional currency is the Euro. Financial statements are presented in thousand Euro (€ '000), except where otherwise indicated.

The Company presents its statement of financial position in order of liquidity.

Use of estimates and assumptions

IFRS requires management to use estimates and assumptions that affect the recognition and measurement of positions reported in the consolidated financial statements. Future results could differ from those estimates.

The accounting for

- financial instruments (see note C.4.1.),
- income taxes (see note C.2.8. and C.3.7.),
- allowance for loan impairments (see note C.2.4.),
- employee benefits (see note C.2.10.),
- liabilities from puttable shares (see note C.2.13.), and
- contingent liabilities (see note C.4.6.)

are areas where management used such estimates and assumptions.

A significant discretionary decision in addition to estimates and assumptions when applying accounting and measurement methods is that the category "available-for-sale" is not used when accounting for debt financial instruments and quoted equity investments. The category "available-for-sale" is only used for unquoted equity investments. The Company does not designate any financial liability at fair value through profit or loss under the fair value option.

Summary of significant accounting policies

The following describes the significant accounting policies used by the Company:

Principles of consolidation

The consolidated statement of financial position includes assets, liabilities and results of operations of MFGI and its subsidiaries (including special purpose entities ["SPEs"]) after elimination of intercompany transactions and balances. Subsidiaries are entities that are controlled by the Company. In determining the scope of consolidated entities, control is determined if a company has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

SPEs are included in the scope of consolidated entities, when the substance of the relationship between an entity and the SPE indicates that the SPE is controlled by that entity.

The financial year end of all the consolidated entities is September 30, 2012. For a list of all consolidated entities see note C.4.8.

Foreign currency translation

The assets, liabilities, income and expenses of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which each subsidiary operates ("functional currency"). The consolidated financial statements are presented in Euro, which is the Company's presentation currency.

Transactions and balances in foreign currencies are translated in accordance with the principles set forth in IAS 21, "The Effects of Changes in Foreign Exchange Rates". The standard requires that all monetary assets and liabilities denominated in currencies other than the subsidiaries functional currency are translated at the spot exchange rate on the reporting date in the functional currency.

Income and expenses denominated in foreign currencies are translated at the spot exchange rate when they are recognized.

Foreign exchange gains and losses resulting from the settlement of foreign exchange transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in net revenue in the consolidated statement of comprehensive income, except for transactions that qualify as net investment hedges. The results of effective net investment hedges are recorded in other comprehensive income (“OCI”).

Where the functional currency of a subsidiary is not Euro, the subsidiary’s financial statements are translated into Euros. The subsidiary’s assets and liabilities are translated at spot exchange rates; income and expenses are translated at average exchange rates. Translation differences arising from the difference in exchange rates are included in OCI.

Classification and measurement of financial instruments

All financial instruments are initially recognized on a trade-date basis.

In accordance with IAS 39, “Financial Instruments: Recognition and Measurement”, the Company classifies each financial instrument in one of the following categories: financial asset or financial liability at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale investments and other financial liabilities. The available-for-sale category is only used for unquoted equity investments. The classification depends on the purpose and the business for which the financial assets are purchased or the financial liabilities are entered into.

The category financial asset or financial liability at fair value through profit or loss includes the subcategories financial asset or financial liability held for trading and financial asset or financial liability designated at fair value (fair value option). The Company classifies financial instruments as held for trading if either they are purchased or sold with the intention to sell or purchase in the near future or if they are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. The held for trading category is used for the majority of the securities, cash received or advanced under repurchase and reverse repurchase agreements and cash collateral received or advanced under securities lending agreements. Derivative financial instruments are classified as held for trading by definition, except for a derivative financial instrument that is a designated and effective hedge instrument. The Company designates financial assets at fair value if the financial assets are part of a portfolio which is managed and reported to senior management on a fair value basis. Financial instruments classified as held for trading or designated at fair value are measured at fair value.

Equity investments of the Company, which are classified as available-for-sale are those which are not classified as held for trading or designated at fair value through profit or loss. Such investments are subsequently measured at fair value, if a fair value can be reliably estimated, with resulting unrealized gains and losses recognized directly in equity (OCI). If the fair value cannot be reliably estimated, the investment continues to be recorded at cost. When the investment is disposed of, the cumulative gain or loss previously recognized in equity is recognized in comprehensive income. At each reporting date, the Company assesses whether there is objective evidence that the equity investment is impaired.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. An active market exists if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. Loans and receivables are recognized initially at fair value plus transaction costs and, thereafter, measured at amortized cost using the effective interest method, less impairment charges, if any.

Non-derivative financial instruments with fixed or determinable payments and fixed maturities are classified as held-to-maturity if the Company has the intention and ability to hold the investment to maturity. Financial instruments in this category are recognized initially at fair value plus any transaction costs and, thereafter, are measured at amortized cost using the effective interest method, less impairment charges, if any. The Company uses this category for bonds that are intended to be held to maturity and that are traded on an active market.

Financial liabilities other than those classified as held for trading are measured at amortized cost, using the effective interest method. The Company uses this category, for example, for customer deposits and subordinated debt.

Fair value measurement

Fair value is the amount which an asset could be exchanged for or a liability settled, between knowledgeable and willing parties in an arm's length transaction (other than in a forced or liquidation sale). Where fair values cannot be derived from active markets they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible. The objective of using such valuation techniques is to establish what the transaction price would have been on the measurement date in an arm's length transaction.

Where observable market data is not available, judgment is required to establish fair values and the nature of such judgment is subject to discretion. The Company discloses significant judgments and uncertainties in the applicable section of these notes.

Financial instruments measured at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is as follows:

Level 1 – Valuation based on quoted market prices.
Level 2 – Valuation based on observable market information as inputs.
Level 3 – Valuation based on significant un-observable market information as inputs.

The Company calculates fair values based on the following methods and assumptions:

Financial instruments where fair value is equal to carrying value - For certain financial assets and financial liabilities that are short-term in nature or contain variable rate features, fair value is based on the appropriate prevailing interest rates and/or credit curves. The carrying value of cash and cash equivalents, cash collateral advanced under securities lending agreements, cash advanced under reverse repurchase agreements, loans and receivables due from clients and from brokers and financial institutions, cash received under repurchase agreements, cash collateral received under securities lending agreements, due to clients and to brokers and financial institutions and liabilities from puttable shares corresponds to the fair value.

The fair value of fixed rate financial assets or financial liabilities with longer maturities is calculated using a discounted cash flow model with relevant observable market parameters.

Securities owned, securities owned and loaned or pledged as collateral, and securities sold short - fair value is based on quoted market prices (Level 1). Where quoted market prices are not readily available, quoted market prices of similar securities are used or other third-party evidence or by using valuation techniques that incorporate assumptions based primarily on observable market inputs (Level 2). For some securities, fair value calculations are based on significant input parameters not readily observable in the market (Level 3).

Derivative financial instruments - fair value is based on quoted market prices where available (Level 1). Otherwise, fair value is determined using valuation models that incorporate assumptions based on inputs observed in external markets, such as current market prices and the contractual prices of the underlying instruments, interest rate curves, credit curves, foreign exchange rates, as well as price and rate volatility factors (Level 2). When one or more significant inputs are not observable in the market, fair value is based using internal estimates and data, taking into account valuation policies in effect, economic conditions, the specific characteristics of the financial asset or financial liability or other relevant factors (Level 3). Fair value of derivative financial instruments is determined by taking into account credit risk, the financial capacity of counterparties, the measurement of the current or future market value of the transactions, as well as, credit risk mitigation measures.

Customer deposits and subordinated debt - fair value of customer deposits and subordinated debt is determined by discounting future contractual cash flows using market interest rates currently offered for similar financial instruments and that have the same term to maturity (Level 2).

The estimated fair value amounts are designed to approximate amounts at which the financial instrument could be exchanged in a transaction between knowledgeable and willing parties under normal conditions. However, certain of the Company's financial instruments lack an active trading market. Therefore, the fair value amounts shown are based on present value techniques which are affected by the assumptions used regarding the timing of future cash flows and discount rates, and reflect varying degrees of risk. As a result, the fair value amounts should not be interpreted as being necessarily realizable in the event of the immediate settlement of the instruments.

Trade-date profits or losses

Trade-date profits or losses are recognized when a calculated fair value, using accepted valuation models that are based on market observable parameters, differs from the transaction price at the time of initial recognition. These profits or losses are recognized in net gains (losses) from financial assets/liabilities at fair value through profit or loss and hedge accounting. Under IFRS, if there are significant unobservable inputs used in the valuation technique as of the trade-date, the financial instrument is recognized at the transaction price and any trade-date profit is deferred. The Company did not incur trade-date profits or losses resulting from significant unobservable market parameters.

Impairment of financial assets and allowances for loan losses

The Company maintains an allowance for loan losses which, in management's opinion, is considered adequate to absorb all incurred credit-related losses in its loan portfolios (incurred loss model).

A financial asset or a group of financial assets is impaired, and impairment losses are incurred, if

- there is objective evidence of impairment due to loan deterioration as a result of one or more events that occurred after the initial recognition of the asset (a "loss event"),
- that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets, and
- impairment losses can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant difficulties, increasing the probability of default or delinquency in interest or principal repayments or that they will enter into bankruptcy or other financial reorganization.

Losses expected as a result of future events, no matter how likely, are not recognized.

The present value of a fixed rate loan is determined by discounting the expected future cash flows using the financial asset's original effective interest rate. If the loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The Company provides an allowance for credit-related losses of individually significant loans by assessing the realizable value of collateral (if such collateral was provided) and expected future cash flows. Specific allowances are determined on an item-by-item basis and reflect the associated estimated credit loss and the amount which management considers necessary to reduce an impaired portfolio to its estimated realizable value.

Loans, which are individually significant but not impaired and loans which are not significant are analyzed collectively to determine if general allowances for credit losses have to be recognized to absorb incurred losses in the Company's portfolios whose effects are not yet evident.

Loans are written off against the associated allowance or income when the Company determines that no further efforts of recovery are justified and all collateral has been realized or transferred to the Company.

Repurchase and reverse repurchase agreements

Repurchase agreements consist of the sale of a security with a commitment to repurchase the security from the original purchaser at a specified price and date. The securities sold do not qualify for derecognition since the Company retains the risks and rewards of ownership (risk of change in fair value). Therefore, the Company continues to recognize these securities as financial instruments in the same category they were initially classified.

Securities purchased under reverse repurchase agreements consist of the purchase of a security with a commitment to resell the security to the original seller at a specified price and date. The securities purchased do not qualify for recognition since the Company does not incur any risks and rewards of ownership (risk of change in fair value).

Securities lending and borrowing agreements

Loaned securities continue to be recognized as financial instruments in the same category they were initially classified because the Company retains the risks and rewards of ownership (risk of change in fair value). For the same reason, borrowed securities are not recognized in the consolidated statement of financial position of the Company unless the borrowed securities are sold short to the market. In this case the obligation to return the securities is disclosed in securities sold short in the consolidated statement of financial position.

Securities borrowing and lending agreements are collateralized by securities or cash. Cash collateral advanced or received is recorded as an asset or liability, respectively.

Mortgage loans securitization

The Company purchases insured Canadian residential mortgage loans from third-party originators and periodically securitizes them through the Canada Mortgage and Housing Corporation-sponsored mortgage-backed securities and the Canada Mortgage Bond programs. At the time of transfer, the Company surrenders control of the transferred assets. The buyers do not have recourse to the Company's other assets. The transfer of the mortgage loans does not result in a derecognition of the mortgage loans from the Company's consolidated statement of financial position.

The mortgage loans continue to be classified as loans and receivables. The securitization transaction results in the recognition of securitization liabilities which are classified as other financial liabilities. The mortgage loans and the securitization liabilities are measured at amortized cost. The interest rate risk for both the mortgage loans and the securitization liabilities is hedged with interest rate swaps or other derivative financial instruments. For these transactions, hedge accounting is applied.

Derivative financial instruments and hedge accounting

Derivative financial instruments include futures, options, forwards and swaps transacted in the interest rate, foreign exchange, equity and credit markets. Under IAS 39, all derivatives are classified as held for trading, except when they are used for hedge accounting purposes.

Derivative financial instruments classified as held for trading are entered into by the Company to meet the needs of its clients or to hedge proprietary trading positions.

In order to manage interest rate risk from loans and receivables or other financial liabilities (primarily customer deposits and subordinated debt), the Company enters into interest rate derivatives which are designated in a fair value hedge. In order to qualify for hedge accounting, the hedging relationship is designated and formally documented at inception, outlining the risk management objective and strategy, the specific asset or liability being hedged and the method of assessing hedge effectiveness. The derivative and the underlying exposure must be highly and inversely correlated such that changes in the value of the derivative financial instrument will substantially offset the effects of the underlying exposure throughout the term of the hedging relationship.

Hedge accounting requires that gains, losses, revenues and expenses of a hedging instrument be recognized in the same period that the associated gains, losses, revenues and expenses of the hedged item are recognized.

Hedge effectiveness is assessed both at inception and on an on-going basis. Hedge ineffectiveness results when changes in the fair value of the derivative financial instruments used for hedging purposes differ from the changes in the fair value of the hedged item attributable to the hedged risk. The amount of ineffectiveness is recorded in net gains (losses) from financial assets/liabilities at fair value through profit or loss and hedge accounting.

The Company hedges its net investments in self-sustaining foreign operations to mitigate foreign exchange risk on its net investments in such operations. For these transactions, the Company designates derivative financial instruments to hedge net investments in self-sustaining foreign operations. The effective portion of the changes in fair value of the derivative financial instruments used for hedging purposes and based on changes in foreign exchange rates is included in OCI. When the net investments in self-sustaining foreign operations are reduced or sold, proportionate gains or losses in OCI are reclassified to income. The ineffective portion of the hedge transaction is recognized immediately in net revenue.

Employee benefits

A subsidiary of the Company sponsors a defined benefit pension plan for its employees. The cost of benefits earned by the employees participating in the defined benefit pension plan is actuarially determined using the projected unit credit method prorated on service and is charged to expense as services are rendered. This cost reflects management's best estimate of salary escalations, mortality of plan members, terminations and the ages at which members will retire. Actuarial gains and losses are recognized in OCI and reported in retained earnings in the same period.

The Company has a share-based compensation arrangement for its senior employees, which is governed by the Amended Executive Restricted Share Unit ["RSU"] Plan. The RSUs vest after a period of two to four years. After the vesting period, recipients of RSUs are entitled to exchange one RSU for one Class C common share of the Company. Certain of the Class C common shares are classified as puttable shares.

RSUs awarded are accounted for so that the fair value of the RSUs is accrued in employee compensation and benefits expense over the vesting period. The original fair value of RSUs is determined at the grant date. Fair value is based on observable transactions in shares of the Company. Observable transaction prices within a predetermined period prior to the reporting date are used to derive a valuation multiple (price/book multiple) that is used to determine the fair value of shares under the RSU plan on the grant date and the reporting date.

In cases where recipients of RSUs have the option to receive cash in lieu of shares (cash-settled plans) or will receive puttable shares, the amount of accrued employee compensation and benefits expense is recognized as a liability. This liability is remeasured at each reporting date at fair value for cash-settled plans and at the discounted future redemption amount for plans settled in puttable shares. In cases where recipients of RSUs will receive non-puttable shares (equity-settled plans), the amount of accrued employee compensation and benefits expense is added to contributed surplus without revaluation.

The RSU recipients are granted additional RSUs in lieu of dividends paid between the grant date and the exercise date based upon the number of outstanding unexercised RSUs. The value of the additional RSUs granted that is expected to be settled in stock is recorded in retained earnings with a corresponding credit to contributed surplus over the remaining vesting period. The value of the additional RSUs granted that are expected to settle in cash is accrued in employee compensation and benefits expense over the remaining vesting period and is revalued at each reporting date.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment, if any. Changes in the expected useful lives are accounted for by changing the amortization period or method. Depreciation is calculated using the straight-line or diminishing balance method to write down the cost of the assets to their residual values over their estimated useful lives as follows:

Computer hardware: 3 to 5 years
Furniture and equipment: 5 to 20 years

Property, plant and equipment are derecognized on disposal or when no future economic benefits are expected from their use.

Intangible assets

The Company’s intangible assets include computer software. An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company. Intangible assets are measured at cost on initial recognition. Subsequently, they are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful life of the computer software is finite. Consequently, computer software is amortized over the useful economic life (3 to 5 years). Changes in its expected useful life are accounted for by changing the amortization period or method and they are treated as changes in accounting estimates. Amortization is calculated using the straight-line method to write down the cost to the intangible asset’s residual value.

Current and deferred taxes

Income taxes are accounted for in accordance with IAS 12, “Income Taxes”. Accordingly, with only a few exceptions listed in this standard, deferred taxes are recognized for temporary differences between the carrying amount and the tax bases of assets and liabilities. Temporary differences result from different recognition and/or measurement methods between IFRS and the applicable tax code.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. Deferred tax assets are only recognized when it is probable that taxable profit will be available against the temporary difference that can be utilized.

Deferred tax assets and liabilities are recognized according to the underlying temporary difference. If the temporary difference results from amounts recognized in OCI, the tax impact is also recognized in OCI. Deferred taxes are not discounted.

The Company applies IAS 12 for income taxes and for the recognition and measurement of uncertain tax positions. Under IAS 12, applying a one-step approach, each uncertain tax position is recognized and the measurement reflects the likelihood of the position being realized. In specific tax cases, this approach could result in a binary decision, i.e., the Company can recover the whole amount or nothing.

Current and deferred tax assets and liabilities are presented on a net basis, if a legally enforceable right to set off the recognized amounts exists and it is the intention either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

<u>Other reserves</u>

Other reserves include exchange differences arising from the translation of foreign operations net of hedging and unrealized gains (losses) from the valuation of investments classified as available-for-sale.

Exchange differences on translation of foreign operations are set up to record changes from the translation of foreign currency assets or liabilities to the reporting currency without effecting profit or loss. This reserve also includes the effective portion of the gains or losses from hedges of net investments in foreign operations, net of income taxes.

<u>Puttable shares</u>

Under IAS 32, "Financial Instruments: Presentation" an equity instrument is defined as any contract that evidences a residual interest in the Company's assets after deducting all of its liabilities. A puttable equity instrument includes a contractual obligation of the Company to repurchase or redeem the equity for cash or another financial asset on exercise of the put. With only a few exceptions (IAS 32.16A) these instruments have to be included in liabilities and not in equity. This liability is classified as other financial liability and measured at amortized cost.

<u>Financial guarantees and loan commitments</u>

Financial guarantees (as defined in IAS 39) are initially recorded at fair value. The fair value at inception is equal to the premium received. Subsequently, these guarantees are measured at the higher of the amount determined in accordance with the provisions in IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognized, less, when appropriate, cumulative amortization recognized in accordance with IAS 18, "Revenue".

Loan commitments usually represent contingent liabilities and are not recognized in the Company's accounts. If required, the Company recognizes a provision in accordance with IAS 37.

For disclosure requirements in accordance with IFRS 7, "Financial Instruments: Disclosures", financial guarantees and loan commitments represent a separate class of financial instruments.

Components of net revenue in the consolidated statement of comprehensive income

Interest income and expense - For all financial instruments classified as loans and receivables, held-to-maturity and other financial liabilities, interest income and expense is recorded using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating the interest income or expense over the relevant period using the estimated cash flows. The estimated cash flows include all premiums and discounts as well as all fees associated with the financial instrument. If a derivative is designated in an effective hedge accounting relationship, the interest component of the derivative is also included in interest income or expense.

Commission income and expense - The commission income and expense includes all fees which are not associated with financial instruments classified as held for trading. The Company uses this position mainly for arrangement fees received for transactions between third parties. These fees are recognized on the completion of the transaction.

Net gains (losses) from financial assets/liabilities at fair value through profit or loss and hedge accounting - Results arising from trading activities include all gains and losses from changes in fair value and related interest income and dividends for all financial instruments classified as held for trading, as well as the valuation impacts from hedge accounting relationships. Dividend income is recognized when the Company's right to receive the payment is established.

Other income (expense) - Aggregates all other sources of income that are not recognized in any of the net revenue components above. This may include net gains (losses) from the sale or disposal of financial instruments classified as loans and receivables, other financial liabilities, as well as other income or other expense.

Standards issued but not yet mandatory

Currently, major revisions of existing accounting standards are being undertaken by the IASB. Related standards or amendments have already been issued or will be issued in the near future.

Generally, the Company has decided not to make use of early adoption alternatives of these standards where permitted.

Standards that have been issued and are not yet mandatory but could have a large impact on the Company's results are analyzed below:

IAS 19, "Employee Benefits"
In 2011, the IASB published a revised version of IAS 19. Entities are no longer permitted to apply the corridor method. Since the Company recognizes changes to defined benefit obligations directly in OCI, no impact is expected to arise from this revised standard. Additionally, changes relate to the classification and recognition of partial retirement plans.

Although the accounting method may change with the revised standard, the effect is not expected to be material. This revised standard will become effective for annual periods beginning on or after January 1, 2013. The Company has decided not to apply this standard before its effective date.

IAS 32, "Financial Instruments: Presentation" (amendment)
The IASB released an amendment to IAS 32 to clarify the application of the requirements to offset financial assets with financial liabilities. The amendments are effective for annual periods beginning on or after January 1, 2014 with early adoption permitted. The Company does not expect a significant impact on its accounting practices and has decided not to apply this standard before its effective date.

IFRS 7, "Financial Instruments: Disclosures"
The IASB published amendments to this standard that require information about all recognized financial instruments that are set off in accordance with paragraph 42 of IAS 32, "Financial Instruments: Presentation". The new requirements are effective for annual periods beginning on or after January 1, 2013. The Company does not expect a significant impact on its accounting practices as a result of this standard and has decided not to apply this standard before its effective date.

IFRS 9, "Financial Instruments: Classification and Measurement"
The IASB is currently reworking the accounting rules for financial instruments. The rules for classification and measurement were first published in 2009 (phase 1 of the project), comprehensive discussions are currently ongoing and, after issuing a first amendment in 2011, further modifications are being considered. Additionally, further phases of this project are still under development.

For phase 1, the Company expects a significant impact on the classification of financial instruments but not significant effects on measurement and, therefore, on profit or loss. The impact of phase 2 (impairment methodology) and phase 3 (hedge accounting) cannot be foreseen yet.

Phase 1 will become effective for annual periods beginning on or after January 1, 2015, with early adoption permitted. Due to the uncertainties connected with the ongoing process, the Company has decided not to adopt IFRS 9 before its stated effective date.

IFRS 10, "Consolidated Financial Statements"
IFRS 11, "Joint Arrangements"
IFRS 12, "Disclosure of Interests in Other Entities"

With these standards, the IASB has revised the principles of consolidation. The standards are effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company does not expect changes to its scope of consolidated entities or to the accounting methods of its subsidiaries. The Company has decided not to adopt the standards before their stated effective date.

IFRS 13, "Fair Value Measurement"
The IASB consolidated the rules for fair value measurement from different locations within multiple standards to this single standard, issued in 2011. The standard will be effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. Although IFRS 13 introduces new aspects to be regarded with the definition and disclosure of fair value measurements, major impacts are not expected. The Company has decided not to apply this standard before its stated effective date.

Annual Improvements May 2012: The following improvements of IFRS will not have an impact on the Company, but include:

IAS 1, “Presentation of Financial Statements”
This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

IAS 32, “Financial Instruments: Presentation”
This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

1.3. First-time adoption of IFRS

The Company has prepared previous consolidated financial statements in accordance with Canadian GAAP. Due to a decision by the Canadian Accounting Standards Board, requiring all publicly accountable entities (“PAEs”) to report under IFRS, the Company adopted the new accounting and reporting rules. Some of the Canadian subsidiaries of the Company are considered PAEs. Although the Company is not considered a PAE, it elected to follow IFRS in preparing its consolidated financial statements effective from October 1, 2011.

The Company prepared an IFRS opening consolidated statement of financial position as of October 1, 2010 (transition date). The first consolidated IFRS financial statements are prepared as of September 30, 2012, disclosing the opening consolidated statement of financial position for the date of transition and the comparative financial statements for September 30, 2011.

In the opening consolidated statement of financial position, the Company recognizes all assets and liabilities whose recognition is required according to IFRS. It does not recognize items as assets and liabilities if IFRS does not permit such recognition. Resulting adjustments from events and transactions before the date of transition to IFRS are recognized in retained earnings.

Estimates in accordance with IFRS at the date of transition are consistent with estimates for the same date in accordance with Canadian GAAP. Information received after the transition date is treated as a non-adjusting event.

Exemptions applied

In accordance with IFRS 1, the Company chose to apply exemptions from retrospective application of IFRS. The following exemptions were applied:

IFRS 2, “Share-based Payment”
There are no significant differences in the accounting treatment between Canadian GAAP and IFRS for the RSUs granted. The Company refrained from applying IFRS 2 retrospectively for transactions settled before October 1, 2010.

IFRS 3, “Business Combinations”
The Company decided to apply IFRS 3 prospectively from the date of transition. For entities within the scope of consolidation, the carrying amount of assets, liabilities and equity under Canadian GAAP were used for consolidation purposes. Where necessary, adjustments to IFRS have been made. All assets or liabilities that qualify for recognition under IFRS are included in the consolidated statement of financial position. Assets and liabilities that have been recognized under Canadian GAAP but do

not qualify for recognition under IFRS have been excluded. The scope of consolidated entities does not include any entity that has been purchased by exchanging equity interests.

IAS 21, “The Effect of Changes in Foreign Exchange Rates”
The Company has elected to set cumulative translation adjustments arising from the translation of foreign operations to € nil at the transition date. The existing OCI under Canadian GAAP was transferred to retained earnings.

IAS 23, “Borrowing Costs”
The capitalization of borrowing costs will be applied prospectively from the date of transition.

Effects from transition

The following tables provide a reconciliation of equity and total comprehensive income for the opening consolidated statement of financial position and for the comparative period between Canadian GAAP and IFRS.

Reconciliation of equity

€'000 l As at September 30	**Note**	**2011**	**2010**
Equity reported under Canadian GAAP		**415,887**	**492,563**
Adjustments to IFRS			
Classification and measurement of puttable shares	A	(25,923)	(27,744)
Amortization of fees paid for customer deposits	B	146	187
Classification of financial assets	C	178	39
Hedge accounting	D	(406)	(745)
Securitization	E	(210)	-
Equity reported under IFRS		**389,672**	**464,300**

Reconciliation of total comprehensive income

€'000 l Year ended September 30	**Note**	**2011**
Total comprehensive income under Canadian GAAP		**54,153**
Adjustments to IFRS		
Classification and measurement of puttable shares	A	(3,948)
Amortization of fees paid for customer deposits	B	(41)
Classification of financial assets	C	139
Hedge accounting	D	339
Securitization	E	(210)
Total comprehensive income under IFRS		**50,432**

Most of the adjustments between the financial statements under Canadian GAAP and IFRS are caused by reclassifications to comply with changed presentation and classification rules.

The following tables show the reconciliation of the consolidated statement of financial position for the date of transition and the previous period, as well as the consolidated statement of comprehensive income for the previous period between Canadian GAAP and IFRS.

All amounts in thousands, except where otherwise noted 21

Consolidated statement of financial position **€ millions ǀ As at October 1, 2010**	**Note**	**Canadian GAAP**	**Changes**	**IFRS**
Assets				
Cash and cash equivalents	F	157.9	40.0	197.9
Securities owned	C, G, S, T	4,051.2	(2,397.0)	1,654.2
Securities owned and loaned or pledged as collateral	G	-	2,227.0	2,227.0
Derivative financial instruments		268.2	-	268.2
Cash advanced under reverse repurchase agreements		647.4	-	647.4
Cash collateral advanced under securities lending agreements	H	-	1,856.5	1,856.5
Loans and receivables due from clients	D, Q	186.7	(7.7)	179.0
Loans and receivables due from brokers and financial institutions	C, F, H	2,110.1	(1,872.1)	238.0
Other receivables	I	263.1	(263.1)	-
Other financial instruments	T	-	0.9	0.9
Property, plant and equipment	J	-	4.2	4.2
Intangible assets	J	-	1.7	1.7
Other assets	I, J	6.0	19.7	25.7
Current tax assets	I	-	237.5	237.5
Deferred tax assets	I	-	9.5	9.5
Total assets		**7,690.6**	**(142.9)**	**7,547.7**
Liabilities				
Bank loans	K	5.1	(5.1)	-
Securities sold short	S	1,427.3	(147.1)	1,280.2
Derivative financial instruments		354.4	-	354.4
Cash received under repurchase agreements		1,838.5	-	1,838.5
Cash collateral received under securities lending agreements	H	-	1,386.7	1,386.7
Due to clients	Q	136.2	(7.2)	129.0
Due to brokers and financial institutions	H, K	1,488.1	(1,376.5)	111.6
Customer deposits	D	1,752.0	0.3	1,752.3
Accounts payable and other liabilities	L, U	162.4	(54.8)	107.6
Provisions	L	-	3.3	3.3
Current tax liabilities	L	-	39.4	39.4
Deferred tax liabilities	L	-	16.7	16.7
Subordinated debt	U	34.0	5.3	39.3
Liabilities from puttable shares	A	-	24.4	24.4
Total liabilities		**7,198.0**	**(114.6)**	**7,083.4**
Equity				
Share capital	A	30.7	(0.8)	29.9
Contributed surplus	A	16.7	(4.2)	12.5
Retained earnings	A, M	486.6	(64.7)	421.9
Other reserves	M	(41.4)	41.4	-
Total equity		**492.6**	**(28.3)**	**464.3**
Total liabilities and equity		**7,690.6**	**(142.9)**	**7,547.7**

All amounts in thousands, except where otherwise noted 22

Consolidated statement of financial position **€ millions ǀ As at September 30, 2011**	**Note**	**Canadian GAAP**	**Changes**	**IFRS**
Assets				
Cash and cash equivalents		127.2	-	127.2
Securities owned	C, G, S, T	4,617.4	(2,553.1)	2,064.3
Securities owned and loaned or pledged as collateral	G	-	2,165.1	2,165.1
Derivative financial instruments		178.4	-	178.4
Cash advanced under reverse repurchase agreements		2,556.7	-	2,556.7
Cash collateral advanced under securities lending agreements	H	-	1,273.8	1,273.8
Loans and receivables due from clients	D, Q	139.6	(5.1)	134.5
Loans and receivables due from brokers and financial institutions	C, H	1,428.5	(1,253.8)	174.7
Securitized assets	E	-	39.2	39.2
Other receivables	I	304.3	(304.3)	-
Other financial instruments	T	-	0.9	0.9
Property, plant and equipment	J	-	4.6	4.6
Intangible assets	J	-	5.9	5.9
Other assets	I, J, R	10.7	2.8	13.5
Current tax assets	I	-	268.3	268.3
Deferred tax assets	I	-	24.9	24.9
Total assets		**9,362.8**	**(330.8)**	**9,032.0**
Liabilities				
Bank loans	K	53.6	(53.6)	-
Securities sold short	S	1,247.7	(369.0)	878.7
Derivative financial instruments	E	268.3	(0.4)	267.9
Cash received under repurchase agreements		4,261.5	(0.1)	4,261.4
Cash collateral received under securities lending agreements	H	-	599.3	599.3
Due to clients	Q	183.6	(7.5)	176.1
Due to brokers and financial institutions	H, K, W	848.1	(533.0)	315.1
Customer deposits	D	1,949.3	(0.2)	1,949.1
Liabilities from securitization transactions	E	-	38.8	38.8
Accounts payable and other liabilities	L, R, U, W	94.8	(16.8)	78.0
Provisions	L	-	0.8	0.8
Current tax liabilities	L	-	7.8	7.8
Deferred tax liabilities	L	-	0.7	0.7
Subordinated debt	U	40.0	5.3	45.3
Liabilities from puttable shares	A	-	23.3	23.3
Total liabilities		**8,946.9**	**(304.6)**	**8,642.3**
Equity				
Share capital	A	39.6	(5.4)	34.2
Contributed surplus	A	13.8	(3.4)	10.4
Retained earnings	A	362.2	(17.7)	344.5
Other reserves		0.3	0.3	0.6
Total equity		**415.9**	**(26.2)**	**389.7**
Total liabilities and equity		**9,362.8**	**(330.8)**	**9,032.0**

All amounts in thousands, except where otherwise noted 23

Consolidated statement of comprehensive income € millions ǀ Year ended September 30, 2011	Note	Canadian GAAP	Changes	IFRS
Interest income	C, D, O	9.3	21.9	31.2
Interest expense	B	59.9	0.3	60.2
Charges for (recovery of) loan impairment	V	-	(1.3)	(1.3)
Net interest income (expense) after loan impairment charges		(50.6)	22.9	(27.7)
Commission income	P	-	8.9	8.9
Commission expense	P	-	0.5	0.5
Net commission income (expense)		-	8.4	8.4
Net gains (losses) from financial assets/liabilities at fair value through profit or loss and hedge accounting	E, O, P, V	136.8	(34.6)	102.2
Other income (expense)	A, P	-	0.8	0.8
Net Revenue		**86.2**	**(2.5)**	**83.7**
Employee compensation and benefits	N	62.6	4.9	67.5
Administrative and general		7.8	0.1	7.9
Computer and communication		8.7	-	8.7
Occupancy		3.6	-	3.6
Professional and consulting fees		8.6	-	8.6
Depreciation and amortization		2.1	-	2.1
Total operating expenses		**93.4**	**5.0**	**98.4**
Profit (loss) before taxes		**(7.2)**	**(7.5)**	**(14.7)**
Tax expense (income)	N	(66.0)	(1.2)	(67.2)
Profit (loss) from discontinued operations, net of tax		(5.0)	-	(5.0)
Profit (loss) for the year		**53.8**	**(6.3)**	**47.5**
Other comprehensive income (loss)				
Exchange difference on translation of foreign operations, net of hedging		0.3	0.2	0.5
Actuarial gains (losses) in defined benefit pension schemes	N	-	3.4	3.4
Other comprehensive income (loss) for the year, before tax		**0.3**	**3.6**	**3.9**
Tax expense (income) relating to components of other comprehensive income	N	-	1.0	1.0
Other comprehensive income (loss) for the year, net of tax		**0.3**	**2.6**	**2.9**
Total comprehensive income (loss) for the year		**54.1**	**(3.7)**	**50.4**

All amounts in thousands, except where otherwise noted 24

Notes to the reconciliation of equity and total comprehensive income

A – IFRS requires that those shares which include a contractual obligation for the issuer to repurchase or redeem the instrument for cash or another financial asset at the option of the holder be classified as a financial liability. Dividends paid on these puttable shares and changes in the redemption amount are recognized in other income (expense). This adjustment also corrects the classification reflected in our Canadian GAAP financial statements.

B – IFRS requires brokerage fees paid for long-term deposits classified as other liabilities be capitalized and included in interest expense based on effective interest method. Canadian GAAP granted the option to recognize these expenses in income when incurred.

C – The Company classifies a bond position as loans and receivables under IFRS, whereas the position had been designated as trading under Canadian GAAP. Consequently, this position is remeasured at amortized cost and interest based on the effective interest method is included in interest income under IFRS.

D – Adjustment relates to hedge accounting relationships designated under Canadian GAAP that were terminated before date of transition or not compliant under IFRS.

E – IFRS requires recognizing mortgage loans the Company has sold to securitization conduits in the consolidated statement of financial position, because the securitizations do not meet the criteria for derecognition. Under Canadian GAAP, these loans were derecognized and a gain or loss on the sale was recorded.

F – Under IFRS, the Company classifies cash on hand, demand deposits and highly liquid investments that are readily convertible into cash as "cash and cash equivalents". Under Canadian GAAP, demand deposits were included in "loans and receivables due from broker and financial institutions".

G – Under Canadian GAAP, the Company disclosed all securities owned as "trading securities owned", whereas, IFRS requires separate disclosure of securities owned which the Company has loaned or pledged and where the transferee has the right to sell or re-pledge in the absence of the default of the Company.

H – Under IFRS, the Company shows cash collateral advanced or received under securities lending agreements in a separate line in the consolidated statement of financial position. Under Canadian GAAP, these balances were included in "loans and receivables due from brokers and financial institutions" or "due to brokers and financial institutions".

I – Under Canadian GAAP, "other receivables" included current and deferred tax assets and other assets. Under IFRS, these balances are shown separately in the consolidated statement of financial position.

J – Under Canadian GAAP, intangible assets and property, plant and equipment were included in "capital and other assets". Under IFRS, these balances are shown separately in the consolidated statement of financial position.

K – Under IFRS, "bank loans" are included in "due to brokers and financial institutions".

L – Under Canadian GAAP, provisions as well as current and deferred tax liabilities were included in "accounts payable and accrued liabilities". Under IFRS, these balances are shown separately in the consolidated statement of financial position.

M – Under Canadian GAAP, the Company recognized foreign exchange translation differences in a separate component of equity. Under IFRS, the Company elected to set cumulative foreign exchange differences to € nil in the opening consolidated statement of financial position. The resulting adjustment was recognized against retained earnings.

N – Actuarial gains and losses recorded under Canadian GAAP in employee compensation and benefits in the consolidated statement of comprehensive income are recorded under IFRS, net of tax, in other comprehensive income.

O – Under Canadian GAAP, the Company included interest paid or received in derivative financial instruments designated in effective hedge accounting relationships in "net trading and other income". Under IFRS, these are shown in interest income or interest expense.

P – Under Canadian GAAP, the Company included commission income and expense, gains and losses from trading and hedge accounting and other income and expenses in "net trading and other income". Under IFRS, these components are shown separately in the consolidated statement of comprehensive income.

Q – Under IFRS, the Company includes specific receivables from clients in due from clients on a net basis in the consolidated statement of financial position. Under Canadian GAAP, specific receivables were shown on a gross basis in due from clients and due to clients.

R – Under IFRS, the liability and corresponding receivable for accrued compensation cost from the Company's RSU plan is included in "accounts payable and other liabilities" and "other assets", respectively. Under Canadian GAAP, these balances were netted in "accounts payable and other liabilities".

S – Under IFRS, the Company presents individual securities owned, securities owned and loaned or pledged as collateral and securities sold short by company in the consolidated statement of financial position. These positions were previously shown by company and individual trading strategy.

T – Under IFRS, the Company classifies an unquoted equity security as available-for-sale, whereas, this security was designated as trading under Canadian GAAP.

U – Under IFRS, the Company includes hedge adjustments and interest accruals on subordinated debt in the consolidated statement of financial position as "subordinated debt". Under Canadian GAAP, these balances were included in "accounts payable and other liabilities".

V – Under IFRS, the Company includes all income and expenses related to loan impairments in "charges for (recovery of) loan impairment". Under Canadian GAAP, certain amounts related to loan impairments were also included in "net trading and other income".

W – Under IFRS, the Company discloses liabilities from unsettled trades in "due to brokers and financial institutions". Under Canadian GAAP, certain amounts were included in "accounts payable and other liabilities".

Consolidated statement of cash flows

The consolidated statement of cash flows prepared under Canadian GAAP was based on the same principles and presentation methods as required by IFRS. The Company continues to present cash flows using the indirect method.

With the transition to IFRS, the Company decided to reclassify effects from repurchase and securities lending agreements, previously classified as cash flows from financing activities, to cash flows from operating activities. Additionally, the change in securities sold short and customer deposits were reclassified from cash flows from investing activities to cash flows from operating activities.

2. Consolidated statement of financial position related disclosures

2.1. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and highly liquid investments that are readily convertible to cash and which are subject to an insignificant risk of change in value.

2.2. Securities

Securities owned, securities owned and loaned or pledged as collateral, and securities sold short include money market, fixed income, and equity instruments. Securities owned are classified as held for trading or designated at fair value, Securities owned and loaned or pledged as collateral, and Securities sold short are classified as held for trading.

The following table shows the fair value of securities owned, and securities owned and loaned or pledged as collateral by product type:

€ ´000	**2012**	**2011**	**October 1, 2010**
Securities owned			
Money market	14	6	-
Fixed income	768,539	1,274,443	938,857
Equities	456,122	789,824	715,323
Total	**1,224,675**	**2,064,273**	**1,654,180**
Securities owned and loaned or pledged as collateral			
Money market	-	94,399	263,191
Fixed income	1,398,387	1,919,031	1,816,923
Equities	103,878	151,723	146,861
Total	**1,502,265**	**2,165,153**	**2,226,975**

Securities owned include fixed income instruments designated at fair value of € 191,959 [2011 – € 177,575; 2010 – € 177,371].

Securities owned and loaned or pledged as collateral include debt or equity instruments given as collateral where the receiver has the right by contract or custom to sell or repledge the collateral.

All amounts in thousands, except where otherwise noted 27

The following table shows the fair value of securities sold short by product type:

€ '000	2012	2011	October 1, 2010
Securities sold short			
Money market	94	94,482	142,404
Fixed income	407,140	280,550	468,423
Equities	881,201	503,692	669,353
Total	**1,288,435**	**878,724**	**1,280,180**

2.3. Derivative financial instruments

The Company enters into derivative transactions for trading and hedging purposes. These transactions include options, futures, forwards and swaps.

Options are contracts which give the acquirer, for a fee, the right, but not the obligation, to buy or sell within a limited time a financial instrument or foreign currency at a contracted price.

Futures and forward contracts are commitments to buy or sell at a future date a derivative financial instrument, equity, bond, commodity or foreign currency at a contracted price and may be settled through cash or physical delivery.

Swaps are contracts that involve commitments between two parties to exchange a series of cash flows based on a notional principal amount.

In interest rate swaps, the parties will exchange a fixed for a floating interest payment based on a single currency. Interest rate swaps also include the exchange of the total return on a bond for an interest amount based on a short-term interest rate applied to the notional amount. For cross-currency interest rate swaps, principal amounts and fixed and floating interest payments are exchanged in different currencies.

In equity swaps, counterparties exchange, over an agreed period, the change in value of an equity security or basket of equity securities, plus dividends, if any, for an interest amount based on a short-term interest rate applied to the notional amount.

Credit derivatives are contracts that allow one party to transfer credit risk of a reference asset to one or more other parties. A credit default swap is a contract whereby the seller will pay, or the buyer will receive, a payment only if a specified credit event occurs. Typical credit events are bankruptcy, insolvency, credit downgrade or failure to make a required scheduled payment. The Company is a buyer and seller of credit derivatives on bonds of individual companies and diversified portfolios of bonds.

All amounts in thousands, except where otherwise noted 28

The following table presents the fair value of derivative financial instruments by product type:

€ '000	**2012**	**2011**	**October 1, 2010**
Trading derivative financial instruments - assets			
Foreign currency products	2,871	8,423	19,994
Interest rate products	18,945	21,723	6,474
Equity products	13,726	86,367	167,860
Credit default products	658	5,784	-
	36,200	122,297	194,328
Hedging derivative financial instruments - assets			
Foreign currency products	440	5,384	6,439
Interest rate products	52,751	50,735	67,385
	53,191	56,119	73,824
Derivative financial instruments – assets	**89,391**	**178,416**	**268,152**
Trading derivative financial instruments - liabilities			
Foreign currency products	3,841	2,439	495
Interest rate products	51,069	99,644	71,865
Equity products	151,177	155,839	280,708
Credit default products	2,661	2,081	-
	208,748	260,003	353,068
Hedging derivative financial instruments - liabilities			
Foreign currency products	2	5,949	851
Interest rate products	2,500	1,967	456
	2,502	7,916	1,307
Derivative financial instruments – liabilities	**211,250**	**267,919**	**354,375**

The interest rate products designated in effective hedge accounting relationships consist mainly of interest rate swaps and swaptions. The Company applies micro fair value hedge accounting. The foreign currency products designated in a hedge of net investments in foreign operations consist mainly of foreign exchange forward contracts.

The following table presents the notional amounts of derivative financial instruments:

€ '000	**2012**	**2011**
Foreign currency products	1,059,021	1,146,566
Interest rate products	6,867,891	11,143,682
Equity products	1,098,202	2,033,544
Credit default products	1,734,900	601,909
Total	**10,760,014**	**14,925,701**

All amounts in thousands, except where otherwise noted 29

Fair value hedges

With the use of fair value hedging instruments, the following amounts have been recognized in profit or loss:

€ '000	2012	2011
Gains (losses) on hedging instruments	6,878	(27,402)
Gains (losses) on hedged items attributable to the hedged risk	(6,318)	27,215
Total	**560**	**(187)**

2.4. Loans and receivables

Loans and receivables and the related allowances for loan impairments are presented net in the consolidated statement of financial position. The following table shows the associated gross amounts:

€ '000	2012	2011	October 1, 2010
Loans and receivables due from clients	225,249	198,146	243,146
Allowance for loan impairments	16,000	63,695	64,088
Net loans and receivables due from clients	**209,249**	**134,451**	**179,058**
Loans and receivables due from brokers and financial institutions	114,785	201,475	264,744
Allowance for loan impairments	-	26,762	26,762
Net loans and receivables due from brokers and financial institutions	**114,785**	**174,713**	**237,982**
Securitized assets	573,234	39,184	-
Allowance for loan impairments	-	-	-
Net securitized assets	**573,234**	**39,184**	**-**
Total net loans and receivables	**897,268**	**348,348**	**417,040**

Loans and receivables due from clients arise primarily from the Company's collateralized lending business. Due from brokers and financial institutions include unsettled trades, cash collateral advanced for derivatives and margin for repurchase agreements, as well as other broker balances. Securitized asset details are presented in note C.2.5.

All amounts in thousands, except where otherwise noted 30

The continuity of allowances for loan impairments from lending businesses is shown in the following table:

€ '000	Due from clients	Due from brokers and financial institutions
Allowance for loan impairments as at October 1, 2011	**63,695**	**26,762**
Provision for loan impairments	1,764	-
Recoveries	(3,100)	(1,467)
Amounts written off	(47,878)	(25,295)
Foreign currency translation effects and other	1,519	-
Allowance for loan impairments as at September 30, 2012	**16,000**	**-**
Allowance for loan impairments as at October 1, 2010	**64,088**	**26,762**
Provision for loan impairments	1,651	-
Recoveries	(2,937)	-
Amounts written off	(313)	-
Foreign currency translation effects and other	1,206	-
Allowance for loan impairments as at September 30, 2011	**63,695**	**26,762**

2.5. Securitized assets and liabilities from securitization transactions

The following table presents the carrying value of securitized assets and liabilities from securitization transactions:

€ '000	2012	2011	October 1, 2010
Securitized assets, mortgage loans			
Principal amount	555,636	38,170	-
Accrued interest	727	63	-
Unamortized premium paid	14,688	951	-
Hedge adjustment	2,183	-	-
Total	**573,234**	**39,184**	**-**
Liabilities from securitization transactions, mortgage bonds issued			
Principal amount	559,841	38,398	-
Accrued interest	366	28	-
Unamortized premium received	2,034	170	-
Hedge adjustment	3,412	233	-
Total	**565,653**	**38,829**	**-**

All amounts in thousands, except where otherwise noted 31

2.6. Other financial instruments and other assets

Other financial instruments include the following items:

€ '000	2012	2011	October 1, 2010
Financial assets held-to-maturity	19,031	-	-
Financial assets available-for-sale	1,028	925	926
Total	**20,059**	**925**	**926**

The financial assets available-for-sale are unquoted equity instruments and are measured at cost. Because there is no market, fair value cannot be reliably measured for these instruments. The Company does not intend to dispose of these instruments in the near term.

Other assets include the following items:

€ '000	2012	2011	October 1, 2010
Interest receivable on current tax assets	15,471	-	8,625
RSU receivable	3,185	6,698	9,538
Other	10,869	6,836	7,573
Total	**29,525**	**13,534**	**25,736**

2.7. Intangible assets and property, plant and equipment

Intangible assets include software purchased from third parties. Property, plant and equipment include computer hardware, furniture and equipment. The continuity of intangible assets and property, plant and equipment are shown below:

€ '000	Intangible assets	Property, plant and equipment
Carrying value as at October 1, 2011	**5,946**	**4,607**
Additions	1,246	778
Disposals	2,680	467
Depreciation and amortization	1,091	1,316
Foreign currency translation effect	54	111
Carrying value as at September 30, 2012	**3,475**	**3,713**
Gross carrying value as at September 30, 2012	**10,279**	**16,028**
Accumulated depreciation and amortization	6,804	12,315
Carrying value as at September 30, 2012	**3,475**	**3,713**

All amounts in thousands, except where otherwise noted 32

€ '000	Intangible assets	Property, plant and equipment
Carrying value as at October 1, 2010	**1,720**	**4,152**
Additions	4,987	2,100
Disposals	-	194
Depreciation and amortization	775	1,467
Foreign currency translation effect	14	16
Carrying value as at September 30, 2011	**5,946**	**4,607**
Gross carrying value at September 30, 2011	**11,660**	**15,487**
Accumulated depreciation and amortization	5,714	10,880
Carrying value as at September 30, 2011	**5,946**	**4,607**

For 2011, the table contains € 113 of depreciation expense of property, plant and equipment for discontinued operations which is shown separately in the consolidated statement of comprehensive income. See note C.4.4.

There were no impairment losses for property, plant and equipment or for intangible assets.

2.8. Current and deferred tax assets and liabilities

Included in the consolidated statement of financial position are current tax assets of € 406,468 [2011 - € 268,269; 2010 - € 237,503] and current tax liabilities of € 7,704 [2011 - € 7,781; 2010 – € 39,434]. Current tax assets include € 376,473 of withholding tax credits which are receivable from local tax authorities [2011 – € 244,733; 2010 – € 234,424].

The following table shows deferred tax assets and deferred tax liabilities recorded in the consolidated statement of financial position and deferred tax expense (income) recorded in the consolidated statement of comprehensive income:

€' 000	Deferred tax assets	Deferred tax liabilities	Tax expense (income)	Deferred tax assets	Deferred tax liabilities	Tax expense (income)	Deferred tax assets	Deferred tax liabilities
	2012	**2012**	**2012**	**2011**	**2011**	**2011**	**2010**	**2010**
Loss carryforward	9,773	-	(2,310)	7,357	-	(7,357)	-	-
Employee benefits	15,206	(316)	(4,829)	10,606	-	(3,835)	6,780	-
Loan impairment	1,635	(106)	6,404	7,929	-	(8,502)	1,900	2,771
Accounts payable	-	-	-	-	-	(13,658)	-	13,658
Securities and derivatives	505	-	(1,028)	-	552	408	-	112
Other assets	(1,065)	-	1,065	-	-	-	-	-
Securitization	-	2,895	2,795	-	-	-	-	-
Actuarial valuation	(857)	-	-	(1,085)	-	-	-	-
Other timing differences	254	22	(314)	62	111	771	834	142
Total	**25,451**	**2,495**	**1,783**	**24,869**	**663**	**(32,173)**	**9,514**	**16,683**

All amounts in thousands, except where otherwise noted 33

Included in OCI is deferred tax expense (income) resulting from actuarial gains (losses) in defined pension schemes of (€ 228) [2011 - € 1,085].

Deferred tax assets totaling € 9,773 [2011 – € 7,357] on losses carried forward have been recognized in subsidiaries that incurred losses in 2011 or 2012, and the utilization of such deferred tax asset is dependent on future taxable profits in excess of the reversal of temporary differences. The Company has estimated future earnings based on a three-year forecast which includes the implementation of new strategies. The losses arise from identifiable causes and are non-recurring. The Company's management is of the opinion that future earnings projections are realistic.

The following table shows the amounts and expiry dates of unused tax losses where no deferred taxes are recorded:

€' 000

Year of expiry	**2012**	**2011**
2022	2,967	2,866
2023	5,816	7,041
2024	1,558	1,505
2025	3,818	2,264
2029	351	167
2030	1,797	1,617
2031	-	168
2032	10,012	-
Unlimited	5,707	-
Total	**32,026**	**15,628**

The Company has temporary differences of € nil [2011 - € 15,279] on which it has not recorded deferred tax assets.

All amounts in thousands, except where otherwise noted 34

2.9. Other financial liabilities

The following disclosures summarize liabilities classified as other liabilities (measured at amortized cost), which include due to clients, due to brokers and financial institutions, and customer deposits.

Due to clients and due to brokers and financial institutions

Due to clients and due to brokers and financial institutions include the following balances:

€ '000	**2012**	**2011**	**October 1, 2010**
Due to clients			
Cash collateral received for derivative financial instruments	-	102,400	31,901
Current accounts/overnight deposits	37,380	73,648	96,387
Other	40	28	738
Total due to clients	**37,420**	**176,076**	**129,026**
Due to brokers and financial institutions			
Unsettled trades	156,509	185,956	69,557
Current accounts/overnight deposits	68,651	52,286	17,571
Deposits with agreed maturity	27,160	53,341	-
Cash collateral received for derivative financial instruments	1,230	7,090	-
Cash collateral received for repurchase agreements	5,080	7,280	17,414
Other	3,158	9,188	7,095
Total due to brokers and financial institutions	**261,788**	**315,141**	**111,637**

Amounts arising from unsettled trades are due by the settlement date of the related trade transaction.

Customer deposits

The following table provides an analysis of customer deposits:

€ '000	**2012**	**2011**	**October 1, 2010**
Short-term customer deposits	1,329,803	1,539,244	1,156,167
Thereof: hedge adjustment	*601*	*1,547*	*2,746*
Long-term customer deposits	388,263	409,867	596,143
Thereof: hedge adjustment	*41,535*	*35,093*	*44,013*
Total	**1,718,066**	**1,949,111**	**1,752,310**

The interest rate risk of the customer deposits is economically hedged with interest rate swaps which are designated in an effective hedge accounting relationship.

The Company recognized a gain of € 192 [2011 - € nil] through early termination of customer deposits.

All amounts in thousands, except where otherwise noted 35

2.10. Accounts payable and other liabilities

Accounts payable and other liabilities include the following:

€ ‘000	2012	2011	October 1, 2010
Accounts payable	13,633	11,816	16,020
Employee benefits	65,562	66,163	91,621
Thereof: defined benefit pension plans	*14,922*	*12,499*	*14,240*
Thereof: RSUs	*8,584*	*18,700*	*23,950*
Total accounts payable and other liabilities	**79,195**	**77,979**	**107,641**

Accounts payable relate to goods or services that have been supplied and invoiced, but not paid yet.

Pension obligations

A subsidiary of the Company has a defined benefit pension plan, which is partially funded. The pension obligation is fully accrued. Actuarial valuations are prepared annually with the last measurement date of September 30, 2012. The subsidiary participates in a mandatory insurance scheme, which provides payments to employees in the event of default by the subsidiary.

Pension obligations, the breakdown of pension liabilities and assumptions used in computing defined pension benefits are as follows:

€ ‘000	2012	2011	October 1, 2010
Defined benefit obligation	16,133	13,662	15,284
Fair value of plan assets	1,211	1,156	1,009
Unrecognized past service cost	-	7	35
Net pension obligation	**14,922**	**12,499**	**14,240**

The continuity of the defined benefit obligation is as follows:

€ ‘000	2012	2011
Defined benefit obligation, beginning of year	13,662	15,284
Current service cost	1,017	1,106
Interest cost	738	672
Actuarial (gains) losses	716	(3,400)
Pension payments	-	-
Defined benefit obligation, end of year	**16,133**	**13,662**

Accumulated actuarial gains are € 2,684 [2011 – € 3,400].

The continuity of the fair value of plan assets is as follows:

€ ‘000	2012	2011
Fair value of plan assets, beginning of year	1,156	1,009
Actual return on plan assets	55	47
Contributions by employer	-	100
Fair value of plan assets, end of year	**1,211**	**1,156**

All amounts in thousands, except where otherwise noted 36

Plan assets relate to a qualified insurance policy that is committed to settle part of employees' pension claims. The expected return on the plan assets is equal to the expected return of the insurance policy. In the consolidated statement of financial position, the pension obligation is presented net of plan assets. The Company does not expect to contribute the defined benefit pension plan in 2013.

Pension expense for the defined benefit plan was as follows:

€ '000	**2012**	**2011**
Current service cost	1,017	1,106
Interest cost	738	672
Amortization of past service cost	7	27
Return on plan assets	(55)	(47)
Total pension expense for the year	**1,707**	**1,758**

Pension expense is included in employee compensation and benefits in the consolidated statement of comprehensive income.

The actuarial valuation is based on the mortality tables of Heubeck 2005. Additional assumptions are set out below:

Assumptions used	**2012**	**2011**	**2010**
Discount rate	4.2%	5.4%	4.4%
Rate of compensation increase	2.0%	3.5%	3.5%
Escalation of payment benefits	2.0%	2.0%	1.8%
Expected return on plan assets	4.2%	5.0%	4.0%

The defined pension obligation and pension plan assets are as follows:

€ '000	**2012**	**2011**
Defined benefit obligation	16,133	13,662
Pension plan assets	1,211	1,156
Deficit	**14,922**	**12,506**
Experience gain (loss) on:		
Pension plan liabilities	421	92
Pension plan assets	(3)	7

The Company recorded expenses in the amount of € 615 [2011 - € 606] for defined contribution plans to ensure post-retirement benefits for employees. Additionally, employees have the option to use salary and contribute into a deferred compensation plan or various external post-retirement benefit schemes. The Company invests these amounts in external funds and does not retain any financial obligations to employees.

Share-based compensation

The Company has a share-based compensation arrangement for senior employees. Upon vesting, recipients of RSUs are entitled to exchange one RSU for one Class C common share of the Company. Certain of the class C common shares are classified as puttable shares. It is expected that half of the RSUs will be settled in cash.

All amounts in thousands, except where otherwise noted 37

The continuity of RSUs granted, exercised and outstanding is shown below:

	Settled in			
Number of RSUs	**Cash**	**Equity**	**Puttable shares**	**Total**
RSUs outstanding as at October 1, 2011	**3,562,213**	**2,656,087**	**906,126**	**7,124,426**
RSUs granted during the year	-	-	-	-
RSUs exercised during the year	(2,236,132)	(1,498,936)	(737,196)	(4,472,264)
RSUs outstanding as at September 30, 2012	**1,326,081**	**1,157,151**	**168,930**	**2,652,162**
RSUs outstanding as at October 1, 2010	**4,690,940**	**3,469,698**	**1,221,242**	**9,381,880**
RSUs granted during the year				
Awards	485,842	316,912	168,930	971,684
In lieu of dividends paid	1,321,863	982,642	339,215	2,643,720
RSUs exercised during the year	(2,936,432)	(2,113,165)	(823,261)	(5,872,858)
RSUs outstanding as at September 30, 2011	**3,562,213**	**2,656,087**	**906,126**	**7,124,426**

There were no RSUs exercisable at September 30, 2012 [2011 - nil].

RSUs outstanding at September 30, 2012, are as follows:

Vesting date	**Number of RSUs awarded**	**Fair value at grant date (€ '000)**	**Fair value at reporting date (€ '000)**	**Fair value per share in €**
March 11, 2013	971,684	3,479	3,793	3.904
January 12, 2014	1,680,478	8,941	6,561	3.904

The remaining weighted average contractual life of outstanding RSUs is one year.

The accrual of vesting provisions resulted in compensation expense of € 8,034 [2011 - € 18,500], a credit to contributed surplus of € 3,382 [2011 - € 9,802], and a charge to retained earnings of € 1,024 [2011 - € 4,799]. The charge to retained earnings is for equity-settled RSUs awarded in lieu of dividends paid during the vesting period. The receivable and liability for accrued compensation cost is € 3,185 and € 8,584, respectively [2011 - € 6,698 and € 18,700, respectively]. The unaccrued compensation cost is € 2,894 [2011 - € 20,490].

The grant of RSUs for 2011 is contingent on the favourable resolution of the tax issue explained in note C.4.6. As stated in the note, the Company believes that the issue will be resolved in its favour and has started to accrue a liability related to the contingent grant of RSUs. If the tax audit issue is favourably resolved, 767,675 RSUs ["Notional RSUs"] with a two-year vesting period and a vesting date of January 24, 2014, will be granted. The fair value of these Notional RSUs is being accrued to employee compensation and benefits over the vesting period. The accrued amount is remeasured at each reporting date at fair value with the changes in fair value recognized in income over the vesting period. The fair value of these Notional RSUs at the contingent grant date and reporting date was € 3,332 and € 2,997, respectively. As at September 30, 2012, the accrued compensation expense and liability for Notional RSUs is € 1,124. The unaccrued compensation cost is € 1,873.

All amounts in thousands, except where otherwise noted 38

2.11. Provisions

The following table presents the movements of provisions by type:

€ '000	Litigation	Other provisions	Total
Provisions as at October 1, 2011	**119**	**720**	**839**
Amounts used	119	122	241
Amounts reversed	-	598	598
Provisions as at September 30, 2012	**-**	**-**	**-**
Provisions as at October 1, 2010	**1,140**	**2,192**	**3,332**
Additions		21	21
Amounts used	451	1,373	1,824
Amounts reversed	570	120	690
Provision as at September 30, 2011	**119**	**720**	**839**

2.12. Subordinated debt

The following table provides a breakdown of subordinated debt:

€ '000	2012	2011	October 1, 2010
Nominal	40,020	40,020	34,000
Hedge adjustment	5,026	3,764	4,071
Accrued interest	1,529	1,527	1,200
Total	**46,575**	**45,311**	**39,271**

The nominal amount of subordinated debt is eligible to be included in regulatory Tier 2 capital.

2.13. Liabilities from puttable shares

The following table presents the carrying value of issued puttable shares:

€ '000	2012	2011	October 1, 2010
Class A common shares, voting	20,507	19,968	24,398
Class C common shares, non-voting	6,475	3,295	-
Total	**26,982**	**23,263**	**24,398**

All amounts in thousands, except where otherwise noted

The continuity of issued puttable shares is shown in the following table:

	Common shares	
Number of puttable shares	**Class A**	**Class C**
As at October 1, 2011	**4,989,311**	**823,258**
RSUs exercised during the year	-	737,196
Redemptions	(47,000)	-
As at September 30, 2012	**4,942,311**	**1,560,454**
As at October 1, 2010	**4,999,311**	**-**
RSUs exercised during the year	-	823,258
Redemptions	(10,000)	-
As at September 30, 2011	**4,989,311**	**823,258**

2.14. Share capital

The following table presents the carrying value of issued share capital:

€ '000	**2012**	**2011**	**October 1, 2010**
Class A common shares, voting	8,958	8,957	7,650
Class C common shares, non-voting	26,827	18,853	5,154
Class D common shares, voting	2,245	2,245	3,116
Class D preference shares	4,596	4,135	13,967
Total	**42,626**	**34,190**	**29,887**

The Company has authorized an unlimited number of shares in all classes. Shares do not have a nominal value. All issued shares are fully paid. Class D preference shares have no stated dividend rate and are redeemable at one Canadian dollar per share.

The continuity of issued share capital is shown in the following table:

	Common shares			Preference
Number of shares	**Class A**	**Class C**	**Class D**	**shares**
As at October 1, 2011	**37,668,750**	**48,308,534**	**4,028,769**	**5,814,103**
RSUs exercised during the year	-	1,498,936	-	-
As at September 30, 2012	**37,668,750**	**49,807,470**	**4,028,769**	**5,814,103**
As at October 1, 2010	**47,106,240**	**35,195,366**	**5,591,279**	**19,562,021**
RSUs exercised during the year	-	2,113,168	-	-
Redemptions	-	-	-	(10,635,228)
Conversions	(9,437,490)	11,000,000	(1,562,510)	(3,112,690)
As at September 30, 2011	**37,668,750**	**48,308,534**	**4,028,769**	**5,814,103**

The board of directors has authorized the issuance of 2,652,162 shares or puttable shares by awarding RSUs and 767,675 shares by awarding Notional RSUs. For more details about the Company's RSU plan, refer to note C.2.10.

All amounts in thousands, except where otherwise noted 40

The Company does not hold any treasury shares.

No dividend was proposed or declared for the financial year ended on September 30, 2012 before authorization of the consolidated financial statements.

3. Consolidated statement of comprehensive income related disclosures

3.1. Interest income and expense

Interest income includes interest earned on the Company's loan portfolios and hedging derivative financial instruments.

The following table shows the components of interest income:

€ '000	2012	2011
Cash and cash equivalents	371	924
Loans and receivables due from clients	22,055	10,032
Loans and receivables due from brokers and financial institutions	587	958
Securitized assets	5,182	258
Other financial instruments	179	-
Interest from hedging derivative financial instruments	13,397	19,072
Other	553	1
Total	**42,324**	**31,245**

Interest income from financial instruments classified as loans and receivables includes commissions and fees that are part of an effective interest rate and are therefore not presented as commission income or expense.

Interest income includes € 7 [2011 - € 139] from impaired financial instruments measured at cost.

The following table shows the components of interest expense:

€ '000	2012	2011
Due to clients	241	-
Due to brokers and financial institutions	1,338	821
Customer deposits	45,150	56,880
Liabilities from securitization transactions	3,521	132
Subordinated debt	2,370	2,350
Interest from hedging derivative financial instruments	988	-
Total	**53,608**	**60,183**

3.2. Charges for (recovery of) loan impairment

The charges for (recovery of) loan impairment of € (2,803) [2011 - € (1,286)] include provisions for loan impairment of € 1,764 [2011 – € 1,651] and recoveries of € 4,567 [2011 – € 2,937]. A detailed analysis of loan impairment is presented in notes C.2.4. and C.5.1.

All amounts in thousands, except where otherwise noted 41

3.3. Commission income and expense

Commission income of € 4,734 [2011 - € 8,928] includes € 3,572 [2011 - € 6,721] of revenues from the Company acting as agent in the purchase and sale of fixed income instruments.

3.4. Net gains (losses) from financial assets/liabilities at fair value through profit or loss and hedge accounting

Net gains (losses) from financial assets/liabilities at fair value through profit or loss and hedge accounting include the following items:

€ '000	2012	2011
Customer business	2,729	24,684
Securities finance	30,526	34,350
Proprietary trading	41,300	6,464
Other	15,025	35,097
Net gains (losses) from trading	89,580	100,595
Net gains (losses) from financial assets designated at fair value through profit or loss	3,661	1,794
Net gains (losses) from fair value hedge accounting	560	(187)
Total	**93,801**	**102,202**

The net gains (losses) from financial assets designated at fair value through profit or loss include gains (losses) of € 568 from derivative financial instruments which economically hedge these financial assets [2011 – € (6,975)].

3.5. Other income (expense)

Other income (expense) includes the following items:

€ '000	2012	2011
Interest accrued on current tax assets	8,366	-
Gains (losses) from puttable shares	(958)	5,116
Dividends paid to holder of puttable shares	-	(7,678)
Net gains from the early termination of other financial liabilities	192	-
Recovery of value added taxes	1,485	-
Other	1,801	3,321
Total	**10,886**	**759**

All amounts in thousands, except where otherwise noted 42

3.6. Employee compensation and benefits

Employee compensation and benefits include the following:

€ '000	**2012**	**2011**
Salaries and benefits	44,034	47,271
Pension expense	1,707	1,758
RSU expense	8,034	18,500
Total	**53,775**	**67,529**

3.7. Tax expense (income)

Tax expense (income) is calculated for each subsidiary using the effective tax rates applied to the taxable income (loss) of that subsidiary.

The Company's tax expense (income) calculated at Canadian statutory tax rate is summarized as follows:

€ '000	**2012**	**2011**
Profit (loss) before taxes	**11,687**	**(14,700)**
Tax expense (income) based on Canadian statutory tax rate	3,141	(4,226)
Net adjustment to deferred tax assets valuation allowance	(3,309)	(16,961)
Rate differentials on international operations	761	(662)
Adjustment to current tax of prior periods	(893)	652
Release of tax liabilities	(2,142)	(43,373)
Non-taxable income	(352)	(4,747)
Non-deductible expenses	1,869	2,629
Other	(156)	(493)
Tax expense (income)	**(1,081)**	**(67,181)**

The Canadian statutory tax rate is 26.875% [2011 - 28.75 %]. The decrease is due to reductions in Canadian federal (1.5%) and provincial (0.375%) rates.

The tax expense (income) in the consolidated statement of comprehensive income is comprised of the following:

€ '000	**2012**	**2011**
Current tax expense (income)		
Current income tax (income)	(1,971)	(35,660)
Adjustment to current tax of prior periods	(893)	652
Deferred tax expense (income)		
Relating to origination and reversal of temporary differences	1,783	(32,173)
Tax expense (income)	**(1,081)**	**(67,181)**

All amounts in thousands, except where otherwise noted

4. Other disclosures

4.1. Classification of financial instruments and additional fair value related disclosures

The following table provides an overview of how the positions in the consolidated statement of financial position are classified and measured:

Financial assets	Category
Cash and cash equivalents	LAR
Securities owned	FVTPL: HFT or FVO (see note C.2.2.)
Securities owned and loaned or pledged as collateral	FVTPL: HFT
Trading derivative financial instruments	HFT
Hedging derivative financial instruments	Hedge Accounting
Cash advanced under reverse repurchase agreements	FVTPL: HFT
Cash collateral advanced under securities lending agreements	FVTPL: HFT
Loans and receivables due from clients	LAR
Loans and receivables due from brokers and financial institutions	LAR
Securitized assets	LAR
Other financial instruments	HTM or AfS (see note C.2.6.)

Financial liabilities	Category
Securities sold short	LFV: HFT
Trading derivative financial instruments	HFT
Hedging derivative financial instruments	Hedge Accounting
Cash received under repurchase agreements	LFV: HFT
Cash collateral received under securities lending agreements	LFV: HFT
Due to clients	OL
Due to brokers and financial institutions	OL
Customer deposits	OL
Liabilities from securitization transactions	OL
Subordinated debt	OL
Liabilities from puttable shares	OL

FVTPL: fair value through profit or loss; HFT: held for trading; FVO: fair value option; LAR: loans and receivables; HTM: held-to-maturity; AfS: available-for-sale; LFV: financial liability at fair value through profit or loss; OL: other liabilities.

The following table shows the carrying value of financial instruments measured at fair value by fair value hierarchy level:

€ '000	**Level 1**	**Level 2**	**Level 3**
September 30, 2012			
Financial assets			
Securities owned	218,394	1,006,281	-
Securities owned and loaned or pledged as collateral	191,655	1,310,610	-
Derivative financial instruments	5,983	83,406	2
Cash advanced under reverse repurchase agreements	802,420	773,728	-
Cash collateral advanced under securities lending agreements	1,638,337	100,073	-
Financial liabilities			
Securities sold short	1,253,843	34,592	-
Derivative financial instruments	148,856	62,394	-
Cash received under repurchase agreements	2,355,837	169,386	-
Cash collateral received under securities lending agreements	389,811	-	-
September 30, 2011			
Financial assets			
Securities owned	1,736,069	328,197	7
Securities owned and loaned or pledged as collateral	502,249	1,662,904	-
Derivative financial instruments	3,388	175,026	2
Cash advanced under reverse repurchase agreements	895,705	1,660,984	-
Cash collateral advanced under securities lending agreements	1,273,759	-	-
Financial liabilities			
Securities sold short	820,527	58,197	-
Derivative financial instruments	102,862	165,057	-
Cash received under repurchase agreements	2,737,640	1,523,742	-
Cash collateral received under securities lending agreements	599,272	-	-
October 1, 2010			
Financial assets			
Securities owned	1,242,128	402,575	9,477
Securities owned and loaned or pledged as collateral	452,525	1,774,450	-
Derivative financial instruments	617	267,533	2
Cash advanced under reverse repurchase agreements	647,373	-	-
Cash collateral advanced under securities lending agreements	1,856,528	-	-
Financial liabilities			
Securities sold short	1,128,976	151,204	-
Derivative financial instruments	88,715	265,660	-
Cash received under repurchase agreements	1,633,686	204,802	-
Cash collateral received under securities lending agreements	1,386,643	-	-

Securities owned include financial assets designated at fair value of € 191,959 [2011 – € 177,575; 2010 – € 177,371], which are classified in Level 2.

All amounts in thousands, except where otherwise noted 45

The change in fair values of securities owned and derivative financial instruments classified in Level 3 is shown in the table below:

€ '000	Securities owned	Derivative financial instruments – assets
Fair value as at October 1, 2011	**7**	**2**
Total gains (losses) in income	1	-
Sales	(8)	-
Fair value as at September 30, 2012	**-**	**2**
Fair value as at October 1, 2010	**9,477**	**2**
Total gains (losses) in income	638	-
Sales	(10,107)	-
Foreign exchange	(1)	-
Fair value as at September 30, 2011	**7**	**2**

There were no transfers of financial instruments into or out of Level 3 from the other levels in 2011 or 2012. There were no significant transfers between Level 1 and Level 2.

For financial instruments classified as Level 3 that are held at the end of the reporting period, the Company recognized € nil [2011 - € 1] gains in net gains (losses) from financial assets/liabilities at fair value through profit or loss and hedge accounting for the year.

The Company performs sensitivity analyses in financial instruments classified in Level 3, substituting the unobservable inputs with one or more reasonably possible alternative assumptions. The alternative assumptions include changes in credit and liquidity spreads. These sensitivity analyses result in a negligible change in the fair values of financial instruments classified as Level 3.

All amounts in thousands, except where otherwise noted 46

The following table compares carrying values and fair values of financial assets and financial liabilities that are not measured at fair value:

€ '000	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
	2012	**2012**	**2011**	**2011**	**2010**	**2010**
Financial assets						
Cash and cash equivalents	48,770	48,770	127,174	127,174	197,919	197,919
Due from clients	209,249	214,476	134,451	138,120	179,058	182,558
Due from brokers and financial institutions	114,785	114,796	174,713	174,433	237,982	237,924
Securitized assets	573,234	578,365	39,184	40,306	-	-
Other financial instruments – held-to-maturity	19,031	19,815	-	-	-	-
Total	**965,069**	**976,222**	**475,522**	**480,033**	**614,959**	**618,401**
Financial liabilities						
Due to clients	37,420	37,420	176,076	176,076	129,026	129,026
Due to brokers and financial institutions	261,788	261,788	315,141	315,141	111,637	111,637
Customer deposits	1,718,066	1,706,355	1,949,111	1,936,349	1,752,310	1,750,447
Liabilities from securitization transactions	565,653	568,906	38,829	39,421	-	-
Subordinated debt	46,575	38,155	45,311	31,327	39,271	36,279
Liabilities from puttable shares	26,982	26,982	23,263	23,263	24,398	24,398
Total	**2,656,484**	**2,639,606**	**2,547,731**	**2,521,577**	**2,056,642**	**2,051,787**

4.2. Assets transferred

Securitization

The Company purchases insured residential mortgage loans from third-party originators, and securitizes these mortgage loans periodically. At the time of securitization, the Company surrenders control of the transferred assets in exchange for cash and future claims on interest. The buyers have no recourse to the Company's other assets. The transfer of the mortgage loans receivable does not result in derecognition of the mortgage loans from the Company's consolidated statement of financial position.

The fair value of securitized assets and liabilities from securitization transactions is as follows:

€ '000	2012	2011
Mortgage loans	578,365	40,306
Canada mortgage bonds issued	(568,906)	(39,421)
Difference	**9,459**	**885**

All amounts in thousands, except where otherwise noted 47

The carrying value of securitized assets and liabilities from securitization transactions is as follows:

€ '000	2012	2011
Mortgage loans	573,234	39,184
Canada mortgage bonds issued	(565,653)	(38,829)

Other transfers

In addition, the Company pledges and receives collateral (securities or cash) primarily for repurchase agreements, securities borrowing agreements or as collateral in derivative transactions. These transactions are conducted under the master agreements applicable to that kind of business.

The following table shows the carrying amount of financial assets the Company has pledged as collateral:

€ '000	2012	2011
Securities	1,694,224	2,387,230
Cash collateral for derivative financial instruments or margin for repurchase agreements	18,817	34,099
Cash collateral advanced under securities lending agreements	1,738,407	1,273,759
Total	**3,451,448**	**3,695,088**

The Company has transferred € 1,502,265 of securities owned where the transferee has the right to sell or re-pledge these assets [2011 - € 2,165,153]. According to IAS 39, these assets are presented separately in the line "securities owned and loaned or pledged as collateral" in the consolidated statement of financial position. The Company continues to recognize all of these transferred assets. Due to the underlying transactions, associated obligations have a comparable amount. Depending on the actual business, these obligations might be presented as liabilities in the consolidated statement of financial position or – in case of obligations to deliver securities not recognized as assets in the consolidated statement of financial position – not be presented in the consolidated statement of financial position. Amounts presented in the consolidated statement of financial position are included in

- Cash received under repurchase agreements,
- Cash collateral received under securities lending agreements,
- Due to brokers and financial institutions, and
- Derivative financial instruments.

The Company receives collateral for reverse repurchase agreements, in derivative financial instruments transactions, for securities lent or in its lending business. In the absence of default by their owner, the Company is permitted to resell or repledge securities with a fair value of € 5,334 million [2011 - € 4,428 million]. Of these, securities with a fair value of € 4,446 million [2011 - € 3,622 million] have been pledged or otherwise transferred.

All amounts in thousands, except where otherwise noted 48

4.3. Additional cash flow information

The following tables show supplementary information to the statement of cash flows:

€ '000	2012	2011
Cash and cash equivalents consist of the following components		
Cash on hand	36,676	20,908
Demand deposits and cash equivalents	12,094	106,266
Net cash flows from operating activities contain		
Income taxes paid	141,130	108,291
Income taxes received	7,552	410
Interest paid	52,116	58,220
Interest received	42,252	27,349

The consolidated statement of cash flows discloses the following positions as net amounts in changes in operating assets or operating liabilities:

€ '000	2012	2011
Changes in operating assets		
Securities owned (including securities owned and loaned or pledged as collateral)	1,758,485	(342,687)
Derivative financial instruments	93,451	89,545
Cash advanced under reverse repurchase agreements	1,047,096	(1,908,289)
Cash collateral advanced under securities lending agreements	(433,351)	573,870
Loans and receivables due from clients	(36,877)	44,760
Loans and receivables due from brokers and financial institutions	61,027	64,091
Securitized assets	(511,673)	(39,872)
Other financial instruments	(19,135)	2
Other assets	(12,690)	12,164
Total	**1,946,333**	**(1,506,416)**

All amounts in thousands, except where otherwise noted 49

€ '000	2012	2011
Changes in operating liabilities		
Securities sold short	287,510	(417,789)
Derivative financial instruments	(67,659)	(87,619)
Cash received under repurchase agreements	(1,937,472)	2,426,530
Cash collateral received under securities lending agreements	(230,343)	(770,834)
Due to clients	(139,909)	47,160
Due to brokers and financial institutions	(72,961)	200,587
Customer deposits	(249,053)	198,641
Liabilities from securitization transactions	504,677	39,525
Accounts payable and other liabilities	(2,465)	(32,126)
Total	**(1,907,675)**	**1,604,075**
Net change in operating assets and liabilities	**38,658**	**97,659**
Items not affecting cash		
Charges for (recovery of) loan impairment	(2,803)	(1,286)
Depreciation and amortization	2,407	2,129
RSU compensation	2,358	5,003
Deferred income tax	1,783	(32,173)
Total	**3,745**	**(26,327)**

4.4. Discontinued operations

On September 30, 2011, the Company's subsidiary, Maple Bank GmbH, closed its branch in Milan (the "Milan Branch"). The Milan Branch was involved in a number of activities, including proprietary trading and commercial lending. The Milan Branch has been classified as discontinued operations.

The following table provides an analysis of income components of the Milan Branch:

€ '000	2012	2011
Net revenue	-	1,873
Operating expenses	-	6,655
Profit (loss) before taxes	**-**	**(4,782)**
Tax expense (income)	-	214
Profit (loss) from discontinued operations, net of tax	**-**	**(4,996)**

Cash flows related to the Milan branch were as follows:

€ '000	2012	2011
Operating	-	(302)
Investment	-	224
Net cash inflow (outflow)	**-**	**(78)**

All amounts in thousands, except where otherwise noted 50

4.5. Maturity analysis of assets and liabilities

The following table provides an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled.

€ '000	Within one year	After one year	Total
September 30, 2012			
Assets			
Cash and cash equivalents	48,770	-	48,770
Securities owned	1,224,675	-	1,224,675
Securities owned and loaned or pledged as collateral	1,502,265	-	1,502,265
Derivative financial instruments	38,527	50,864	89,391
Cash advanced under reverse repurchase agreements	1,576,148	-	1,576,148
Cash collateral advanced under securities lending agreements	1,738,407	-	1,738,407
Loans and receivables due from clients	65,854	143,395	209,249
Loans and receivables due from brokers and financial institutions	101,254	13,531	114,785
Securitized assets	-	573,234	573,234
Other financial instruments	-	20,059	20,059
Property, plant and equipment	-	3,713	3,713
Intangible assets	-	3,475	3,475
Other assets	-	29,525	29,525
Current tax assets	406,468	-	406,468
Deferred tax assets	-	25,451	25,451
Total assets	**6,702,368**	**863,247**	**7,565,615**
Liabilities			
Securities sold short	1,288,435	-	1,288,435
Derivative financial instruments	208,754	2,496	211,250
Cash received under repurchase agreements	2,525,223	-	2,525,223
Cash collateral received under securities lending agreements	389,811	-	389,811
Due to clients	37,420	-	37,420
Due to brokers and financial institutions	261,788	-	261,788
Customer deposits	1,329,803	388,263	1,718,066
Liabilities from securitization transactions	-	565,653	565,653
Accounts payable and other liabilities	55,137	24,058	79,195
Current tax liabilities	7,704	-	7,704
Deferred tax liabilities	-	2,495	2,495
Subordinated debt	-	46,575	46,575
Liabilities from puttable shares	-	26,982	26,982
Total liabilities	**6,104,075**	**1,056,522**	**7,160,597**

All amounts in thousands, except where otherwise noted 51

€ '000	Within one year	After one year	Total
September 30, 2011			
Assets			
Cash and cash equivalents	127,174	-	127,174
Securities owned	2,064,273	-	2,064,273
Securities owned and loaned or pledged as collateral	2,165,153	-	2,165,153
Derivative financial instruments	133,393	45,023	178,416
Cash advanced under reverse repurchase agreements	2,556,689	-	2,556,689
Cash collateral advanced under securities lending agreements	1,273,759	-	1,273,759
Loans and receivables due from clients	67,699	66,752	134,451
Loans and receivables due from brokers and financial institutions	156,248	18,465	174,713
Securitized assets	-	39,184	39,184
Other financial instruments	-	925	925
Property, plant and equipment	-	4,607	4,607
Intangible assets	-	5,946	5,946
Other assets	-	13,534	13,534
Current tax assets	268,269	-	268,269
Deferred tax assets	-	24,869	24,869
Total assets	**8,812,657**	**219,305**	**9,031,962**
Liabilities			
Securities sold short	878,724	-	878,724
Derivative financial instruments	265,987	1,932	267,919
Cash received under repurchase agreements	4,261,382	-	4,261,382
Cash collateral received under securities lending agreements	599,272	-	599,272
Due to clients	176,076	-	176,076
Due to brokers and financial institutions	315,141	-	315,141
Customer deposits	1,539,244	409,867	1,949,111
Liabilities from securitization transactions	-	38,829	38,829
Accounts payable and other liabilities	45,828	32,151	77,979
Provisions	839	-	839
Current tax liabilities	7,781	-	7,781
Deferred tax liabilities	-	663	663
Subordinated debt	-	45,311	45,311
Liabilities from puttable shares	-	23,263	23,263
Total liabilities	**8,090,274**	**552,016**	**8,642,290**

All amounts in thousands, except where otherwise noted 52

€ '000	Within one year	After one year	Total
October 1, 2010			
Assets			
Cash and cash equivalents	197,919	-	197,919
Securities owned	1,654,180	-	1,654,180
Securities owned and loaned or pledged as collateral	2,226,975	-	2,226,975
Derivative financial instruments	204,375	63,777	268,152
Cash advanced under reverse repurchase agreements	647,373	-	647,373
Cash collateral advanced under securities lending agreements	1,856,528	-	1,856,528
Loans and receivables due from clients	141,247	37,811	179,058
Loans and receivables due from brokers and financial institutions	215,416	22,566	237,982
Other financial instruments	-	926	926
Property, plant and equipment	-	4,152	4,152
Intangible assets	-	1,720	1,720
Other assets	-	25,736	25,736
Current tax assets	237,503	-	237,503
Deferred tax assets	-	9,514	9,514
Total assets	**7,381,516**	**166,202**	**7,547,718**
Liabilities			
Securities sold short	1,280,180	-	1,280,180
Derivative financial instruments	353,159	1,216	354,375
Cash received under repurchase agreements	1,838,488	-	1,838,488
Cash collateral received under securities lending agreements	1,386,643	-	1,386,643
Due to clients	129,026	-	129,026
Due to brokers and financial institutions	111,637	-	111,637
Customer deposits	1,156,167	596,143	1,752,310
Accounts payable and other liabilities	69,135	38,506	107,641
Provisions	3,332	-	3,332
Current tax liabilities	39,434	-	39,434
Deferred tax liabilities	-	16,683	16,683
Subordinated debt	-	39,271	39,271
Liabilities from puttable shares	-	24,398	24,398
Total liabilities	**6,367,201**	**716,217**	**7,083,418**

4.6. Contingencies, credit commitments and operating lease commitments

The Company's contingent assets and liabilities, irrevocable loan commitments, financial guarantees and commitments for future payments under operating leases are described below.

Contingent assets and liabilities

The tax returns of the Company and its subsidiaries are subject to audit by the respective tax authorities in the locations of their domiciles. At the reporting date each year, a number of such audits can be in process. If the tax authorities claim significant differences with the filing positions taken by the Company, the Company consults with its professional advisors and determines the likely outcome of the resolution of the disputed items, and makes provisions for likely adverse results in accordance with IFRS.

All amounts in thousands, except where otherwise noted 53

In financial year 2011, the German tax authorities reassessed the filing position taken by the Company. The Company consulted with its professional advisors to determine the likely outcome of the resolution of the disputed items. The Company is of the opinion that its filing position is correct and has not recorded a contingent provision. In the event that the Company's position is incorrect, net expenses of € 96.8 million would have to be recognized. This also includes the reversal of interest accrued until September 30, 2012 on disputed tax amounts.

The Company and its subsidiaries are party to legal proceedings in the ordinary course of its businesses. While there is inherent difficulty in predicting the outcome of the proceedings, the Company does not expect the outcome to have a material adverse effect on its consolidated financial position or results of operations.

Credit commitments

In the normal course of business, the Company enters into various commitments. The credit commitments shown below are not reflected in the consolidated statement of financial position.

The following table presents the maximum potential utilization of the Company in case of the commitments entered into must be fulfilled, as at September 30:

€ '000	**2012**	**2011**
Irrevocable loan commitments	87,409	88,892
Guarantees provided	4,181	3,408
Total	**91,590**	**92,300**

Operating lease commitments

Future minimum annual lease payments under operating leases are as follows:

€ '000	**2012**	**2011**
Within one year	2,937	2,891
After one year but not more than five years	6,546	5,813
More than five years	1,340	-
Total	**10,823**	**8,704**

The Company's operating leases are usually limited to rent of office premises and equipment. These leases have a remaining life of up to seven years and in part contain renewal options or escalation clauses based on general price indices.

Lease payments of € 2,232 [2011 - € 2,289] have been recognized as an expense in the year. This includes € 2,585 [2011 - € 2,469] of lease payments and € 353 [2011 - € 180] of sublease payments received.

Total future minimum sublease payments expected to be received by the Company under non-cancellable subleases amount to € 1,269 [2011 - € 1,445].

All amounts in thousands, except where otherwise noted 54

4.7. Related party disclosures

Related parties of the Company are key management personnel and other related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company. Other related parties include entities that have significant influence on the Company, such as shareholders. In the normal course of business, the Company enters into transactions with such shareholders.

Transactions with related parties are carried out on terms equivalent to those prevailing in arm's length transactions.

Transactions with key management personnel

The following table provides balances with key management personnel as at September 30:

€ '000	**2012**	**2011**
Derivative financial instruments – assets	80	60
Other assets	3,735	9,358
Derivative financial instruments – liabilities	2,095	119
Due to clients	1,565	5,462
Accounts payable and other liabilities	8,584	18,700

During the year, the Company had a maximum receivable and payable to key management personnel of € 164 and € 18,000, respectively [2011 - € 74 and € 21,615, respectively]. Derivative financial instruments had a notional value of € 22,500 [2011 - € 14,500]. The maximum notional value of derivative financial instruments during the year was € 22,500 [2011 - € 14,500].

Other assets and accounts payable and other liabilities include receivables and payables from the Company's RSU plan (see note C.2.6. and C.2.10.).

The following table discloses the components of compensation for key management personnel for the year ended September 30:

€ '000	**2012**	**2011**
Short-term employee benefits	6,922	4,887
Post-employment benefits	280	258
Other long-term benefits	2,018	6,745
Termination benefits	-	-
Share-based payments	1,681	2,436
Total	**10,901**	**14,326**

All amounts in thousands, except where otherwise noted 55

Transactions with other related parties

The following table shows the year-end balance and the maximum balance during the year:

€ '000	Balance as at September 30, 2012	Maximum Balance in 2012	Balance as at September 30, 2011	Maximum Balance in 2011
Cash collateral advanced under securities lending agreements	-	305	191	4,982
Loans and receivables due from clients	-	-	-	34
Loans and receivables due from brokers and financial institutions	-	364	-	155
Cash collateral received under securities lending agreements	-	63,290	28,725	57,205
Due to clients	-	-	1	241

In addition, the Company enters into securities borrowing agreements with other related parties in which the Company borrows securities and delivers other securities as collateral. The Company has borrowed securities of € 141 [2011 - € 594] in exchange for non-cash collateral delivered of € 156 [2011 - € 602].

The net gains (losses) from trading and hedge accounting include losses from transactions with other related parties of € 254 [2011 - € 211].

4.8. List of consolidated entities

The tables below list the consolidated entities and their respective domiciles:

Name of entity	Country
Maple Financial Group Inc. (ultimate parent)	Canada
Maple Futures Corp.	Canada
Maple Financial Europe SE	Germany
Maple Bank GmbH	Germany
EAS die Fünfte GmbH i. L.	Germany
Maple Financial U.K. Ltd.	United Kingdom
Maple Securities (UK) Ltd.	United Kingdom
Maple Holdings Canada Ltd.	Canada
Maple Securities Canada Ltd.	Canada
Maple Trade Finance Inc.	Canada
Maple Arbitrage Inc.	U.S.A
Maple Partners America Inc.	U.S.A.
Maple Trade Finance Corp.	U.S.A.
Maple Securities U.S.A. Inc.	U.S.A.
Maple Commercial Finance Corp.	U.S.A.
Maple Trade Finance L.P.	U.S.A.
Maple Financial US Holdings Inc.	U.S.A.
Maple Group Commercial Finance Master Fund II Ltd.	Cayman Islands

Maple Financial Group Inc. controls 100% of the voting rights of each entity.

All amounts in thousands, except where otherwise noted 56

The following SPEs are consolidated because they are controlled by the Company:

Name of entity	**Country**
Xceed Capital Corporation	Canada
PWM Financial Trust	Canada

The following entities were deconsolidated after their liquidation since October 1, 2010:

Name of entity	**Country**	**Year of liquidation**
Maple Partners Investments Inc.	Canada	2011
Maple Partners B Ltd.	United Kingdom	2012
Maple Financial U.S. Holdings 1 LLC	U.S.A.	2012
Maple Life No. 1 LLP	U.S.A.	2012
Maple Life Management LLC	U.S.A.	2012

4.9. Events after the reporting date

No events have occurred since the reporting date that could have a material impact on the Company's net assets, financial position or results.

4.10. Capital management

The Company's principal subsidiaries are required to maintain minimum levels of capital pursuant to regulations to which they are subject in the jurisdictions in which they operate. Capital adequacy is managed with the objectives of funding existing operations and complying with regulatory requirements of principal subsidiaries. These objectives are achieved by regularly monitoring capital adequacy requirements. Capital and liquidity is managed on both a going concern and stressed-case basis. Capital includes equity, puttable shares and subordinated debt. The distribution of capital and earnings of these subsidiaries may be constrained by these requirements.

Additionally, the Company voluntarily complies with global consolidated capital adequacy requirements under Basel II and reports these to the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht - BaFin) and the Financial Services Authority in the United Kingdom.

As at September 30, 2012, the Company's subsidiaries were in compliance with their local capital requirements. In addition, the Company's Tier 1 capital adequacy ratio was 11.8% [2011 - 12.9%], exceeding the minimum ratio of 4%.

A risk-bearing capacity framework sets out the Company's internal management of economic capital. The goal is to ensure that the Company has sufficient capital to withstand losses under both normal circumstances and a variety of stressed scenarios. The Company's risk-bearing capacity utilization is calculated, monitored and reported daily.

All amounts in thousands, except where otherwise noted 57

The standard case of the risk-bearing capacity framework is based on the "going concern" approach, which assumes the Company will continue operating, assuming current market conditions. As an additional restriction, continued compliance with the minimum capital rules based on sections 10 and 10a of the German Banking Act is required. The risk taking potential (also referred to as "risk capital") is composed of expected earnings and the modified regulatory capital less the regulatory capital requirements under the Solvency Regulation.

The stressed case of the risk-bearing capacity framework is based on the "net-asset value" approach, which assumes that the Company will liquidate its positions in an orderly fashion over a period of 15 months under various conditions of market stress. In this approach, the risk taking potential is equal to the Company theoretical value in case of liquidation.

The risk taking potential is the basis for limits for significant risk factors. The individual limits are also established based on the strategic business orientation of the Company and risk and reward considerations.

The Company's internal risk capital allocated to each risk factor and corresponding utilization are as follows:

Risk factors	**Standard case**		**Stress case**	
€ millions	**Allocated risk capital**	**Utilization**	**Allocated risk capital**	**Utilization**
September 30, 2012				
Market risk	45.0	21.3	145.0	71.1
Currency risk	1.5	0.5	2.5	1.9
Credit risk	10.0	2.4	70.0	26.4
Operational and other risks	14.1	14.1	52.2	52.2
Liquidity risk	1.5	0.1	3.5	2.1
Earnings risk	15.9	15.9	-	-
Allocated risk capital	**88.0**	**54.3**	**273.2**	**153.7**
Unallocated risk capital	131.7		87.9	
Total risk capital	**219.7**		**361.1**	
September 30, 2011				
Market risk	45.0	25.3	145.0	79.0
Currency risk	1.5	0.4	2.5	1.4
Credit risk	10.0	5.1	70.0	32.9
Operational and other risks	32.0	32.0	44.0	44.0
Liquidity risk	1.5	0.2	3.5	2.5
Earnings risk	23.0	23.0	-	-
Allocated risk capital	**113.0**	**86.0**	**265.0**	**159.8**
Unallocated risk capital	139.0		43.6	
Total risk capital	**252.0**		**308.6**	

All amounts in thousands, except where otherwise noted 58

5. Risk management

The Company views risk as an integral part of its business. The purpose of sound risk management is to provide reasonable assurance that incurred risks do not exceed acceptable limits and that risk-taking contributes to the creation of shareholder value. The Company has an established global risk management framework based on identification, quantification and control of risks arising from business activities. This framework is implemented globally which enables risks to be assessed separately or in aggregate and on both a standalone entity and consolidated basis. Risk management is a vital part of the Company's culture. Employees are encouraged to assess and communicate risks arising from their activities.

The Company's Executive Committee is responsible for risk management oversight and development of the risk management framework. Independent risk managers reporting to the Executive Committee are responsible for implementation of the global risk framework and to control and limit risks on daily basis.

The risk management framework originates with the concept of risk-bearing capacity, the definition of risk capital and limits for the various risk factors. Risk-bearing capacity represents the ability of a company to withstand losses without being forced into liquidation.

As a diversified banking and financial trading firm, the Company has exposure to various types of risk with credit risk and market risk being predominant. The Company only transacts in pre-approved business in defined markets and with pre-approved counterparties. The Company only takes direct credit risk after carefully examining the counterparty and the transaction and approving them in writing. A broad diversification of credit risks is sought and only secured loan transactions are approved.

The following sections describe the risk types identified as most pertinent to the Company's activities.

5.1. Credit risk

Credit risk is the risk of loss associated with the inability of a third party to fulfill its payment obligations. These parties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. Credit risk is further defined as counterparty risk and issuer risk. Counterparty risk arises from trading counterparties, customers, clearing agents, exchanges, clearing houses and other financial intermediaries. Issuer risk involves issuers of securities that are held by the Company.

The Company's exposure to credit risk can arise from derivative transactions, securities borrowing and lending agreements, collateralized lending transactions, securities purchased and other collateralized transactions. The Company limits credit risk by dealing with counterparties that the Company believes are creditworthy, evaluating the quality of collateral provided, and by limiting credit in accordance with regulatory requirements and corporate policy. Master netting agreements are used wherever possible that allow favourable contracts to be settled against unfavourable contracts with the same counterparty. The Company has a Credit Committee which approves limits for each counterparty on a legal entity basis as well as on a credit group basis.

A detailed credit analysis is performed prior to establishing a business relationship with any counterparty. The Credit Committee decides on the proposed limits on the basis of this written credit assessment. Credit limits and credit exposures are monitored daily. Annual reviews of the counterparties' financial condition are performed, and regular analyses are done during the year to monitor the counterparties' creditworthiness, enabling the Company to take appropriate measures, if necessary.

For exchange-traded products, exposure to credit risk is limited as these transactions are standardized contracts, executed on established exchanges, and are subject to daily settlement of variation margins. Written options have limited credit risk as the counterparty has already performed in accordance with the terms of the contract through an up-front payment of the premium.

The Company monitors credit exposure by counterparty and counterparty group based on net exposure adjusted for adverse moves in individual risk factors.

Credit exposure

Gross credit exposures are measured without allowing for netting or collateral arrangements. Net exposure includes netting or collateral received to reduce the potential risk of a transaction.

The following table shows the gross and net credit exposure:

		Collateral received					
€ millions	**Gross exposure**	Cash	Securities	Receivables/ Mortgages/ Other	Surplus Collateral	**Netting**	**Net exposure**
September 30, 2012							
On-balance exposure							
Securities	2,727	-	-	-	-	-	2,727
Derivative financial instruments	89	7	12	-	(7)	21	56
Cash advanced under reverse repurchase agreements	1,576	-	1,453	-	(78)	190	11
Cash collateral advanced under securities lending agreements	1,738	-	1,764	-	(70)	8	36
Loans and receivables due from clients	209	7	85	115	(14)	-	16
Loans and receivables due from brokers and financial institutions	115	-	41	-	-	30	44
Securitized assets	573	-	-	573	-	-	-
Other financial instruments	20	-	-	-	-	-	20
Total	**7,047**	**14**	**3,355**	**688**	**(169)**	**249**	**2,910**
Off-balance exposure							
Securities loaned or pledged as collateral	2,643	390	2,143	-	(78)	(8)	196
Securities delivered under repurchase agreements	2,349	2,525	-	-	(4)	(190)	18
Financial guarantees	4	-	-	-	-	-	4
Irrevocable loan commitments	87	-	-	-	-	-	87
Total	**5,083**	**2,915**	**2,143**	**-**	**(82)**	**(198)**	**305**
September 30, 2011							
On-balance exposure							
Securities	4,229	-	-	-	-	-	4,229
Derivative financial instruments	178	107	-	-	(68)	97	42
Cash advanced under reverse repurchase agreements	2,557	-	2,280	-	(19)	228	68
Cash collateral advanced under securities lending agreements	1,274	-	1,239	-	(49)	13	71
Loans and receivables due from clients	134	11	35	59	(10)	-	39
Loans and receivables due from brokers and financial institutions	175	-	104	-	-	10	61
Securitized assets	39	-	-	39	-	-	-
Other financial instruments	1	-	-	-	-	-	1
Total	**8,587**	**118**	**3,658**	**98**	**(146)**	**348**	**4,511**

All amounts in thousands, except where otherwise noted 61

€ millions	Gross exposure	Collateral received: Cash	Securities	Receivables/ Mortgages/ Other	Surplus Collateral	Netting	Net exposure
September 30, 2011							
Off-balance exposure							
Securities loaned or pledged as collateral	1,505	599	878	-	(36)	(13)	77
Securities delivered under repurchase agreements	4,044	4,261	-	-	(2)	(228)	13
Financial guarantees	3	-	-	-	-	-	3
Irrevocable loan commitments	86	-	-	-	-	-	86
Total	**5,638**	**4,860**	**878**	**-**	**(38)**	**(241)**	**179**

The following table shows an overview of the credit quality of financial assets:

€ '000	Neither past due nor impaired: Investment grade	Non-investment grade	Not rated	Past due but not impaired	Individually impaired
September 30, 2012					
Securities owned	679,374	35,210	53,969	-	-
Securities owned and loaned or pledged as collateral	1,358,555	-	39,832	-	-
Derivative financial instruments	84,626	789	3,976	-	-
Cash advanced under reverse repurchase agreements	1,276,607	97,962	201,579	-	-
Cash collateral advanced under securities lending agreements	1,555,949	182,436	22	-	-
Loans and receivables due from clients	63,007	64,355	52,410	7,127	22,350
Loans and receivables due from brokers and financial institutions	91,805	1,273	21,707	-	-
Securitized assets	566,087	-	-	7,147	-
Other financial instruments	19,032	-	-	-	-
Total	**5,695,042**	**382,025**	**373,495**	**14,274**	**22,350**
September 30, 2011					
Securities owned	1,198,750	57,437	18,262	-	-
Securities owned and loaned or pledged as collateral	1,977,858	-	35,572	-	-
Derivative financial instruments	177,595	-	821	-	-
Cash advanced under reverse repurchase agreements	2,496,901	56,729	3,059	-	-
Cash collateral advanced under securities lending agreements	1,177,228	82,703	13,828	-	-
Loans and receivables due from clients	53,690	57,669	284	1,686	21,122
Loans and receivables due from brokers and financial institutions	146,013	42	28,658	-	-
Securitized assets	39,184	-	-	-	-
Total	**7,267,219**	**254,580**	**100,484**	**1,686**	**21,122**

All amounts in thousands, except where otherwise noted 62

The classification as investment grade and non-investment grade follows Standard & Poor's scheme. Investment grade includes rating classes from AAA to BBB-. Non-investment grade refers to the rest.

The following table shows a maturity analysis of financial assets past due but not impaired:

€ '000	Less than 90 days	191-180 days	181-365 Days	More than 1 year	Total
September 30, 2012					
Loans and receivables due from clients	7,127	-	-	-	7,127
Securitized assets	7,147	-	-	-	7,147
Total	**14,274**	**-**	**-**	**-**	**14,274**
September 30, 2011					
Loans and receivables due from clients	1,002	36	648	-	1,686
Total	**1,002**	**36**	**648**	**-**	**1,686**

The following table discloses the individually assessed impairments and collateral received and held against the impaired assets:

€ '000	Gross loan	Impairment	Loan after impairment	Collateral received
September 30, 2012				
Loans and receivables due from clients	38,350	16,000	22,350	22,311
Total	**38,350**	**16,000**	**22,350**	**22,311**
September 30, 2011				
Loans and receivables due from clients	84,817	63,695	21,122	20,144
Loans and receivables due from brokers and financial institutions	26,762	26,762	-	-
Total	**111,579**	**90,457**	**21,122**	**20,144**

The collateral received consists of inventory, receivables and mortgages.

All amounts in thousands, except where otherwise noted 63

5.2. Market risk

Market risk is the risk that fair value or future cash flows of the financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and underlying instrument prices. Depending on the nature of strategy and associated risks, the Company assigns volume, position, stop loss, sensitivity and value at risk (VaR) limits. The Company manages market risk on a daily basis by consolidating all trading book and banking book positions and associated risks and comparing them to assigned limits. The results of this analysis are then reported separately and in aggregate to provide a complete picture of market risk exposures.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. The Company incurs interest rate risk on its cash and cash equivalent balances, securities, cash delivered or received in support of securities lending and borrowing agreements, collateralized lending portfolios and interest paid on its short- and long-term customer deposits and subordinated debt. Interest rate risk is managed by continuously monitoring interest rate gaps against assigned limits, on both a current and stress-case basis. The Company uses hedging strategies to mitigate interest rate risk.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk is not considered a major risk as the Company does not actively trade foreign currency positions. The Company regularly monitors the currency exposures and employs hedging strategies to mitigate the risk.

Due to the limited significance of currency risk, sensitivity or VaR analyses are not used as a management instrument to address this risk.

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as the result of changes in the level of equity indices or individual stocks. The Company incurs equity price risk through its trading portfolio. This type of risk is controlled by volume, position, stop loss and VaR limits.

Value at Risk sensitivity

A VaR approach is used to measure and manage exposure to the described risk factors. The calculations in the historical simulation model are based on 250 days of historic data, a 99% confidence level and a one-day holding period. Therefore, the VaR approach calculates the amount that represents with 99% probability the maximum loss within one day given normal market conditions. Major limitations of VaR are that it uses historic data to predict potential future losses and it does not provide information about potential losses from extreme events. Stress tests are used to complement the VaR analysis and overcome these limitations.

The following table shows the VaR for each risk type at the end of the reporting period and the period's average, maximum and minimum:

		For the year		
€ '000	**Reporting date**	**Average**	**Maximum**	**Minimum**
September 30, 2012				
Interest rate risk	1,470	2,841	4,278	1,441
Equity price risk	1,429	1,555	2,743	674
Commodity price risk	-	239	482	-
Diversification effect	(1,137)			
Total VaR	**1,762**			
September 30, 2011				
Interest rate risk	3,636	3,370	5,773	2,224
Equity price risk	1,000	1,778	3,800	810
Commodity price risk	-	238	910	-
Diversification effect	(1,490)			
Total VaR	**3,146**			

5.3. Liquidity risk

Liquidity risk is the risk of having insufficient cash resources in a timely and cost-effective manner to meet financial obligations as they become due. The Company's liquidity could be impaired by an inability to access secured and/or unsecured debt markets, an inability to access funds from subsidiaries, an inability to sell assets or unforeseen outflows of cash. Furthermore, the ability to sell assets may be impaired if other market participants are seeking to sell similar assets at the same time.

The Company seeks to maintain sufficient liquidity under normal market environments, across market cycles and through periods of financial stress. The Company's subsidiary, Maple Bank GmbH, has a broad customer deposit base which assists in maintaining liquidity levels throughout the Company.

The Company has committed itself to hold a minimum liquidity cushion of € 200 million. On September 30, 2012, Maple Bank GmbH held € 366 million [2011 - € 378 million] of bonds in the Lombard depot, all of which are eligible for European Central Bank funding requirements.

The Company has adopted a formal liquidity policy. Under the policy, liquidity reporting is carried out under normal and stressed-case scenarios. The liquidity policy prescribes actions to be taken in the event of liquidity crises. The Company's liquidity and funding procedures are intended to ensure compliance with applicable regulatory restrictions and requirements and to ensure appropriate liquidity in each region.

All amounts in thousands, except where otherwise noted

The liquidity of major subsidiaries is evaluated on a daily basis, factoring in business requirements, market conditions and regulatory capital requirements. Reports, displaying the liquidity status under normal market conditions and different stress scenarios, are reviewed by the Company's local and global management. The following tables present undiscounted cash flows payable and assets held for managing liquidity risk by remaining contractual maturities:

€ '000	**Up to 1 month**	**1- 3 months**	**4-12 months**	**1-5 years**	**Over 5 years**	**Total**
September 30, 2012						
Non-derivative liabilities						
Non-trading						
Due to clients	37,420	-	-	-	-	37,420
Due to brokers and financial institutions	241,595	20,287	-	-	-	261,882
Customer deposits	285,439	613,374	450,574	319,370	90,284	1,759,041
Liabilities from securitization transactions	876	1,844	8,299	385,021	216,829	612,869
Subordinated debt	346	660	1,361	29,706	21,965	54,038
Liabilities from puttable shares	2,365	-	-	9,460	15,157	26,982
Trading						
Securities sold short	1,288,435	-	-	-	-	1,288,435
Cash received under repurchase agreements	2,525,223	-	-	-	-	2,525,223
Cash collateral received under securities lending agreements	389,811	-	-	-	-	389,811
Total non-derivative liabilities	**4,771,510**	**636,165**	**460,234**	**743,557**	**344,235**	**6,955,701**
Derivative liabilities						
Trading derivative financial instruments	208,748	-	-	-	-	208,748
Hedging derivative financial instruments	(114)	(225)	(1,077)	4,359	-	2,943
Total derivative liabilities	**208,634**	**(225)**	**(1,077)**	**4,359**	**-**	**211,691**
Assets held for managing liquidity risk	**6,266,969**	**14,606**	**48,429**	**812,727**	**15,319**	**7,158,050**
Net cash flows	**1,286,825**	**(621,334)**	**(410,728)**	**64,811**	**(328,916)**	**(9,342)**
Financial guarantees granted and irrevocable commitments	(91,590)					

All amounts in thousands, except where otherwise noted 66

€ '000	Up to 1 month	1- 3 months	4-12 months	1-5 years	Over 5 years	Total
September 30, 2011						
Non-derivative liabilities						
Non-trading						
Due to clients	176,076	-	-	-	-	176,076
Due to brokers and financial institutions	284,019	11,121	20,002	-	-	315,142
Customer deposits	683,405	576,740	330,211	235,740	218,497	2,044,593
Liabilities from securitization transactions	60	154	694	22,557	19,294	42,759
Subordinated debt	346	660	1,361	14,469	39,569	56,405
Liabilities from puttable shares	2,127	-	-	8,508	12,628	23,263
Trading						
Securities sold short	878,724	-	-	-	-	878,724
Cash received under repurchase agreements	4,261,382	-	-	-	-	4,261,382
Cash collateral received under securities lending agreements	599,272	-	-	-	-	599,272
Total non-derivative liabilities	**6,885,411**	**588,675**	**352,268**	**281,274**	**289,988**	**8,397,616**
Derivative liabilities						
Trading derivative financial instruments	260,003	-	-	-	-	260,003
Hedging derivative financial instruments	88	592	2,255	3,611	1,953	8,499
Total derivative liabilities	**260,091**	**592**	**2,255**	**3,611**	**1,953**	**268,502**
Assets held for managing liquidity risk	**8,581,621**	**33,271**	**20,462**	**178,162**	**38,205**	**8,851,721**
Net cash flows	**1,436,119**	**(555,996)**	**(334,061)**	**(106,723)**	**(253,736)**	**185,603**
Financial guarantees granted and irrevocable commitments	(92,300)					

The cash flows and their respective maturities presented above are based on data that are used to manage the Company's liquidity risks. Cash flows from non-derivative interest bearing products are calculated with contractual interest rates and maturities. Variable interest rates are considered with the underlying interest yield curves at the reporting date. Transactions which are payable or receivable on demand or within a predefined time period are shown in the earliest time bucket possible.

Trading liabilities including derivatives not qualifying for hedge accounting are presented with their fair value. Due to the short term nature of these products, the fair value is allocated to the shortest time period even though the contractual maturity could be significantly longer. Cash flows from hedging derivatives are allocated to the period they are paid.

All amounts in thousands, except where otherwise noted 67

5.4. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, personnel and systems or from external events. Examples of operational risk are human error, disruptions of operations and processes, technology risks and external catastrophes. Operational risk is encountered in all activities, including the practices and controls used to manage other risks. Professional management of operational risk reduces possible failures in the management of other risks such as credit, market or regulatory risk.

The Company issues and regularly reviews its procedures to ensure they are current and effective in the prevention of operational failures. The Company maintains a database to record actual and potential operational risk-related incidents. In addition, key risk indicators are monitored and a self-assessment is completed annually. The results are reported regularly to the Executive Committee.

5.5. Regulatory risk

The Company is subject to extensive regulation under securities laws of the jurisdictions in which it operates, including Canada, the United States, the United Kingdom and Germany. In the event of non-compliance, regulators may institute administrative or judicial proceedings that may result in censure, fines, civil penalties, suspension or disqualification of officers. There were no open regulatory issues for the Company or its subsidiaries as at September 30, 2012.

5.6. Other risks

Other risks include strategic risk, legal risk and reputational risk. The Company minimizes exposure to these risks by using a standardized authorization process for new business lines. Wherever possible, industry standard contracts are used. In the case of individual arrangements, the Company is advised by appropriate external counsel on matters involving legal, regulatory and tax issues.

The Company closely monitors its reputation in the market and tries to avoid any kind of settlement failures which could potentially result in damage to its reputation.

5.7. Concentrations of risk

Due to the Company's focus on selected activities and counterparties, business activities may result in a concentration of risks within a risk type. For credit risk, concentration can be classified by industry, country or currency. Other concentrations, such as collateralization or attribution to profit or loss, may occur and are assessed on an individual basis.

Concentrations in credit risk, market risk and liquidity risk are monitored. This enables the Executive Committee to decide, on a case-by-case basis, if strategies or market situations require additional monitoring, capital allocations or reduction of the positions.

Management is aware of any undue concentrations of risk as a result of detailed risk monitoring. The following table provides a breakdown of credit exposures by industry type, country and counterparty rating:

As at September 30	2012 %	2011 %
Credit exposure by industry type		
Public administration including central banks	64.8	62.5
Banks	24.4	30.1
Brokers and other financial institutions	9.4	5.8
Other	1.4	1.6
Total	**100.0**	**100.0**
Credit exposure by country		
Canada	51.8	52.5
Germany	24.1	20.6
Other Europe	18.9	22.3
U.S.A.	5.2	4.4
Other	-	0.2
Total	**100.0**	**100.0**
Credit exposure by counterparty rating		
AAA to AA	73.5	78.7
A to BBB	22.5	18.4
Below BBB	1.1	1.4
Not rated	2.9	1.5
Total	**100.0**	**100.0**

All amounts in thousands, except where otherwise noted 69