Consolidated Financial Statements

Maple Financial Group Inc.

September 30, 2013

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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, 2013, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year ended September 30, 2013, 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.

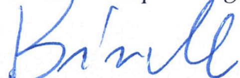
Auditors' responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform 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, 2013, and its financial performance and its cash flows for the year ended September 30, 2013 in accordance with International Financial Reporting Standards.

Eschborn/Frankfurt am Main, February 10, 2014
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft



Binder	Gövert
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

B. CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated statement of financial position

€ '000 I As at September 30	Note	2013	2012
Assets			
Cash and cash equivalents	C.2.1.	85,727	48,770
Securities owned	C.2.2.	1,229,461	1,224,675
Securities owned and loaned or pledged as collateral	C.2.2.	2,324,680	1,502,265
Derivative financial instruments	C.2.3.	85,562	89,391
Cash advanced under reverse repurchase agreements		2,175,232	1,576,148
Cash collateral advanced under securities lending agreements		1,559,164	1,738,407
Loans and receivables due from clients	C.2.4.	329,035	209,249
Loans and receivables due from brokers and financial institutions	C.2.4.	294,833	114,785
Securitized assets	C.2.5.	1,201,747	573,234
Other financial instruments	C.2.6.	81,621	20,059
Property, plant and equipment	C.2.7.	3,085	3,713
Intangible assets	C.2.7.	5,151	3,475
Other assets	C.2.6.	40,972	29,525
Current tax assets	C.2.8.	486,527	406,468
Deferred tax assets	C.2.8.	19,975	25,451
Total assets		**9,922,772**	**7,565,615**
Liabilities			
Securities sold short	C.2.2.	1,253,925	1,288,435
Derivative financial instruments	C.2.3.	181,026	211,250
Cash received under repurchase agreements		2,279,837	2,525,223
Cash collateral received under securities lending agreements		1,967,862	389,811
Due to clients	C.2.9.	16,247	37,420
Due to brokers and financial institutions	C.2.9.	390,805	261,788
Customer deposits	C.2.9.	2,108,490	1,718,066
Liabilities from securitization transactions	C.2.5.	1,188,412	565,653
Accounts payable and other liabilities	C.2.10.	65,876	79,195
Current tax liabilities	C.2.8.	5,555	7,704
Deferred tax liabilities	C.2.8.	4,012	2,495
Subordinated debt	C.2.11.	45,504	46,575
Liabilities from puttable shares	C.2.12.	11,146	26,982
Total liabilities		**9,518,697**	**7,160,597**
Equity			
Share capital	C.2.13.	46,450	42,626
Contributed surplus		2,201	5,805
Retained earnings		354,892	355,708
Other reserves		532	879
Total equity		**404,075**	**405,018**
Total liabilities and equity		**9,922,772**	**7,565,615**

See accompanying notes

On behalf of the Board:

Wolfgang Schuck
CEO & President

William Fung
Chairman

2. Consolidated statement of comprehensive income

€ '000 ǀ Year ended September 30	Note	2013	2012
Interest income	C.3.1.	51,125	42,324
Interest expense	C.3.1.	44,249	53,608
Charges for (recovery of) loan impairment	C.2.4., C.3.2.	2,231	(2,803)
Net interest income (expense) after loan impairment charges		4,645	(8,481)
Commission income	C.3.3.	2,989	4,734
Commission expense	C.3.3.	1,375	391
Net commission income (expense)		1,614	4,343
Net gains (losses) from financial assets/liabilities at fair value through profit or loss and hedge accounting	C.3.4.	51,623	93,801
Other income (expense)	C.3.5.	27,014	10,886
Net Revenue		**84,896**	**100,549**
Employee compensation and benefits	C.3.6.	42,213	53,775
Administrative and general		7,948	9,899
Computer and communication		8,224	9,016
Occupancy		3,988	3,780
Professional and consulting fees		8,681	9,985
Depreciation and amortization	C.2.7.	2,290	2,407
Total operating expenses		**73,344**	**88,862**
Profit (loss) before taxes		**11,552**	**11,687**
Tax expense (income)	C.3.7.	6,979	(1,081)
Transfer from other comprehensive income (loss) to profit (loss)	C.3.8.	(392)	-
Profit (loss) for the year		**4,181**	**12,768**
Other comprehensive income (loss), net of tax			
May be subsequently reclassified to profit (loss)			
Exchange difference on translation of foreign operations, net of hedging		(347)	246
Will not be reclassified to profit (loss)			
Actuarial gains (losses) in defined benefit pension schemes	C.2.10.	(778)	(487)
Other comprehensive income (loss) for the year, net of tax	C.3.8.	**(1,125)**	**(241)**
Total comprehensive income (loss) for the year		**3,056**	**12,527**
Profit (loss) attributable to shareholders		4,181	12,768
Total comprehensive income (loss) attributable to shareholders		3,056	12,527

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, 2012		**42,626**	**5,805**	**355,708**	**879**	**405,018**
Profit (loss) for the year		-	-	4,181	-	4,181
Currency translation reserve, net of hedging		-	-	-	(347)	(347)
Actuarial gains (losses)	C.2.10., C.3.8.	-	-	(778)	-	(778)
Total comprehensive income (loss) for the year		-	-	**3,403**	**(347)**	**3,056**
RSU accruals	C.2.10.	-	(943)	(502)	-	(1,445)
RSU exercise	C.2.10.	1,135	(2,890)	1,150	-	(605)
Dividends paid[1]		-	-	-	-	-
Redemptions	C.2.13.	(405)	229	(4,867)	-	(5,043)
Conversion of puttable shares to common shares	C.2.12.	3,521	-	-	-	3,521
Other changes		(427)	-	-	-	(427)
Equity as at September 30, 2013		**46,450**	**2,201**	**354,892**	**532**	**404,075**
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., C.3.8.	-	-	(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.2.13.	-	-	-	-	-
Other changes		461	-	-	-	461
Equity as at September 30, 2012		**42,626**	**5,805**	**355,708**	**879**	**405,018**

[1] *The Company paid € nil [2012 - € nil] per share as dividend.*

4. Consolidated statement of cash flows

€ '000 | Year ended September 30	Note	2013	2012
Operating activities			
Profit (loss) for the year		4,181	12,768
Add (deduct) items not affecting cash	C.4.3.	14,400	3,745
Changes in operating assets	C.4.3.	(2,694,248)	1,946,333
Changes in operating liabilities	C.4.3.	2,819,259	(1,907,675)
Changes in current tax assets and liabilities		(82,703)	(138,126)
Net (gains) losses from investing activities		37	95
Net (gains) losses from financing activities		(404)	2,290
Net cash flows from operating activities		**60,522**	**(80,570)**
Investing activities			
Purchase of property, plant and equipment	C.2.7.	(769)	(778)
Purchase of intangible assets	C.2.7.	(2,861)	(1,246)
Proceeds from sale of property, plant and equipment		35	466
Net cash flows from investing activities		**(3,595)**	**(1,558)**
Financing activities			
Cash flows from subordinated debt		(1,113)	(1,481)
Cash flows from puttable shares		(11,869)	2,913
Redemption of shares		(5,043)	-
Net cash flows from financing activities		**(18,025)**	**1,432**
Effect of exchange rate changes on cash and cash equivalents		(1,945)	2,292
Net increase (decrease) in cash and cash equivalents		**36,957**	**(78,404)**
Cash and cash equivalents, beginning of year		**48,770**	**127,174**
Cash and cash equivalents, end of year		**85,727**	**48,770**

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 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, a receivables financing business and 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 10, 2014.

1.2. Accounting policies

Basis of preparation

The consolidated financial statements of MFGI for the financial year ended September 30, 2013 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's functional currency is the Euro. These financial statements are presented in thousand Euro (€ '000), except where otherwise indicated.

The Company presents its assets and liabilities 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. Actual future outcomes 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.),
- loan impairments (see note C.2.4.),
- employee benefits (see note C.2.10.),
- liabilities from puttable shares (see note C.2.12.), and
- contingent liabilities (see note C.4.5.)

are areas where management used such estimates and assumptions.

In addition to these estimates and assumptions, the Company made the following discretionary decisions in respect of the classification of financial instruments:
- the category “available-for-sale” is only used for unquoted equity investments, and
- the designation of financial liabilities at fair value through profit or loss under the fair value option is not used.

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 for MFGI and its subsidiaries (including special purpose entities [“SPEs”]) after elimination of intra-group 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 consolidated entities is September 30, 2013. For a list of the consolidated entities see note C.4.7.

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 the 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 be translated at the spot exchange rate on the reporting date in the functional currency. The

standard requires that income and expenses denominated in foreign currencies be 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 effective 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 Euro. 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 regular way purchases of financial instruments and all derivative 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 at initial recognition 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 financial assets 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 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 derivative financial instruments that are designated and effective hedge instruments. The Company designates financial assets at fair value if the financial assets are part of a portfolio, which is managed and reported to 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, 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 are traded on an active market at initial recognition.

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 for which an asset could be exchanged 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 in 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 with fixed or determinable cash flows not quoted on an active market - fair value is calculated by discounting future contractual cash flows using market interest rates and/or credit curves currently offered for similar financial instruments and that have the same term to maturity (level 2). For certain financial assets and financial liabilities that are short-term in nature or contain variable rate features, the fair value corresponds to the carrying value.

Financial instruments with determinable cash flows not quoted on an active market are included in the following lines of the statement of financial positions

- cash collateral advanced and received under securities lending agreements,
- cash advanced under reverse repurchase agreements and cash received under repurchase agreements,
- loans and receivables due from clients and from brokers and financial institutions,
- due to clients and to brokers and financial institutions,
- securitized assets and liabilities from securitization transactions,
- other financial instruments,
- customer deposits,
- subordinated debt, and
- liabilities from puttable shares.

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 or other third-party evidence or valuation techniques that incorporate assumptions based primarily on observable market inputs are used (level 2). If fair value calculations are based on significant input parameters not readily observable in the market the security is classified in 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 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 on internal estimates and data, taking into account valuation policies, economic conditions, the specific characteristics of the transaction or other relevant factors (level 3). Fair value of derivative financial instruments is determined by taking into account credit risk of the Company and the counterparty, the measurement of the current or future market value of the transactions, as well as credit risk mitigation measures.

Puttable shares - fair value is the amount at which the shares are expected to be redeemed. This amount is equal to the carrying value.

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 that 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 observable market 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. If there are significant unobservable market parameters 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

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 financial difficulties, increasing the probability of default or delinquency in interest or principal repayments or that they will enter into bankruptcy or other financial reorganizations.

Losses as a result of future events are not recognized.

The amount of the impairment is defined as the difference between amortized cost and the present value of future cash flows of the loan and/or collateral. The present value of a fixed rate loan is determined by discounting the expected future cash flows using the 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 uses an allowance account for credit-related losses of individually significant loans. 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 loan 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 which 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 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 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 and are shown as securitized assets. The securitization transaction results in the recognition of securitization liabilities, which are classified as other financial liabilities. The securitized assets and the securitization liabilities are measured at amortized cost. The interest rate risk for both the securitized assets 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, swaps and swaptions 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 financial instrument 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 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 applies hedge accounting by designating derivative financial instruments. 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 transferred to income. The ineffective portion of the hedge transaction is recognized immediately in net revenue.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if there is a legally enforceable right to offset the recognized amounts and there is the intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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 as an 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.

On October 1, 2012 the Company introduced a new compensation policy which governs the compensation for senior employees. For financial years until September 30, 2012, the share based compensation was based on the Amended Executive Restricted Share Unit [“RSU”] Plan. RSUs will not be granted for financial years beyond September 30, 2012.

Under the new compensation policy the variable compensation elements of certain senior employees and traders are partly deferred and paid in equal annual installments over the following three years. The payment of the deferred amounts depends on the change in the book value per share of the Company. All deferred but unpaid variable compensation elements are dependent on the future performance of the Company (change in book value per share), which may result in the partial or total loss of variable compensation elements that have been allocated, but not yet disbursed. There are no service conditions for the respective employees.

This deferred compensation agreement is treated as other long-term benefits in accordance with IAS 19, "Employee benefits". At initial recognition the Company measures the liability at fair value. The fair value of the liability is remeasured at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss for the period.

The RSUs granted until fiscal year 2012 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 are accounted for in accordance with IFRS 2, "Share based payments". Accordingly, the fair value of the RSUs is accrued in employee compensation and benefits expense over the vesting period. The original fair value 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 grant date and reporting date.

In cases where recipients of RSUs have the option to receive cash in lieu of shares (cash-settled plans) or 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.

Cancellations of RSUs are accounted for as accelerated vesting. Any payment made to the employee is recorded as a deduction from equity with the difference between the fair value of the RSUs and the payment recognized in employee compensation and benefits.

<u>Property, plant and equipment</u>

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. The depreciation amount 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

Items of 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 attributable to it will flow to the Company. Intangible assets are measured at cost on initial recognition. Subsequently, they are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization begins when the asset is available for use. 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 expected useful life are accounted for by changing the amortization period or method and are treated as changes in accounting estimates. Amortization is calculated using the straight-line method.

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 tax assets or liabilities are not discounted.

The Company also applies IAS 12 for the recognition and measurement of uncertain tax positions. Under the standard, 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 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. Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off deferred tax assets against deferred tax liabilities and the deferred taxes relate to the same taxable entity and same taxation authority.

Other reserves

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 the 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.

Puttable shares

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 instrument for cash or another financial asset on exercise of the puttable instrument. 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.

Financial guarantees and loan commitments

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. If required, the Company recognizes a provision in accordance with IAS 37.

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

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 investments 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 primarily records arrangement fees received for transactions between third parties and servicing fees paid for the mortgage securitization portfolio on these lines. These fees are recognized on the completion of the transaction or when the service is performed.

Net gains (losses) from financial assets/liabilities at fair value through profit or loss and hedge accounting - Results arising from financial instruments categorized as held for trading or designated at fair value include the realized results and all gains and losses from changes in fair value and related interest income and dividends, 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) – This component is used for 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.

New standards adopted and standards issued but not yet mandatory

The following describes the changes to IFRS which are relevant to the Company and have been adopted in the financial year ending September 30, 2013:

IAS 1, "Presentation of Financial Statements"
Amendments to IAS 1 require that other comprehensive income be classified by nature and grouped into those that, in accordance with other IFRS, may and will not be subsequently reclassified to profit or loss. This amendment is effective for annual periods beginning on or after July 1, 2012. The Company presents the components of other comprehensive income based on the new groupings on an after tax basis. Pre-tax amounts are disclosed in note C.3.8. In previous years the tax expense (income) relating to components of other comprehensive income has been disclosed separately in other comprehensive income. The Company is of the opinion that the new presentation provides more relevant information.

Standards that have been issued and are not yet mandatory but could have a significant impact on the Company's financial statements are analyzed below.

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

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. Other changes relate to the classification and recognition of partial retirement plans as well as additional note disclosures related to employee benefits. This revised standard will become effective for annual periods beginning on or after January 1, 2013.

The changes from the revised standard will not have a material impact on the consolidated statement of financial position and consolidated statement of comprehensive income because the Company already recognizes changes to defined benefit obligations directly in OCI. The Company has decided not to apply the revised 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 IAS 32.42, "Financial Instruments: Presentation". The new requirements are effective for annual periods beginning on or after January 1, 2013. The Company will disclose in a separate table the gross amounts of those recognized assets and recognized liabilities, the amounts that are set off, the net amounts in the statement of financial position, the amounts related to recognized financial instruments that do not meet the offsetting criteria and the related collateral. The Company has decided not to apply this standard before its effective date.

IFRS 9, "Financial Instruments: Classification and Measurement"
The IASB intends to replace IAS 39, "Financial Instruments: Recognition and Measurement". In November 2009 the IASB published IFRS 9 relating to the classification and measurement of financial assets (phase 1). In October 2010 the IASB published the requirements related to the classification and measurement of financial liabilities. An exposure draft of an amendment to the standard was published in November 2012 in which a further class of financial instruments (fair value through OCI) was proposed. Comprehensive discussions are still ongoing.

For phase 1, the Company expects a significant impact on the classification of financial instruments but not a significant impact on measurement and, therefore, on profit or loss.

In March 2013 the IASB issued a re-exposure draft on the accounting for expected credit losses from financial instruments (phase 2). In September 2012 the IASB published a re-exposure draft on hedge accounting (phase 3), except for macro hedging, which is treated separately from IFRS 9. In November 2013 the IASB issued the final version of the hedge accounting requirements. The impact of phase 2 and phase 3 cannot be estimated.

The IASB has delayed the January 1, 2015 mandatory effective date of IFRS 9. The board tentatively decided that the new mandatory effective date will be no earlier than annual periods beginning on or after January 1, 2017. Due to the uncertainties connected with the ongoing process, the Company has decided not to adopt IFRS 9 early.

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. IFRS 10 replaces the portion of IAS 27, "Consolidated and Separate Financial Statements" that addresses the accounting for consolidated financial statements and SIC-12, "Consolidation – Special Purpose Entities". IFRS 10 has established "control" as the single principle for consolidation. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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. IFRS 13 introduces revised definitions and enhanced disclosure requirements for fair value measurements. The Company does not expect a significant impact from the implementation of the standard. The Company has decided not to apply this standard before its stated effective date.

Annual Improvements to IFRS 2009-2011 Cycle, 2010-2012 Cycle and 2011- 2013 Cycle
In May 2012 (2009-2011 Cycle) the IASB issued amendments to IFRS. These amendments are effective for annual periods starting on or after January 1, 2013. They include the following changes:

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".

In December 2013 the IASB issued further amendments (2010-2012 Cycle and 2011- 2013 Cycle) to existing IFRS. The amendments contain mainly clarifications of several IFRS and are effective for annual periods beginning on or after July 1, 2014.

The adoption of the amendments will not have a material impact on the Company's financial statements.

2. Consolidated statement of financial position related disclosures

2.1. Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank accounts, 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 through profit or loss. 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	2013	2012
Securities owned		
Money market	156,902	14
Fixed income	733,442	768,539
Equities	339,117	456,122
Total	**1,229,461**	**1,224,675**
Securities owned and loaned or pledged as collateral		
Fixed income	1,569,277	1,398,387
Equities	755,403	103,878
Total	**2,324,680**	**1,502,265**

Securities owned include fixed income instruments of € 91,946 [2012 – € 191,959] and money market instruments of € 156,902 [2012 – nil] which are designated at fair value.

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

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

€ ‘000	2013	2012
Money market	-	94
Fixed income	697,098	407,140
Equities	556,827	881,201
Total	**1,253,925**	**1,288,435**

2.3. Derivative financial instruments

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

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. A swaption is an option granting its owner the right but not the obligation to enter into an underlying swap.

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.

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

€ '000	2013	2012
Trading derivative financial instruments - assets		
Foreign currency products	3,344	2,871
Interest rate products	14,458	18,945
Equity products	27,953	13,726
Credit default products	355	658
	46,110	36,200
Hedging derivative financial instruments - assets		
Foreign currency products	140	440
Interest rate products	39,312	52,751
	39,452	53,191
Total derivative financial instruments – assets	**85,562**	**89,391**
Trading derivative financial instruments - liabilities		
Foreign currency products	1,723	3,841
Interest rate products	30,073	51,069
Equity products	134,382	151,177
Credit default products	6,102	2,661
	172,280	208,748
Hedging derivative financial instruments - liabilities		
Foreign currency products	619	2
Interest rate products	8,127	2,500
	8,746	2,502
Total derivative financial instruments – liabilities	**181,026**	**211,250**

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	2013	2012
Foreign currency products	1,143,791	1,059,021
Interest rate products	4,274,266	6,867,891
Equity products	1,862,539	1,098,202
Credit default products	225,892	1,734,900
Total	**7,506,488**	**10,760,014**

Fair value hedges

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

€ '000	2013	2012
Gains (losses) on hedging instruments	(13,917)	6,878
Gains (losses) on hedged items attributable to the hedged risk	16,613	(6,318)
Total	**2,696**	**560**

2.4. Loans and receivables

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

€ '000	2013	2012
Loans and receivables due from clients	338,296	225,249
Allowance for loan impairments	9,261	16,000
Net loans and receivables due from clients	**329,035**	**209,249**
Loans and receivables due from brokers and financial institutions	294,836	114,785
Allowance for loan impairments	3	-
Net loans and receivables due from brokers and financial institutions	**294,833**	**114,785**
Securitized assets	1,201,747	573,234
Allowance for loan impairments	-	-
Net securitized assets	**1,201,747**	**573,234**
Total net loans and receivables	**1,825,615**	**897,268**

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, margin for repurchase agreements and other broker balances. Securitized asset details are presented in note C.2.5.

The continuity of allowances for loan impairments from the Company's collateralized lending business is shown in the following table:

€ '000	Due from clients	Due from brokers and financial institutions
Allowance for loan impairments as at October 1, 2012	**16,000**	**-**
Provision for loan impairments	3,665	3
Recoveries	(315)	-
Amounts written off	(9,434)	-
Foreign currency translation effects and other	(655)	-
Allowance for loan impairments as at September 30, 2013	**9,261**	**3**
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**	**-**

In addition to the recoveries presented above the Company received repayments for loans written off of € 1,122 [2012 – nil].

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	2013	2012
Securitized assets, mortgage loans		
Principal amount	1,188,346	555,636
Accrued interest	1,562	727
Unamortized premium paid	21,080	14,688
Hedge adjustment	(9,241)	2,183
Total	**1,201,747**	**573,234**
Liabilities from securitization transactions, mortgage bonds issued		
Principal amount	1,200,374	559,841
Accrued interest	1,647	366
Unamortized premium received	904	2,034
Hedge adjustment	(14,513)	3,412
Total	**1,188,412**	**565,653**

2.6. Other financial instruments and other assets

Other financial instruments include the following items:

€ '000	2013	2012
Financial assets held for trading	61,810	-
Financial assets held-to-maturity	18,879	19,031
Financial assets available-for-sale	932	1,028
Total	**81,621**	**20,059**

The financial assets classified as held for trading include promissory notes and registered bonds measured at fair value.

The financial assets held-to-maturity contain covered bonds.

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	2013	2012
Interest receivable on current tax assets	29,406	15,471
Deferred expenses	6,945	5,109
RSU receivable	67	3,185
Other	4,554	5,760
Total	**40,972**	**29,525**

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, 2012	**3,475**	**3,713**
Additions	2,861	769
Disposals	60	12
Depreciation and amortization	969	1,321
Impairment losses	110	-
Foreign currency translation effect	(46)	(64)
Carrying value as at September 30, 2013	**5,151**	**3,085**
Gross carrying value as at September 30, 2013	**12,047**	**15,887**
Accumulated depreciation and amortization	6,896	12,802
Carrying value as at September 30, 2013	**5,151**	**3,085**

€ '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 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**

2.8. Current and deferred tax assets and liabilities

Included in the consolidated statement of financial position are current tax assets of € 486,527 [2012 - € 406,468] and current tax liabilities of € 5,555 [2012 - € 7,704]. Current tax assets include € 471,823 of withholding tax credits which are receivable from local tax authorities [2012 – € 376,473].

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)
	2013	**2013**	**2013**	**2012**	**2012**	**2012**
Loss carryforward	12,333	(185)	(3,105)	9,773	-	(2,310)
Employee benefits	9,978	(490)	4,867	15,206	(316)	(4,829)
Loan impairment	-	(27)	1,686	1,635	(106)	6,404
Securities and derivatives	433	-	73	505	-	(1,028)
Other assets	(2,657)	-	1,592	(1,065)	-	1,065
Securitization	-	4,920	2,382	-	2,895	2,795
Actuarial valuation	(492)	-	-	(857)	-	-
Other timing differences	380	(206)	(380)	254	22	(314)
Total	**19,975**	**4,012**	**7,115**	**25,451**	**2,495**	**1,783**

Included in OCI is deferred tax expense (income) resulting from actuarial gains (losses) in defined benefit pension schemes of (€ 365) [2012 – (€ 229)].

Deferred tax assets totaling € 18,546 [2012 – € 24,079] have been recognized in subsidiaries that incurred losses in either the current or preceding period, and the utilization of such deferred tax asset is dependent on future taxable profits in excess of the reversal of temporary differences. The losses arise from identifiable causes and are non-recurring. The Company has estimated future earnings based on a three-year forecast which includes the implementation of new strategies. 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 tax assets are recorded:

€ '000 **Year of expiry**	**2013**	**2012**
2022	2,841	2,967
2023	5,568	5,816
2024	1,491	1,558
2025	3,655	3,818
2029	-	351
2030	1,032	1,797
2032	7,963	10,012
2033	5,852	-
Unlimited	10,593	5,707
Total	**38,995**	**32,026**

The Company has temporary differences of € nil [2012 - € nil] on which it has not recorded deferred tax assets.

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	**2013**	**2012**
Due to clients		
Current accounts/overnight deposits	16,069	37,380
Other	178	40
Total	**16,247**	**37,420**
Due to brokers and financial institutions		
Unsettled trades	208,693	156,509
Deposits with agreed maturity	127,597	27,160
Cash collateral received for repurchase agreements	35,948	5,080
Current accounts/overnight deposits	11,425	68,651
Cash collateral received for derivative financial instruments	1,368	1,230
Other	5,774	3,158
Total	**390,805**	**261,788**

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

Customer deposits

The following table provides an analysis of customer deposits:

€ '000	2013	2012
Short-term customer deposits	1,792,961	1,329,803
Thereof: hedge adjustment	*628*	*601*
Long-term customer deposits	315,529	388,263
Thereof: hedge adjustment	*29,184*	*41,535*
Total	**2,108,490**	**1,718,066**

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

The Company recognized a gain (loss) of € (84) [2012 - € 192] through early termination of customer deposits.

2.10. Accounts payable and other liabilities

Accounts payable and other liabilities include the following:

€ '000	2013	2012
Accounts payable	16,793	13,633
Employee benefits	49,083	65,562
Thereof: defined benefit pension plans	*17,823*	*14,922*
Thereof: RSUs	*2,866*	*8,584*
Total	**65,876**	**79,195**

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

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, 2013. 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 the underlying assumptions are as follows:

€ '000	2013	2012
Defined benefit obligation	19,086	16,133
Fair value of plan assets	1,263	1,211
Net pension obligation	**17,823**	**14,922**

The continuity of the defined benefit obligation is as follows:

€ '000	2013	2012
Defined benefit obligation, beginning of year	**16,133**	**13,662**
Current service cost	1,131	1,017
Interest cost	679	738
Actuarial (gains) losses	1,143	716
Pension payments	-	-
Defined benefit obligation, end of year	**19,086**	**16,133**

Accumulated actuarial gains are € 1,541 [2012 – € 2,684].

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

€ '000	2013	2012
Fair value of plan assets, beginning of year	**1,211**	**1,156**
Actual return on plan assets	52	55
Contributions by employer	-	-
Fair value of plan assets, end of year	**1,263**	**1,211**

Plan assets relate to a qualified insurance policy that covers 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 to the defined benefit pension plan in 2014.

Pension expense for the defined benefit plan was as follows:

€ '000	2013	2012
Current service cost	1,131	1,017
Interest cost	679	738
Amortization of past service cost	-	7
Actual return on plan assets	(52)	(55)
Total pension expense for the year	**1,758**	**1,707**

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	2013	2012
Discount rate	3.7%	4.2%
Rate of compensation increase	2.0%	2.0%
Escalation of payment benefits	2.0%	2.0%
Expected return on plan assets	3.7%	4.2%

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

€ '000	2013	2012	2011
Defined benefit obligation	19,086	16,133	13,662
Pension plan assets	1,263	1,211	1,156
Deficit	**17,823**	**14,922**	**12,506**
Experience gain (loss) on:			
Pension plan obligations	1,004	421	92
Pension plan assets	2	(3)	7

The Company recorded expenses in the amount of € 838 [2012 - € 615] 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 externally and does not retain any financial obligations to employees.

Share-based compensation

Included in accounts payable and other liabilities are liabilities for accrued compensation costs of € 2,866 [2012 - € 8,584] from the 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.

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

	Settled in			
Number of RSUs	**Cash**	**Equity**	**Puttable shares**	**Total**
Outstanding as at October 1, 2012	**1,326,081**	**1,157,151**	**168,930**	**2,652,162**
Granted during the year	96,228	38,136	27,871	162,235
Replaced with cash payment	(840,239)	(840,241)	-	(1,680,480)
Exercised during the year	(485,842)	(316,910)	(168,930)	(971,682)
Reclassified to equity settled	-	27,871	(27,871)	-
Outstanding as at September 30, 2013	**96,228**	**66,007**	**-**	**162,235**
Outstanding as at October 1, 2011	**3,562,213**	**2,656,087**	**906,126**	**7,124,426**
Exercised during the year	(2,236,132)	(1,498,936)	(737,196)	(4,472,264)
Outstanding as at September 30, 2012	**1,326,081**	**1,157,151**	**168,930**	**2,652,162**

There were no RSUs exercisable at September 30, 2013 [2012 - nil].

RSUs outstanding at September 30, 2013 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 €
January 24, 2014	767,675	3,332	2,997	3.982
February 26, 2015	162,235	617	646	3.982

The grant of the RSUs vesting on January 24, 2014 is contingent on the favourable resolution of the tax issue explained in note C.4.5. [“Notional RSUs”]. As stated in the note, the Company believes that the issue will be resolved in its favour and has accrued a liability related to the contingent grant of RSUs.

The impact of RSUs and Notional RSUs on the consolidated statement of financial position and consolidated statement of comprehensive income is shown in the table below:

€ '000	RSUs	Notional RSUs	Total
September 30, 2013			
Accrual of vesting provisions included in compensation expense	2,632	960	3,592
Changes in contributed surplus (including impact of early vesting)	(943)	-	(943)
Charge to retained earnings	502	-	502
Receivable for accrued compensation costs	67	-	67
Liability for accrued compensation costs	191	2,675	2,866
Unaccrued compensation cost	458	382	840
September 30, 2012			
Accrual of vesting provisions included in compensation expense	6,910	1,124	8,034
Changes in contributed surplus	3,382	-	3,382
Charge to retained earnings	1,024	-	1,024
Receivable for accrued compensation costs	3,185	-	3,185
Liability for accrued compensation costs	7,460	1,124	8,584
Unaccrued compensation cost	1,021	1,873	2,894

The charge to retained earnings is for equity-settled RSUs awarded in lieu of dividends paid during the vesting period.

2.11. Subordinated debt

The following table provides a breakdown of subordinated debt:

€ '000	2013	2012
Nominal	40,020	40,020
Hedge adjustment	3,956	5,026
Accrued interest	1,528	1,529
Total	**45,504**	**46,575**

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

2.12. Liabilities from puttable shares

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

€ '000	2013	2012
Class A common shares, voting	9,492	20,507
Class C common shares, non-voting	1,654	6,475
Total	**11,146**	**26,982**

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, 2012	**4,942,311**	**1,560,454**
RSUs exercised during the year	-	168,930
Redemptions	(1,880,473)	(494,279)
Reclassification of puttable shares to share capital	-	(839,887)
Put right exercised	(793,300)	-
As at September 30, 2013	**2,268,538**	**395,218**
As at October 1, 2011	**4,989,311**	**823,258**
RSUs exercised during the year	-	737,196
Put right exercised	(47,000)	-
As at September 30, 2012	**4,942,311**	**1,560,454**

In September 2013 certain shareholders no longer qualified for the put right embedded in their common shares. For these shares the Company has reclassified € 3,521 to share capital.

2.13. Share capital

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

€ '000	2013	2012
Class A common shares, voting	6,689	8,958
Class C common shares, non-voting	33,347	26,827
Class D common shares, voting	2,245	2,245
Class D preference shares	4,169	4,596
Total	**46,450**	**42,626**

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, 2012	**37,668,750**	**49,807,470**	**4,028,769**	**5,814,103**
RSUs exercised during the year	-	316,910	-	-
Redemptions	(736,700)	(450,000)	-	-
Share conversion	(8,800,000)	8,800,000	-	-
Reclassification of puttable shares to share capital	-	839,887	-	-
As at September 30, 2013	**28,132,050**	**59,314,267**	**4,028,769**	**5,814,103**
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**

The board of directors has authorized the issuance of 162,235 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.

The Company does not hold any treasury shares.

No dividend has been declared for the financial year ended on September 30, 2013.

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 presents the components of interest income:

€ '000	2013	2012
Cash and cash equivalents	119	371
Loans and receivables due from clients	12,556	22,055
Loans and receivables due from brokers and financial institutions	14	587
Securitized assets	21,740	5,182
Other financial instruments	393	179
Interest from hedging derivative financial instruments	14,862	13,397
Other	1,441	553
Total	**51,125**	**42,324**

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 [2012 - € 7] from impaired financial instruments measured at cost.

The following table presents the components of interest expense:

€ '000	2013	2012
Due to clients	-	241
Due to brokers and financial institutions	576	1,338
Customer deposits	23,561	45,150
Liabilities from securitization transactions	15,394	3,521
Subordinated debt	2,368	2,370
Interest from hedging derivative financial instruments	2,350	988
Total	**44,249**	**53,608**

3.2. Charges for (recovery of) loan impairment

The charges for (recovery of) loan impairment of € 2,231 [2012 - € (2,803)] include provisions for loan impairment of € 3,668 [2012 – € 1,764] and recoveries/repayments of € 1,437 [2012 – € 4,567]. A detailed analysis of loan impairment is presented in notes C.2.4. and C.5.1.

3.3. Commission income and expense

Commission income of € 2,989 [2012 - € 4,734] includes € 2,975 [2012 - € 3,572] of revenues from the Company acting as agent in the purchase and sale of fixed income instruments.

Commission expense of € 1,375 [2012 - € 391] primarily includes servicing fees paid for the mortgage securitization portfolio.

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	2013	2012
Customer business	2,996	2,729
Securities finance	29,257	30,526
Proprietary trading	16,815	41,300
Other	(2,541)	15,025
Net gains (losses) from trading	46,527	89,580
Net gains (losses) from financial assets designated at fair value through profit or loss	2,400	3,661
Net gains (losses) from fair value hedge accounting	2,696	560
Total	**51,623**	**93,801**

The net gains (losses) from financial assets designated at fair value through profit or loss include gains (losses) of € (18) from derivative financial instruments which economically hedge these financial assets [2012 – € 568].

3.5. Other income (expense)

Other income (expense) includes the following items:

€ '000	2013	2012
Interest accrued on current tax assets	15,085	8,366
Reversal of accrued liabilities	11,062	-
Gains (losses) from valuation of puttable shares	(447)	(958)
Net gains (losses) from the early termination of other financial liabilities	(84)	192
Other	1,398	3,286
Total	**27,014**	**10,886**

3.6. Employee compensation and benefits

Employee compensation and benefits includes the following:

€ '000	2013	2012
Salaries and benefits	36,863	44,034
Pension expense	1,758	1,707
RSU expense	3,592	8,034
Total	**42,213**	**53,775**

3.7. Tax expense (income)

Tax expense (income) is calculated using the local statutory tax rates applied to the taxable income (loss) of each taxable entity, allowing for any income which may be exempt from income tax under appropriate regulations.

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

€ '000	2013	2012
Profit (loss) before taxes	**11,552**	**11,687**
Tax expense (income) based on Canadian statutory tax rate	3,061	3,141
Net adjustment to deferred tax assets not recognized	2,494	(3,408)
Rate differentials on international operations	774	761
Adjustment to current tax of prior periods	50	(893)
Release of tax liabilities	-	(2,142)
Non-taxable income	(1)	(352)
Non-deductible expenses	566	1,869
Deferred tax expense (income) related to changes in tax rates	243	99
Other	(208)	(156)
Tax expense (income)	**6,979**	**(1,081)**

The Canadian statutory tax rate is 26.5% [2012 - 26.875%]. The decrease is due to reductions in Canadian federal tax rates.

The tax expense (income) in profit (loss) for the year is comprised of the following:

€ '000	2013	2012
Current tax expense (income)		
Current income tax (income)	(186)	(1,971)
Adjustment to current tax of prior periods	50	(893)
Deferred tax expense (income)[1)]		
Origination and reversal of temporary differences	10,220	4,093
Loss carryforwards	(3,105)	(2,310)
Tax expense (income)	**6,979**	**(1,081)**

[1)] Previous year amounts have been changed to present deferred tax expense (income) on loss carryforwards separately.

3.8. Other comprehensive income (loss)

Other comprehensive income (loss) is shown in the consolidated statement of comprehensive income net of tax. The associated gross amounts are:

€ '000	2013	2012
Items that may be subsequently reclassified to profit or loss		
Exchange difference on translation of foreign operations, net of hedging and before tax	386	(440)
Tax expense (income) relating to exchange difference on translation of foreign operations, net of hedging	733	(686)
Total	**(347)**	**246**
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) in defined benefit pension schemes and before tax	(1,143)	(716)
Tax expense (income) relating to actuarial gains (losses) in defined benefit pension schemes	(365)	(229)
Total	**(778)**	**(487)**

The exchange difference on translation of foreign operations contains a transfer of € 392 [2012 - nil] from other comprehensive income to net income because the Company reduced its net investment in self-sustaining foreign operations. As described in note C.1.2. the Company hedges its net investments in such operations to mitigate foreign exchange risk on its net investments. For these transactions, the Company applies hedge accounting.

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, AfS or HFT (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	OFL
Due to brokers and financial institutions	OFL
Customer deposits	OFL
Liabilities from securitization transactions	OFL
Subordinated debt	OFL
Liabilities from puttable shares	OFL

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; OFL: other financial 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, 2013			
Financial assets			
Securities owned	503,400	726,061	-
Securities owned and loaned or pledged as collateral	1,186,633	1,138,047	-
Derivative financial instruments	24,191	61,369	2
Cash advanced under reverse repurchase agreements	-	2,175,232	-
Cash collateral advanced under securities lending agreements	-	1,559,164	-
Other financial instruments – financial assets held for trading	-	61,810	-
Financial liabilities			
Securities sold short	1,173,625	80,300	-
Derivative financial instruments	134,175	46,851	-
Cash received under repurchase agreements	-	2,279,837	-
Cash collateral received under securities lending agreements	-	1,967,862	-
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	-	1,576,148	-
Cash collateral advanced under securities lending agreements	-	1,738,410	-
Financial liabilities			
Securities sold short	1,253,843	34,592	-
Derivative financial instruments	148,856	62,394	-
Cash received under repurchase agreements	-	2,525,223	-
Cash collateral received under securities lending agreements	-	389,811	-

The following prior year amounts have been adjusted to move the following transactions from level 1 to level 2: cash advanced under reverse repurchase agreements [€ 802,420], cash collateral advanced under securities lending agreements [€ 1,638,337], cash received under repurchase agreements [€ 2,355,837] and cash collateral received under securities lending agreements [€ 389,811].

Securities owned include financial assets designated at fair value of € 248,848 [2012 – € 191,959], which are classified in level 2.

The changes in fair value of securities owned and derivative financial instruments classified in level 3 are shown in the table below:

€ '000	**Securities owned**	**Derivative financial instruments – assets**
Fair value as at October 1, 2012	**-**	**2**
Total gains (losses) in income	-	-
Sales	-	-
Fair value as at September 30, 2013	**-**	**2**
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**

There were no transfers of financial instruments into or out of level 3 from the other levels in 2012 or 2013. 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 [2012 - € nil] 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 on financial instruments classified in level 3, substituting the unobservable inputs with one or more 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.

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 2013	Fair value 2013	Carrying value 2012	Fair value 2012
Financial assets				
Cash and cash equivalents	85,727	85,727	48,770	48,770
Due from clients	329,035	332,740	209,249	214,476
Due from brokers and financial institutions	294,833	294,870	114,785	114,796
Securitized assets	1,201,747	1,213,516	573,234	578,365
Other financial instruments – held-to-maturity	18,879	19,224	19,031	19,815
Total	**1,930,221**	**1,946,077**	**965,069**	**976,222**
Financial liabilities				
Due to clients	16,247	16,247	37,420	37,420
Due to brokers and financial institutions	390,805	390,805	261,788	261,788
Customer deposits	2,108,490	2,100,636	1,718,066	1,706,355
Liabilities from securitization transactions	1,188,412	1,193,362	565,653	568,906
Subordinated debt	45,504	41,998	46,575	38,155
Liabilities from puttable shares	11,146	11,146	26,982	26,982
Total	**3,760,604**	**3,754,194**	**2,656,484**	**2,639,606**

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 transfer, 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	2013	2012
Mortgage loans	1,213,516	578,365
Canada mortgage bonds issued	(1,193,362)	(568,906)
Difference	**20,154**	**9,459**

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

€ '000	2013	2012
Mortgage loans	1,201,747	573,234
Canada mortgage bonds issued	(1,188,412)	(565,653)

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	**2013**	**2012**
Securities	2,739,877	1,694,224
Cash collateral for derivative financial instruments or margin for repurchase agreements	61,079	18,817
Cash collateral advanced under securities lending agreements	1,559,164	1,738,407
Total	**4,360,120**	**3,451,448**

The Company has transferred € 2,324,680 of securities owned where the transferee has the right to sell or re-pledge these assets [2012 - € 1,502,265]. 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. The carrying amount of the liability associated with the transferred securities is € 1,565,072 [2012 - € 1,048,940], which is shown as cash received under repurchase agreements or cash collateral received under securities lending agreements.

The Company receives collateral for reverse repurchase agreements, for derivative financial instrument transactions, for securities loaned 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 € 5,935 million [2012 - € 5,334 million]. Of these, securities with a fair value of € 5,007 million [2012 - € 4,446 million] have been pledged or otherwise transferred.

4.3. Additional cash flow information

The following table shows supplementary information to the consolidated statement of cash flows:

€ '000	2013	2012
Cash and cash equivalents consist of the following components		
Cash on hand and bank accounts	30,446	36,676
Demand deposits and cash equivalents	55,281	12,094
Net cash flows from operating activities contain		
Income taxes paid	104,058	141,130
Income taxes received	22,316	7,552
Interest paid	44,524	52,116
Interest received	51,384	42,252

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

€ '000	2013	2012
Changes in operating assets		
Securities owned (including securities owned and loaned or pledged as collateral)	(765,613)	1,758,485
Derivative financial instruments	1,004	93,451
Cash advanced under reverse repurchase agreements	(674,719)	1,047,096
Cash collateral advanced under securities lending agreements	119,937	(433,351)
Loans and receivables due from clients	(148,980)	(36,877)
Loans and receivables due from brokers and financial institutions	(183,203)	61,027
Securitized assets	(709,136)	(511,673)
Other financial instruments	(321,411)	(19,135)
Other assets	(12,127)	(12,690)
Total	**(2,694,248)**	**1,946,333**

€ '000	2013	2012
Changes in operating liabilities		
Securities sold short	73,653	287,510
Derivative financial instruments	(22,081)	(67,659)
Cash received under repurchase agreements	(96,368)	(1,937,472)
Cash collateral received under securities lending agreements	1,643,811	(230,343)
Due to clients	(20,266)	(139,909)
Due to brokers and financial institutions	140,163	(72,961)
Customer deposits	413,818	(249,053)
Liabilities from securitization transactions	702,428	504,677
Accounts payable and other liabilities	(15,899)	(2,465)
Total	**2,819,259**	**(1,907,675)**
Net change in operating assets and liabilities	**125,011**	**38,658**
Items not affecting cash		
Charges for (recovery of) loan impairment	3,353	(2,803)
Depreciation and amortization	2,290	2,407
Employee compensation	1,642	2,358
Deferred income tax	7,115	1,783
Total	**14,400**	**3,745**

4.4. Maturity analysis of assets and liabilities

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

€ '000	Within one year	After one year	Total
September 30, 2013			
Assets			
Cash and cash equivalents	85,727	-	85,727
Securities owned	1,229,461	-	1,229,461
Securities owned and loaned or pledged as collateral	2,324,680	-	2,324,680
Derivative financial instruments	48,096	37,466	85,562
Cash advanced under reverse repurchase agreements	2,175,232	-	2,175,232
Cash collateral advanced under securities lending agreements	1,559,164	-	1,559,164
Loans and receivables due from clients	69,470	259,565	329,035
Loans and receivables due from brokers and financial institutions	225,175	69,658	294,833
Securitized assets	5,223	1,196,524	1,201,747
Other financial instruments	61,810	19,811	81,621
Property, plant and equipment	-	3,085	3,085
Intangible assets	-	5,151	5,151
Other assets	-	40,972	40,972
Current tax assets	10,967	475,560	486,527
Deferred tax assets	-	19,975	19,975
Total	**7,795,005**	**2,127,767**	**9,922,772**
Liabilities			
Securities sold short	1,253,925	-	1,253,925
Derivative financial instruments	173,017	8,009	181,026
Cash received under repurchase agreements	2,279,837	-	2,279,837
Cash collateral received under securities lending agreements	1,967,862	-	1,967,862
Due to clients	16,247	-	16,247
Due to brokers and financial institutions	390,805	-	390,805
Customer deposits	1,792,961	315,529	2,108,490
Liabilities from securitization transactions	-	1,188,412	1,188,412
Accounts payable and other liabilities	44,670	21,206	65,876
Current tax liabilities	5,555	-	5,555
Deferred tax liabilities	-	4,012	4,012
Subordinated debt	-	45,504	45,504
Liabilities from puttable shares	-	11,146	11,146
Total	**7,924,879**	**1,593,818**	**9,518,697**

€ '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[1)]	31,441	375,027	406,468
Deferred tax assets	-	25,451	25,451
Total	**6,327,341**	**1,238,274**	**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	**6,104,075**	**1,056,522**	**7,160,597**

[1)] Prior year amounts have been adjusted to present € 369,283 as expected to be recovered or settled after one year.

4.5. 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.

The Company is in dispute with the German tax authorities on different items affecting the tax position of previous years. 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 provision. In the event that the Company's position is incorrect, net expenses of up to € 111.8 million [2012 - € 96.8] would have to be recognized. This also includes the reversal of interest accrued until September 30, 2013 on disputed tax amounts.

The Company is party to a human resources related legal proceeding in Germany with a potential risk in the amount of low double digit million Euro. The Company is of the opinion that the claim is without merit.

The Company and its subsidiaries are also party to legal proceedings in the ordinary course of business. 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 are not shown in the consolidated statement of financial position as long as a provision is not required.

The following table presents the maximum potential utilization of commitments that must be fulfilled as at September 30:

€ '000	**2013**	**2012**
Irrevocable loan commitments	44,927	87,409
Guarantees provided	5,727	4,181
Total	**50,654**	**91,590**

In addition, the Company is committed to advance cash at settlement date of € 554,498 [2012 – € 225,380] in exchange for securities in unsettled reverse repurchase transactions.

Operating lease commitments

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

€ '000	**2013**	**2012**
Within one year	2,582	2,937
After one year but not more than five years	5,127	6,546
More than five years	542	1,340
Total	**8,251**	**10,823**

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 € 2,819 [2012 - € 2,232] have been recognized as an expense in the year. This includes € 3,098 [2012 - € 2,585] of lease payments and € 279 [2012 - € 353] of sublease payments received.

Total future minimum sublease payments expected to be received by the Company under non-cancellable subleases are € 321 [2012 - € 1,269].

4.6. 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	2013	2012
Derivative financial instruments – assets	992	80
Other assets	13	3,735
Derivative financial instruments – liabilities	109	2,095
Due to clients	4,849	1,565
Accounts payable and other liabilities	14,492	8,584

During the year, the Company had a maximum receivable and payable to key management personnel of € nil and € 12,781 respectively [2012 - € 164 and € 18,000, respectively]. Derivative financial instruments had a notional value of € 20,000 [2012 - € 22,500]. The maximum notional value of derivative financial instruments during the year was € 39,500 [2012 - € 22,500].

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	2013	2012
Short-term employee benefits	3,291	6,922
Post-employment benefits	290	280
Other long-term benefits	227	2,018
Share-based payments	-	1,681
Total	**3,808**	**10,901**

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, 2013	Maximum Balance in 2013	Balance as at September 30, 2012	Maximum Balance in 2012
Cash collateral advanced under securities lending agreements	106	111	-	305
Loans and receivables due from brokers and financial institutions	-	131	-	364
Cash collateral received under securities lending agreements	-	38,101	-	63,290
Due to brokers and financial institutions	6,616	258,208	-	-

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 € 7,307 [2012 - € 141] in exchange for non-cash collateral delivered of € 7,344 [2012 - € 156].

The net gains (losses) from financial assets/liabilities at fair value through profit or loss and hedge accounting include gains (losses) from transactions with other related parties of € 90 [2012 - € (254)].

4.7. List of consolidated entities

The table below lists 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 Securities (U.K.) Limited	United Kingdom
Maple Holdings Canada Limited	Canada
Maple Securities Canada Limited	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 Limited	Cayman Islands

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

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, 2011:

Name of entity	Country	Year of liquidation
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
Maple Financial U.K. Ltd.	United Kingdom	2013

4.8. Events after the reporting period

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

4.9. 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).

As at September 30, 2013, the Company's subsidiaries were in compliance with their local capital requirements. In addition, the Company's Tier 1 capital adequacy ratio was 20.4% [2012 - 11.8%], 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.

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's 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, 2013				
Market risk	45.0	27.9	144.0	72.2
Currency risk	1.5	0.4	2.5	1.4
Credit risk	9.5	3.8	68.5	32.4
Operational and other risks	14.1	14.1	52.2	52.2
Liquidity risk	2.0	0.8	6.0	4.5
Earnings risk	16.2	16.2	-	-
Allocated risk capital	**88.3**	**63.2**	**273.2**	**162.7**
Unallocated risk capital	158.9		105.8	
Total risk capital	**247.2**		**379.0**	
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**	

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 a 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 businesses 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:

€ millions	Gross exposure	Collateral received: Cash	Collateral received: Securities	Collateral received: Receivables/ Mortgages/ Other	Collateral received: Surplus Collateral	Netting	Net exposure
September 30, 2013							
On-balance exposure							
Securities	2,460	-	-	-	-	-	2,460
Derivative financial instruments	86	1	34	-	(32)	50	33
Cash advanced under reverse repurchase agreements	2,175	-	2,288	-	(114)	-	1
Cash collateral advanced under securities lending agreements	1,559	-	1,542	-	(18)	11	24
Loans and receivables due from clients	329	7	-	324	(15)	-	13
Loans and receivables due from brokers and financial institutions	295	-	139	69	(9)	19	77
Securitized assets	1,202	-	-	1,202	-	-	-
Other financial instruments	82	-	-	-	-	-	82
Total	**8,188**	**8**	**4,003**	**1,595**	**(188)**	**80**	**2,690**
Off-balance exposure							
Securities loaned or pledged as collateral	4,217	1,968	2,070	-	(121)	101	199
Securities delivered under repurchase agreements	2,361	2,283	-	-	-	22	56
Financial guarantees	6	-	-	-	-	-	6
Irrevocable loan commitments	45	-	-	-	-	-	45
Total	**6,629**	**4,251**	**2,070**	**-**	**(121)**	**123**	**306**
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**

€ millions	Gross exposure	Collateral received: Cash	Securities	Receivables/ Mortgages/ Other	Surplus Collateral	Netting	Net exposure
September 30, 2012							
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**

The following table provides 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, 2013					
Securities owned	709,168	64,321	116,855	-	-
Securities owned and loaned or pledged as collateral	1,254,240	15,037	300,000	-	-
Derivative financial instruments	63,037	12	22,513	-	-
Cash advanced under reverse repurchase agreements	1,809,721	258,910	106,601	-	-
Cash collateral advanced under securities lending agreements	1,385,466	76,817	96,881	-	-
Loans and receivables due from clients	283,184	35,871	2,640	6,929	411
Loans and receivables due from brokers and financial institutions	237,287	23,815	33,731	-	-
Securitized assets	1,189,482	-	-	12,265	-
Other financial instruments	18,879	-	61,810	-	-
Total	**6,950,464**	**474,783**	**741,031**	**19,194**	**411**
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**

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 grades BB+ and lower.

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

€ '000	Less than 90 days	91-180 days	181-365 days	More than 1 year	Total
September 30, 2013					
Loans and receivables due from clients	6,093	152	302	382	6,929
Securitized assets	10,496	1,403	366	-	12,265
Total	**16,589**	**1,555**	**668**	**382**	**19,194**
September 30, 2012					
Loans and receivables due from clients	7,127	-	-	-	7,127
Securitized assets	7,147	-	-	-	7,147
Total	**14,274**	**-**	**-**	**-**	**14,274**

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

€ '000	Gross loan	Impairment	Loan after impairment	Collateral received
September 30, 2013				
Loans and receivables due from clients	9,646	9,235	411	281
Total	**9,646**	**9,235**	**411**	**281**
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**

In addition the loans and receivables due from clients include a general loan loss provision of € 26 [2012 - nil].

The collateral received consists of physical assets, receivables and mortgages.

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, derivative financial instruments, 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 daily 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 equity positions which are classified as held for trading or available-for-sale. 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:

€ '000	Reporting date	For the year Average	Maximum	Minimum
September 30, 2013				
Interest rate risk	1,654	1,603	1,986	1,218
Equity price risk	1,218	1,595	2,773	549
Commodity price risk	-	375	492	0
Diversification effect	(827)			
Total VaR	**2,045**			
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	0
Diversification effect	(1,137)			
Total VaR	**1,762**			

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 voluntarily holds a minimum liquidity cushion of € 200 million. On September 30, 2013, Maple Bank GmbH held € 481 million [2012 - € 366 million] of securities 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.

The liquidity of major subsidiaries is evaluated on a daily basis, factoring in business requirements, market conditions and regulatory capital requirements. The Company's local and global management is informed about the liquidity status under normal market conditions and different stress case scenarios.

The following table presents undiscounted cash flows payable and cash flows of 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, 2013						
Non-derivative liabilities						
Non-trading						
Due to clients	16,247	-	-	-	-	16,247
Due to brokers and financial institutions	390,805	-	-	-	-	390,805
Customer deposits	1,003,282	463,434	369,160	276,564	44,877	2,157,317
Liabilities from securitization transactions	1,615	5,027	18,347	1,102,953	178,422	1,306,364
Subordinated debt	-	-	1,361	39,545	9,758	50,664
Liabilities from puttable shares	1,569	-	392	1,184	8,001	11,146
Trading						
Securities sold short	1,253,925	-	-	-	-	1,253,925
Cash received under repurchase agreements	2,279,837	-	-	-	-	2,279,837
Cash collateral received under securities lending agreements	1,967,862	-	-	-	-	1,967,862
Total non-derivative liabilities	**6.915.142**	**468,461**	**389,260**	**1,420,246**	**241,058**	**9.434.167**
Derivative liabilities						
Trading derivative financial instruments	172,279	-	-	-	-	172,279
Hedging derivative financial instruments	191	(1,298)	(3,027)	11,962	1,194	9,022
Total derivative liabilities	**172,470**	**(1,298)**	**(3,027)**	**11,962**	**1,194**	**181,301**
Assets held for managing liquidity risk	**7,769,100**	**22,443**	**95,876**	**1,634,320**	**14,452**	**9,536,191**
Net cash flows	**681,488**	**(444,720)**	**(290,357)**	**202,112**	**(227,800)**	**(79,277)**
Financial guarantees granted and irrevocable commitments	(50,654)					

€ '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)					

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 derivative financial instruments that do not qualify for hedge accounting are presented at fair value. Due to the short term nature of these products, 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.

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, 2013.

5.6. Other risks

Other risks include strategic risk, tax 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 position sizes.

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:

	2013	**2012**
As at September 30	%	%
Credit exposure by industry type		
Brokers and other financial institutions	55.3	9.4
Banks	26.5	24.4
Public administration including central banks	14.6	64.8
Other	3.6	1.4
Total	**100.0**	**100.0**
Credit exposure by country		
Canada	56.1	51.8
Other Europe	18.9	18.9
U.S.A	16.7	5.2
Germany	8.3	24.1
Total	**100.0**	**100.0**
Credit exposure by counterparty rating		
AAA to AA	62.9	73.5
A to BBB	24.9	22.5
Below BBB	8.0	1.1
Not rated	4.2	2.9
Total	**100.0**	**100.0**