

***financial statements according
to international accounting
standards / international financial
reporting standards***

COMMERZBANK GROUP AS OF DECEMBER 31, 2003

COMMERZBANK 

ABRIDGED VERSION WITHOUT AUDITORS' CERTIFICATE





Consolidated financial statements as of December 31, 2003

Our consolidated financial statements as of December 31, 2003 were prepared in accordance with the directives 83/349/EEC (directive on consolidated financial statements) and 86/635/EEC (directive on annual accounts of banks) on the basis of the International Accounting Standards (IASs) or International Financial Reporting Standards (IFRSs), approved and published by the International Accounting Standards Board (IASB). Here, we make use of the exemption granted under Art. 292a, German Commercial Code – HGB from the need to prepare financial statements in accordance with German accounting principles.

The rules applied for accounting and measurement as well as extensive notes are presented in our annual report for the 2003 financial year. The annual report will be available as from March 24, 2004.



highlights of commerzbank group

	2003	2002
Income statement		
Operating profit (€ m)	559	192
Pre-tax profit/loss (€ m)	-1,980	-372
Net loss (€ m)	-2,320	-298
Net loss per share (€)	-4.26	-0.56
Operative return on equity (%)	4.9	1.6
Cost/income ratio in operative business (%)	73.3	77.3
Pre-tax return on equity (%)	-17.4	-3.1
	31.12.2003	31.12.2002
Balance sheet		
Balance-sheet total (€ bn)	381.6	422.1
Risk-weighted assets according to BIS (€ bn)	140.8	160.2
Equity as shown in balance sheet (€ bn)	9.1	8.8
Own funds as shown in balance sheet (€ bn)	18.7	19.3
BIS capital ratios		
Core capital ratio, excluding market-risk position (%)	7.6	7.5
Core capital ratio, including market-risk position (%)	7.3	7.3
Own funds ratio (%)	13.0	12.3
Commerzbank share		
Number of shares issued (million units)	597.9	542.2
Share price (€, 1.1.-31.12.) high	17.58	21.29
low	5.33	5.04
Book value per share ¹⁾ (€)	17.37	18.98
Market capitalization (€ bn)	9.3	4.0
Staff		
Germany	25,426	28,603
Abroad	6,951	7,963
Total	32,377	36,566
Short/long-term rating		
Moody's Investors Service, New York	P-1/A2	P-1/A2
Standard & Poor's, New York	A-2/A-	A-2/A-
Fitch Ratings, London	F2/A-	F2/A-

1) excluding cash flow hedges

consolidated income statement

	Notes	1.1.–31.12.2003 € m	1.1.–31.12.2002 € m	Change in %
Net interest income	(1)	2,776	3,133	-11.4
Provision for possible loan losses	(2)	-1,084	-1,321	-17.9
Net interest income after provisioning		1,692	1,812	-6.6
Net commission income	(3)	2,136	2,120	0.8
Net result on hedge accounting		40	-56	.
Trading profit	(4)	737	544	35.5
Net result on investments and securities portfolio (available for sale)	(5)	291	-11	.
Operating expenses	(6)	4,511	5,155	-12.5
Other operating result	(7)	174	938	-81.4
Operating profit		559	192	.
Regular amortization of goodwill		110	108	1.9
Profit from ordinary activities before expenses arising from special factors and restructuring expenses		449	84	.
Expenses arising from special factors	(8)	2,325	247	.
Restructuring expenses	(9)	104	209	-50.2
Profit from ordinary activities after expenses arising from special factors and restructuring expenses		-1,980	-372	.
Extraordinary profit		-	-	-
Pre-tax profit		-1,980	-372	.
Taxes on income		249	-103	.
After-tax profit		-2,229	-269	.
Profit/loss attributable to minority interests		-91	-29	.
Net loss for the year		-2,320	-298	.

Appropriation of profit	2003	2002
	€ m	€ m
Net loss for the year	-2,320	-298
Transfer from capital reserve/retained earnings	2,320	352
Consolidated profit/loss	0	54

Commerzbank Aktiengesellschaft did not achieve a distributable profit in the 2003 financial year. As a result, no distribution will be made.

Basic earnings per share	2003	2002
	€	€
Loss per share	-4.26	-0.56

The calculation of the loss per share according to IAS is based on the net loss for the year, with minority interests not taken into consideration. The diluted loss per share is identical to the loss per share, since – as in the previous year – no conversion or option rights were outstanding on the balance-sheet date and consequently there was no dilution effect.


Consolidated income statement (quarter-on-quarter comparison)

€ m	4 th quarter		3 rd quarter	
	2003	2002	2003	2002
Net interest income	663	678	662	721
Provision for possible loan losses	-256	-323	-273	-436
Net interest income after provisioning	407	355	389	285
Net commission income	591	490	509	501
Net result on hedge accounting	3	-54	12	-21
Trading profit	121	91	107	36
Net result on investments and securities portfolio	68	368	64	-531
Operating expenses	1,113	1,220	1,078	1,229
Other operating result	15	2	98	884
Operating profit	92	32	101	-75
Regular amortization of goodwill	21	25	29	26
Profit from ordinary activities before expenses arising from special factors and restructuring expenses	71	7	72	-101
Expenses arising from special factors	-	247	2,325	-
Restructuring expenses	-	177	-	32
Profit from ordinary activities after expenses arising from special factors and restructuring expenses	71	-417	-2,253	-133
Extraordinary profit	-	-	-	-
Pre-tax profit	71	-417	-2,253	-133
Taxes on income	139	-141	30	-20
After-tax profit	-68	-276	-2,283	-113
Profit/loss attributable to minority interests	-20	33	-22	-16
Net loss/profit for the year	-88	-243	-2,305	-129

Consolidated income statement (quarter-on-quarter comparison)

€ m	2 nd quarter		1 st quarter	
	2003	2002	2003	2002
Net interest income	746	861	705	873
Provision for possible loan losses	-303	-308	-252	-254
Net interest income after provisioning	443	553	453	619
Net commission income	516	554	520	575
Net result on hedge accounting	15	51	10	-32
Trading profit	278	104	231	313
Net result on investments and securities portfolio	54	60	105	92
Operating expenses	1,141	1,308	1,179	1,398
Other operating result	29	40	32	12
Operating profit	194	54	172	181
Regular amortization of goodwill	30	29	30	28
Profit from ordinary activities before expenses arising from special factors and restructuring expenses	164	25	142	153
Expenses arising from special factors	-	-	-	-
Restructuring expenses	-	-	104	-
Profit from ordinary activities after expenses arising from special factors and restructuring expenses	164	25	38	153
Extraordinary profit	-	-	-	-
Pre-tax profit	164	25	38	153
Taxes on income	78	6	2	52
After-tax profit	86	19	36	101
Profit/loss attributable to minority interests	-16	-17	-33	-29
Net loss/profit for the year	70	2	3	72


Consolidated income statement (breakdown, by quarter)

	Total	4 th quarter	3 rd quarter	2 nd quarter	1 st quarter
€ m	2003	2003			
Net interest income	2,776	663	662	746	705
Provision for possible loan losses	-1,084	-256	-273	-303	-252
Net interest income after provisioning	1,692	407	389	443	453
Net commission income	2,136	591	509	516	520
Net result on hedge accounting	40	3	12	15	10
Trading profit	737	121	107	278	231
Net result on investments and securities portfolio	291	68	64	54	105
Operating expenses	4,511	1,113	1,078	1,141	1,179
Other operating result	174	15	98	29	32
Operating profit	559	92	101	194	172
Regular amortization of goodwill	110	21	29	30	30
Profit from ordinary activities before expenses arising from special factors and restructuring expenses	449	71	72	164	142
Expenses arising from special factors	2,325	-	2,325	-	-
Restructuring expenses	104	-	-	-	104
Profit from ordinary activities after expenses arising from special factors and restructuring expenses	-1,980	71	-2,253	164	38
Extraordinary profit	-	-	-	-	-
Pre-tax profit	-1,980	71	-2,253	164	38
Taxes on income	249	139	30	78	2
After-tax profit	-2,229	-68	-2,283	86	36
Profit/loss attributable to minority interests	-91	-20	-22	-16	-33
Net loss/profit for the year	-2,320	-88	-2,305	70	3

Consolidated income statement (breakdown, by quarter)

	Total	4th quarter	3rd quarter	2nd quarter	1st quarter
€ m	2002	2002			
Net interest income	3,133	678	721	861	873
Provision for possible loan losses	-1,321	-323	-436	-308	-254
Net interest income after provisioning	1,812	355	285	553	619
Net commission income	2,120	490	501	554	575
Net result on hedge accounting	-56	-54	-21	51	-32
Trading profit	544	91	36	104	313
Net result on investments and securities portfolio	-11	368	-531	60	92
Operating expenses	5,155	1,220	1,229	1,308	1,398
Other operating result	938	2	884	40	12
Operating profit	192	32	-75	54	181
Regular amortization of goodwill	108	25	26	29	28
Profit from ordinary activities before expenses arising from special factors and restructuring expenses	84	7	-101	25	153
Expenses arising from special factors	247	247	-	-	-
Restructuring expenses	209	177	32	-	-
Profit from ordinary activities after expenses arising from special factors and restructuring expenses	-372	-417	-133	25	153
Extraordinary profit	-	-	-	-	-
Pre-tax profit	-372	-417	-133	25	153
Taxes on income	-103	-141	-20	6	52
After-tax profit	-269	-276	-113	19	101
Profit/loss attributable to minority interests	-29	33	-16	-17	-29
Net loss/profit for the year	-298	-243	-129	2	72



consolidated balance sheet

Assets		31.12.2003	31.12.2002	Change
	Notes	€ m	€ m	in %
Cash reserve		7,429	8,466	-12.2
Claims on banks	(11, 13)	51,657	54,343	-4.9
Claims on customers	(12, 13)	138,438	148,514	-6.8
Provision for possible loan losses	(14)	-5,510	-5,376	2.5
Positive fair values from derivative hedging instruments		2,552	3,131	-18.5
Assets held for dealing purposes	(15)	87,628	117,192	-25.2
Investments and securities portfolio	(16)	87,842	84,558	3.9
Intangible assets	(17)	802	1,151	-30.3
Fixed assets	(18)	2,063	2,505	-17.6
Tax assets		6,038	5,995	0.7
Other assets	(19)	2,646	1,655	59.9
Total		381,585	422,134	-9.6

Liabilities and equity		31.12.2003	31.12.2002	Change
	Notes	€ m	€ m	in %
Liabilities to banks	(20)	95,249	114,984	-17.2
Liabilities to customers	(21)	100,000	95,700	4.5
Securitized liabilities	(22)	83,992	92,732	-9.4
Negative fair values from derivative hedging instruments		5,932	5,696	4.1
Liabilities from dealing activities	(23)	67,014	83,238	-19.5
Provisions	(24)	3,307	3,528	-6.3
Tax liabilities		4,495	3,664	22.7
Other liabilities	(25)	2,911	3,285	-11.4
Subordinated capital	(26)	8,381	9,237	-9.3
Minority interests		1,213	1,262	-3.9
Equity of Commerzbank Group		9,091	8,808	3.2
Subscribed capital		1,545	1,378	12.1
Capital reserve		4,475	6,131	-27.0
Retained earnings		3,286	3,268	0.6
Revaluation reserve		1,240	-769	.
Measurement of cash flow hedges		-1,236	-1,248	-1.0
Reserve arising from currency translation		-219	-6	.
Consolidated profit/loss		-	54	.
Total		381,585	422,134	-9.6

statement of changes in equity

€ m	Sub- scribed capital	Capital reserve	Retained earnings	Revalu- ation reserve	Valuation of cash flow hedges	Reserve from currency translation	Consoli- dated profit/ loss	Total
Equity as of 1.1.2003	1,378	6,131	3,268	-769	-1,248	-6	54	8,808
Capital increase	139	603						742
Issue of shares to employees	6	8						14
Transfer from capital reserve		-2,320						-2,320
Dividend payment							-54	-54
Net changes in revaluation reserve				2,009				2,009
Net changes arising from cash flow hedges					12			12
Purchase of treasury shares	22	53						75
Changes in companies included in consolidation and other changes			18			-213		-195
Equity as of 31.12.2003	1,545	4,475	3,286	1,240	-1,236	-219	0	9,091

As of December 31, 2003, the subscribed capital of Commerzbank Aktiengesellschaft stood at €1,554m pursuant to the Bank's articles of association; it was divided into 597,858,005 no-par-value shares (notional value per share: €2.60). After the 3,489,912 treasury shares held by the Bank on December 31, 2003, are deducted, its subscribed capital amounts to €1,545m.

The Bank made use of the authorization resolved by the Annual General Meeting of May 30, 2003 to purchase its own shares for the purpose of securities trading, pursuant to Art. 71, (1), no. 7, German Stock Corporation Act – AktG. Gains and losses from trading in the Bank's own shares do not appear in the income statement.

No use was made in the 2003 financial year of the resolution of the Annual General Meeting of May 30, 2003, authorizing the Bank to repurchase its own shares pursuant to Art. 71, (1), no. 8, AktG, for purposes other than securities trading.

Other changes in retained earnings, the revaluation reserve and the valuation of cash flow hedges relate to changes in equity at associated companies which, in accordance with IAS 28, have to be shown on a pro-rata basis with no effect on the net profit.



Changes in minority interests

	Minority interests	Revaluation reserve	Valuation of cash flow hedges	Reserve from currency translation	Gains/losses	Total
€ m						
Minority interests as of 1.1.2003	1,043	334	-132	-12	29	1,262
Capital increases	17					17
Allocation from profit/loss offsetting from net for the year	-21				21	0
Takeover of minority interests by the Group	-85	2		-5		-88
Distributions					-50	-50
Profits/losses 2003					91	91
Net changes in revaluation reserve		-23				-23
Net changes arising from cash flow hedges			9			9
Changes in companies included in consolidation and other changes	24			-29		-5
Minority interests as of 31.12.2003	978	313	-123	-46	91	1,213

The takeover of minority interests related to the increase in our shareholding in BRE Bank from 50.0% to 72.16%.

Notes to the income statement

(1) Net interest income

	2003 € m	2002 € m	Change in %
Interest income from lending and money-market transactions and also from available-for-sale securities portfolio	11,396	17,681	-35.5
Dividends from securities	104	84	23.8
Current result from investments, investments in associated companies and holdings in subsidiaries	176	178	-1.1
Current income from leasing	91	89	2.2
<i>Interest received</i>	<i>11,767</i>	<i>18,032</i>	<i>-34.7</i>
Interest paid for subordinated capital and securitized and other liabilities	8,929	14,875	-40.0
Current expenses from leasing	62	24	.
<i>Interest paid</i>	<i>8,991</i>	<i>14,899</i>	<i>-39.7</i>
Total	2,776	3,133	-11.4

(2) Provision for possible loan losses

	2003 € m	2002 € m	Change in %
Allocations	-1,562	-1,974	-20.9
Reversals of provisions	597	690	-13.5
Balance of direct write-downs and amounts received on written-down claims	-119	-37	.
Total	-1,084	-1,321	-17.9

Excluding the RHEINHYP Group, provisioning amounted to €1,252m in 2002.

(3) Net commission income

	2003 € m	2002 € m	Change in %
Securities transactions	802	823	-2.6
Asset management	509	511	-0.4
Payments and foreign commercial business	388	346	12.1
Guarantees	134	140	-4.3
Income from syndicated business	94	80	17.5
Sundry net commission income	209	220	-5.0
Total	2,136	2,120	0.8

Net commission income includes €369m (previous year: €295m) of commissions paid.



(4) Trading profit

	2003	2002	Change
	€ m	€ m	in %
Net result on proprietary trading	841	565	48.8
Net result on the measurement of derivative financial instruments	-104	-21	.
Total	737	544	35.5

(5) Net result on investments and securities portfolio

	2003	2002	Change
	€ m	€ m	in %
Result on available-for-sale securities and claims not originated by the Bank	174	-50	.
Result on disposals and measurement of investments, investments in associated companies and holdings in subsidiaries	117	39	.
Total	291	-11	.

(6) Operating expenses

	2003	2002	Change
	€ m	€ m	in %
Personnel expenses	2,442	2,679	-8.8
Other expenses	1,594	1,909	-16.5
Current depreciation on fixed assets and other intangible assets	475	567	-16.2
Total	4,511	5,155	-12.5

(7) Other operating result

	2003	2002	Change
	€ m	€ m	in %
Other operating income	582	1,370	-57.5
Other operating expenses	408	432	-5.6
Total	174	938	-81.4

(8) Expenses arising from special factors

	2003	2002	Change
	€ m	€ m	in %
Value adjustments to the financial assets and participations portfolio, including the costs of cancelling related funding	2,325	247	.
Total	2,325	247	.

We made the value adjustments to our portfolio of financial assets and participations following the outcome of an impairment test. For the impairment test, we have drawn upon all the available information (market prices, annual and interim financial accounts, ratings, analysts' opinions, etc.). On principle, a – possibly protracted – weak market price in itself does not lead to an impair-

ment in accordance with the principles we apply. All the same, our expectations as regards a recovery in value have not been realized. We therefore now assume an impairment of value. Against this background, we saw ourselves obliged to make value adjustments on the scale of €2.3bn to major parts of our portfolio of financial assets and industrial shareholdings in 2003.

(9) Restructuring expenses

	2003	2002	Change
	€ m	€ m	in %
Expenses for restructuring measures introduced	104	209	-50.2
Total	104	209	-50.2

In March 2003, we decided to launch the second cost-cutting initiative. As part of this project, procedures are to be streamlined and made more efficient by means of a series of concrete individual measures at both head office and various subsidiaries. In addition, it was

resolved to discontinue various uneconomical activities. The expenses incurred through these measures to reduce personnel and related other expenses come to €104m.

**(10) Segment reporting**

2003 financial year	Retail banking	Asset management	Corporate customers and institutions	Securities	Group Treasury	Mortgage banking	Others and consolidation	Total
€ m								
Net interest income	1,075	-17	1,596	62	238	273	-451	2,776
Provision for possible loan losses	-159	-	-885	-	-	-40	-	-1,084
Net interest income after provisioning	916	-17	711	62	238	233	-451	1,692
Net commission income	911	436	726	96	-1	-12	-20	2,136
Net result on hedge accounting	-	1	-	-	-1	40	-	40
Trading profit	4	12	30	783	8	-127	27	737
Net result on investments and securities portfolio	5	12	55	10	32	142	35	291
Other operating result	13	-9	64	-16	-	-2	124	174
<i>Income, total</i>	<i>1,849</i>	<i>435</i>	<i>1,586</i>	<i>935</i>	<i>276</i>	<i>274</i>	<i>-285</i>	<i>5,070</i>
Operating expenses	1,591	345	1,231	932	56	32	324	4,511
Operating profit	258	90	355	3	220	242	-609	559
Regular amortization of goodwill	-	77	9	1	-	18	5	110
Expenses arising from special factors	-	-	-	-	-	-	2,325	2,325
Restructuring expenses	-	8	25	34	-	-	37	104
Pre-tax profit	258	5	321	-32	220	224	-2,976	-1,980
Average equity tied up	1,804	639	5,154	995	108	888	1,769	11,357
Operative return on equity (%)	14.3	14.1	6.9	0.3	203.7	27.3	.	4.9
Cost/income ratio in operative business (%)	79.2	79.3	49.8	99.7	20.3	10.2	.	73.3
Return on equity of pre-tax profit (%)	14.3	0.8	6.2	-3.2	203.7	25.2	.	-17.4
Staff (average no.)	10,726	1,598	9,335	1,374	42	156	9,667	32,898

2002 financial year	Retail banking	Asset management	Corporate customers and institutions	Securities	Group Treasury	Mortgage banking	Others and consolidation	Total
€ m								
Net interest income	1,156	-19	2,011	95	214	444	-768	3,133
Provision for possible loan losses	-150	-	-1,068	-	-	-103	-	-1,321
Net interest income after provisioning	1,006	-19	943	95	214	341	-768	1,812
Net commission income	809	508	606	229	-	-32	-	2,120
Net result on hedge accounting	-	-	-3	-	26	-79	-	-56
Trading profit	-	-6	120	500	-25	12	-57	544
Net result on investments and securities portfolio	1	-6	-15	-7	24	128	-136	-11
Other operating result	24	17	93	4	-	22	778	938
<i>Income, total</i>	<i>1,840</i>	<i>494</i>	<i>1,744</i>	<i>821</i>	<i>239</i>	<i>392</i>	<i>-183</i>	<i>5,347</i>
Operating expenses	1,787	481	1,291	1,117	70	111	298	5,155
Operating profit	53	13	453	-296	169	281	-481	192
Regular amortization of goodwill	-	86	5	-	-	12	5	108
Expenses arising from special factors	-	247	-	-	-	-	-	247
Restructuring expenses	97	10	8	52	-	-	42	209
Pre-tax profit	-44	-330	440	-348	169	269	-528	-372
Average equity tied up	1,644	799	5,339	1,302	168	1,931	688	11,871
Operative return on equity (%)	3.2	1.6	8.5	-22.7	100.6	14.6	.	1.6
Cost/income ratio in operative business (%)	89.8	97.4	45.9	136.1	29.3	22.4	.	77.3
Return on equity of pre-tax profit (%)	-2.7	-41.3	8.2	-26.7	100.6	13.9	.	-3.1
Staff (average no.)	12,159	2,252	9,614	1,510	83	657	10,175	36,450



Notes to the balance sheet

(11) Claims on banks

	31.12.2003	31.12.2002	Change
	€ m	€ m	in %
due on demand	16,973	13,796	23.0
other claims	34,684	40,547	-14.5
with a remaining lifetime of			
less than three months	20,946	26,136	-19.9
more than three months, but less than one year	6,956	5,670	22.7
more than one year, but less than five years	3,298	4,433	-25.6
more than five years	3,484	4,308	-19.1
Total	51,657	54,343	-4.9
of which: reverse repos	20,880	21,076	-0.9

(12) Claims on customers

	31.12.2003	31.12.2002	Change
	€ m	€ m	in %
with indefinite remaining lifetime	18,015	17,110	5.3
other claims	120,423	131,404	-8.4
with a remaining lifetime of			
less than three months	24,731	34,124	-27.5
more than three months, but less than one year	15,402	14,243	8.1
more than one year, but less than five years	31,631	32,638	-3.1
more than five years	48,659	50,399	-3.5
Total	138,438	148,514	-6.8
of which: reverse repos	7,746	8,992	-13.9

(13) Total lending

	31.12.2003	31.12.2002	Change
	€ m	€ m	in %
Loans to banks ¹⁾	10,759	10,223	5.2
Claims on customers ¹⁾	130,692	139,522	-6.3
Bills discounted	338	347	-2.6
Claims not originated by the Bank ²⁾	22,918	21,379	7.2
Total	164,707	171,471	-3.9

1) excluding reverse repos; 2) included in investments and securities portfolio.

(14) Provision for possible loan losses

Development of provisioning	2003	2002	Change
	€ m	€ m	in %
As of January 1	5,705	5,946	-4.1
Allocations	1,562	1,974	-20.9
Deductions	1,296	1,470	-11.8
Utilized	699	780	-10.4
Reversals	597	690	-13.5
Changes in the list of consolidated companies	7	-550	.
Exchange-rate changes/transfers	-124	-195	-36.4
As of December 31	5,854	5,705	2.6

With direct write-downs and amounts received on written-down claims taken into consideration, the allocations and reversals have given rise to provision in the income statement of €1,084m for lending risks (previous year: €1,321m) (see Note 2).

Level of provisioning	31.12.2003	31.12.2002	Change
	€ m	€ m	in %
Individual value allowances	5,162	4,991	3.4
Country value allowances	48	71	-32.4
General value allowances	300	314	-4.5
Provisioning for balance-sheet items	5,510	5,376	2.5
Provisions in lending business	344	329	4.6
Total	5,854	5,705	2.6

After conservatively valued security in an amount of €1,857m had been deducted, the value-adjusted claims producing neither interest nor income amounted to €5,220m (31.12.2002: €5,163m).

(15) Assets held for dealing purposes

	31.12.2003	31.12.2002	Change
	€ m	€ m	in %
Bonds, notes and other fixed-income securities	19,099	35,148	-45.7
Shares and other variable-yield securities	8,510	5,412	57.2
Promissory notes held for trading purposes	559	515	8.5
Positive fair values from derivative financial instruments	59,460	76,117	-21.9
Total	87,628	117,192	-25.2

**(16) Investments and securities portfolio (available-for-sale financial assets)**

	31.12.2003	31.12.2002	Change
	€ m	€ m	in %
Claims on banks and customers not originated by the Bank	22,918	21,379	7.2
Bonds, notes and other fixed-income securities	56,311	53,400	5.5
Shares and other variable-yield securities	2,013	1,999	0.7
Investments	3,783	3,629	4.2
Investments in associated companies	2,300	3,584	-35.8
Holdings in subsidiaries	517	567	-8.8
Total	87,842	84,558	3.9

(17) Intangible assets

	31.12.2003	31.12.2002	Change
	€ m	€ m	in %
Goodwill	690	1,040	-33.7
Other intangible assets	112	111	0.9
Total	802	1,151	-30.3

(18) Fixed assets

	31.12.2003	31.12.2002	Change
	€ m	€ m	in %
Land and buildings	877	709	23.7
Office furniture and equipment	1,010	1,417	-28.7
Leased equipment	176	379	-53.6
Total	2,063	2,505	-17.6

(19) Other assets

	31.12.2003	31.12.2002	Change
	€ m	€ m	in %
Collection items	385	284	35.6
Precious metal portfolios	464	373	24.4
Sundry assets (including deferred items)	1,797	998	80.1
Total	2,646	1,655	59.9

(20) Liabilities to banks

	31.12.2003	31.12.2002	Change
	€ m	€ m	in %
due on demand	17,441	13,108	33.1
with remaining lifetime of	77,808	101,876	-23.6
less than three months	47,845	76,792	-37.7
more than three months, but less than one year	13,031	10,703	21.8
more than one year, but less than five years	5,414	4,846	11.7
more than five years	11,518	9,535	20.8
Total	95,249	114,984	-17.2
of which: repos	19,111	27,913	-31.5

(21) Liabilities to customers

	31.12.2003	31.12.2002	Change
	€ m	€ m	in %
Savings deposits	12,273	12,073	1.7
with agreed period of notice of			
three months	11,556	11,262	2.6
more than three months	717	811	-11.6
Other liabilities to customers	87,727	83,627	4.9
due on demand	34,294	33,108	3.6
with agreed remaining lifetime of	53,433	50,519	5.8
less than three months	41,184	36,558	12.7
more than three months, but less than one year	3,029	4,376	-30.8
more than one year, but less than five years	2,702	3,196	-15.5
more than five years	6,518	6,389	2.0
Total	100,000	95,700	4.5
of which: repos	13,252	9,746	36.0

(22) Securitized liabilities

	31.12.2003	31.12.2002	Change
	€ m	€ m	in %
Bonds and notes outstanding	71,100	74,905	-5.1
Money-market instruments outstanding	12,680	17,502	-27.6
Own acceptances and promissory notes outstanding	212	325	-34.8
Total	83,992	92,732	-9.4



Remaining lifetimes of securitized liabilities	31.12.2003	31.12.2002	Change
	€ m	€ m	in %
due on demand	78	23	.
with agreed remaining lifetime of	83,914	92,709	-9.5
less than three months	18,023	20,996	-14.2
more than three months, but less than one year	13,196	18,094	-27.1
more than one year, but less than five years	34,555	34,683	-0.4
more than five years	18,140	18,936	-4.2
Total	83,992	92,732	-9.4

(23) Liabilities from dealing activities

	31.12.2003	31.12.2002	Change
	€ m	€ m	in %
Currency-based transactions	11,761	10,978	7.1
Interest-based transactions	43,058	58,982	-27.0
Delivery commitments arising from short sales of securities	8,389	8,131	3.2
Sundry transactions	3,806	5,147	-26.1
Total	67,014	83,238	-19.5

(24) Provisions

	31.12.2003	31.12.2002	Change
	€ m	€ m	in %
Provisions for pensions and similar commitments	1,432	1,516	-5.5
Other provisions	1,875	2,012	-6.8
Total	3,307	3,528	-6.3

The assets of €139m invested in a pension fund were deducted in the 2003 financial year from the provisions for pensions and similar commitments. A year previously, no allocation had yet been made to this pension fund.

(25) Other liabilities

	31.12.2003	31.12.2002	Change
	€ m	€ m	in %
Effects of measuring hedged subordinated capital items (IAS 39)	735	820	-10.4
Deferred interest expenses for subordinated capital	295	324	-9.0
Sundry liabilities, including deferred items	1,881	2,141	-12.1
Total	2,911	3,285	-11.4



as of 31.12.2002	Capital charges in %						Total
€ m	100	50	25	20	10	4	
Balance-sheet business	105,733	6,265	–	10,562	–	–	122,560
Traditional off-balance-sheet business	5,369	17,061	14	781	325	50	23,600
Derivatives business in investment portfolio	–	3,699	–	6,681	–	–	10,380
Risk-weighted assets, total	111,102	27,025	14	18,024	325	50	156,540
Risk-weighted market-risk position multiplied by 12.5							3,650
Total items to be risk-weighted							160,190
Eligible own funds							19,662
Core capital ratio (excluding market-risk position)							7.5
Core capital ratio (including market-risk position)							7.3
Own funds ratio (including market-risk position)							12.3

(28) Liquidity ratio

The liquidity ratio of Commerzbank AG pursuant to Principle II was 1.12 at end-December (31.12.2002: 1.13). This was 12% higher than the minimum level of 1.00. The surplus liquidity in accordance with Principle II in the time band with a remaining lifetime of one month amounted to €14.6bn (31.12.2002: €14.8bn).

(29) Off-balance-sheet commitments

	31.12.2003	31.12.2002
	€ m	€ m
Contingent liabilities	26,404	29,057
from rediscounted bills of exchange credited to borrowers	3	4
from guarantees and indemnity agreements	26,401	29,053
Irrevocable lending commitments	39,136	45,979
Other commitments	28	27

Provisioning for off-balance-sheet commitments has been deducted from the respective items.

(30) Derivative transactions

Derivative transactions (investment and trading books) involved the following nominal amounts and fair values:

31.12.2003	Nominal amount, by remaining lifetime			Fair values	
	less than one year	more than one year, but under five years	more than five years	positive	negative
€ m					
Foreign currency-based forward transactions	326,289	106,675	55,896	11,078	12,598
Interest-based forward transactions	1,185,772	1,006,813	800,339	46,455	47,539
Other forward transactions	52,437	120,171	11,730	4,479	4,420
Total	1,564,498	1,233,659	867,965	62,012	64,557
<i>of which: traded on a stock exchange</i>	<i>194,644</i>	<i>11,367</i>	<i>8,666</i>		

31.12.2002	Nominal amount, by remaining lifetime			Fair values	
	less than one year	more than one year, but under five years	more than five years	positive	negative
€ m					
Foreign currency-based forward transactions	399,424	96,528	38,591	10,633	12,296
Interest-based forward transactions	1,487,990	955,758	768,265	61,276	63,158
Other forward transactions	50,447	57,613	58,440	7,339	5,349
Total	1,937,861	1,109,899	865,296	79,248	80,803
<i>of which: traded on a stock exchange</i>	<i>176,689</i>	<i>20,285</i>	<i>6,064</i>		

(31) Market risk arising from trading activities

The market risk arising from trading activities shows the values-at-risk in accordance with Principle I (99% confidence interval, 10-day holding period) of the Commerzbank Group and also of its individual business lines,

calculated using Commerzbank's internal market-risk model. For calculating and managing market risk, historical simulation is used as the value-at-risk model.

Portfolio	31.12.2003	31.12.2002
	€ m	€ m
Commerzbank Group	66.8	49.3
Securities	57.7	50.8
Treasury	16.8	29.1

**(32) Fair value of financial instruments**

€ bn	Fair value		Book value		Difference	
	31.12.2003	31.12.2002	31.12.2003	31.12.2002	31.12.2003	31.12.2002
Assets						
Cash reserve	7.4	8.5	7.4	8.5	-	-
Claims on banks	51.7	54.3	51.7	54.3	-	-
Claims on customers	140.4	150.6	138.4	148.5	2.0	2.1
Hedging instruments	2.6	3.1	2.6	3.1	-	-
Assets held for dealing purposes	87.6	117.2	87.6	117.2	-	-
Investments and securities portfolio	87.9	84.6	87.9	84.6	-	-
Liabilities						
Liabilities to banks	95.2	115.1	95.2	115.0	-	0.1
Liabilities to customers	100.1	95.9	100.0	95.7	0.1	0.2
Securitized liabilities	84.4	93.0	84.0	92.7	0.4	0.3
Hedging instruments	5.9	5.7	5.9	5.7	-	-
Liabilities from dealing activities	67.0	83.2	67.0	83.2	-	-
Subordinated capital	8.3	9.2	8.4	9.2	-0.1	-

In net terms, the difference between the book value and fair value, which can be seen as a hidden reserve, amounted for all items to €1.6bn as of December 31, 2003 (31.12.2002: €1.5bn). For covering these items, cash flow hedges are used for the most part. As of December 31, 2003, the measurement of cash flow

hedges yielded a figure of -€1.2bn (previous year: -€1.2bn). As of both December 31, 2003 and December 31, 2002, the hidden reserves in interest-bearing assets and liabilities exceeded the negative valuation of the cash flow hedges.

Boards of Commerzbank Aktiengesellschaft

Supervisory Board

Dr. Walter Seipp
Honorary Chairman

Dr. h.c. Martin Kohlhaussen
Chairman

Uwe Tschäge^{*)}
Deputy Chairman

Hans-Hermann Altenschmidt^{*)}

Dott. Sergio Balbinot

Herbert Bludau-Hoffmann^{*)}

Astrid Evers^{*)}

Uwe Foullong

Daniel Hampel^{*)}

Dr.-Ing. Otto Happel

Dr. jur. Heiner Hasford^{*)}

Sonja Kasischke^{*)}

Wolfgang Kirsch^{*)}

Werner Malkhoff^{*)}

Klaus Müller-Gebel

Dr. Sabine Reiner^{*)}

Dr. Erhard Schipporeit

Prof. Dr.-Ing. Ekkehard Schulz

Prof. Dr. Jürgen F. Strube

Dr. Klaus Sturany

Dr.-Ing. E.h. Heinrich Weiss

The following members left the
Supervisory Board on May 30, 2003,
when their period of office ended:

Hans-Georg Jurkat
Deputy Chairman

Heinz-Werner Busch

Oswald Danzer

Detlef Kayser

Dieter Klinger

Dr. Torsten Locher

Mark Roach

Werner Schönfeld

Alfred Seum

Hermann Josef Strenger

^{*)} since May 30, 2003

Board of Managing Directors

Klaus-Peter Müller
Chairman

Martin Blessing

Mehmet Dalman

Wolfgang Hartmann

Andreas de Maizière

Klaus M. Patig

Dr. Axel Frhr. v. Ruedorffer
until May 30, 2003

Nicholas Teller
since April 1, 2003



Commerzbank AG

Head office

Kaiserplatz, Frankfurt am Main
Postal address: 60261 Frankfurt
Telephone (+49 69) 136-20 · Fax (+49 69) 28 53 89
e-mail: info@commerzbank.com
Internet: www.commerzbank.com

Investor Relations

Jürgen Ackermann · Dr. Ingolf Hegner · Simone Nuxoll
Telephone (+49 69) 136-2 22 55 · Fax (+49 69) 136-2 94 92
e-mail: ir@commerzbank.com

Legal domicile of the bank: Frankfurt am Main (HRB 32000)
726 branches in Germany

Major group companies and holdings

In Germany

CBG Commerz Beteiligungsgesellschaft Holding mbH,
Bad Homburg v.d.H.
comdirect bank AG, Quickborn
COMINVEST Asset Management GmbH,
Frankfurt am Main
Commerz Grundbesitzgesellschaft mbH, Wiesbaden
CommerzLeasing und Immobilien AG, Düsseldorf
Commerz Business Consulting AG, Frankfurt am Main
Hypothekenbank in Essen AG, Essen
Deutsche Schiffsbank AG, Bremen/Hamburg
EUROHYPO AG, Frankfurt am Main

Abroad

ADIG-Investment Luxemburg S.A., Luxemburg
BRE Bank SA, Warsaw
Caisse Centrale de Réescompte, S.A., Paris
Commerzbank (Budapest) Rt., Budapest

Commerzbank Capital Markets Corporation, New York

Commerzbank Capital Markets (Eastern Europe) a.s.,
Prague

Commerzbank (Eurasija) SAO, Moscow

Commerzbank Europe (Ireland), Dublin

Commerzbank International S.A., Luxemburg

Commerzbank (Nederland) N.V., Amsterdam

Commerzbank (South East Asia) Ltd., Singapore

Commerzbank (Switzerland) Ltd, Zurich/Geneva

Commerz (East Asia) Ltd., Hong Kong

Commerz Futures, LLC, Chicago

Commerz Securities (Japan) Co. Ltd., Hong Kong/Tokyo

Erste Europäische Pfandbrief- und
Kommunalkreditbank AG, Luxemburg

Jupiter International Group plc, London

P. T. Bank Finconesia, Jakarta

Banque Marocaine du Commerce Extérieur, S.A.,
Casablanca

Korea Exchange Bank, Seoul

Unibanco – União de Bancos Brasileiros S.A., São Paulo

Foreign branches

Antwerp · Atlanta (agency) · Barcelona · Bratislava ·
Brno (office) · Brussels · Chicago · Grand Cayman ·
Hong Kong · Johannesburg · Labuan · London ·
Los Angeles · Madrid · Milan · New York · Paris ·
Prague · Shanghai · Singapore · Tokyo

Representative offices

Almaty · Bahrain · Bangkok · Beijing · Beirut · Brussels ·
Bucharest · Buenos Aires · Cairo · Caracas · Copenhagen ·
Istanbul · Jakarta · Kiev · Mexico City · Minsk · Moscow ·
Mumbai · Novosibirsk · São Paulo · Seoul · Taipei ·
Tashkent · Tehran · Zagreb